

Azerbaijan

Exchange rate: U.S.\$1.00 equals
4,850 manat (AZM).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1956.

Current laws: 1992 (armed forces); 1993 (pensions), with 1997 and 1998 amendments; and 1997 (social insurance).

Type of program: Dual social insurance and social assistance system.

Local authorities and employers may provide supplementary benefits out of their own budgets.

Coverage

Social insurance: All employed residents, including the self-employed and members of collective farms.

Social pension: Elderly people, disabled people, and survivors who are not eligible for social insurance benefits.

Source of Funds

Insured person

Social insurance: 1.5% of gross earnings; self-employed persons, 20% of gross earnings.

Social pension: None.

Employer

Social insurance: 29% of payroll (nonagricultural); 23% of payroll (agricultural).

Social pension: None.

Government

Social insurance: Subsidies as needed.

Social pension: Total cost.

All of the above contributions also finance cash sickness, maternity, and work injury benefits and family allowances.

Qualifying Conditions

Old-age pension: Age 62 with 25 years of covered employment (men) or age 57 with 20 years of work (women). The pensionable age for women will increase gradually by 6 months a year from January 2002 to 2012.

Covered employment includes years of military and alternative national service; care for Group I invalids, disabled children under age 16; periods of receiving unemployment allowance or in employment training; and periods of receiving a Group I or II disability pension as a result of military or civilian national service or an occupational disease.

The full pension is paid with 45 years of service. The pension is increased by 2% of the average monthly wage for each additional year of service, up to a maximum of 100% of the average monthly wage.

Early pension: Age 57 with at least 25 years of service (men) or age 52 with at least 20 years of service (women), including at least 12.6 years (men and women) working in unhealthy or arduous conditions.

Early pensions are also provided to mothers who have raised at least four children or a congenitally disabled child until age 8.

Dependent supplement: The spouse and children of deceased National Heroes of Azerbaijan receive 100% of the minimum old-age pension; the spouse and children of citizens who have died during national service receive 50% of the minimum old-age pension.

Special supplements: Group I disabled persons (totally disabled, incapable of doing any work, and requiring constant attendance), disabled children under age 16, and rehabilitated victims of political repression receive 50% of the minimum old-age pension; war veterans (including enrolled civilian personnel and partisan forces) and some other categories of military personnel receive 30%.

Group I war-disabled persons (totally disabled, incapable of doing any work, and requiring constant attendance) receive 100% of the minimum old-age pension; Group II war-disabled persons (disabled and not requiring constant attendance) receive 70%; Group III war-disabled persons (partially disabled and incapable of doing usual work) receive 50%. Group I war-disabled persons who are also war veterans receive only the higher of these two supplements.

Social pension: For nonworking citizens aged 65 (men) and 60 (women); or aged 55 for certain categories of mother who are not eligible for the old-age pension.

Disability pension: The pension is awarded according to three assessed degrees of disability (Groups I to III).

The minimum degree of assessed disability for entitlement to a pension is 25%. The benefit for different categories of insured person is determined by minimum periods of covered employment. There is no minimum period if insured and under age 21; if between ages 21 and 23, 1 year of employment; if over age 23, 1 year of employment plus 3 months for each year over age 23.

Noncontributory periods are also credited or taken into consideration, including military and nonmilitary national service; education and professional training; care-giving for the disabled, children, and the elderly; for temporary disability; and for periods of unemployment.

Dependent supplement: For the spouse and children of nonworking Group I and II disabled persons, 20% of the minimum old-age pension per dependent. There is no maximum.

Social pension: For Group I, II, or III disabled persons who are not eligible for a disability pension and for disabled children under age 16.

Survivor pension: The insured had 1 to 15 years of work (depending on age at the time of death). The pension is payable to a surviving spouse if retired or disabled, to a nonworking spouse, to a spouse caring for a child under age 8, to a spouse of someone killed in combat, and to children under age 18 (age 23 if a full-time student; no age limit if disabled).

Other eligible survivors: The parents of an insured person killed in combat, regardless of whether they were dependent on the insured; if they have reached retirement age or are disabled and were dependent on the insured; and regardless of age or previous dependency if they do not work and care for one or more of the insured's children under age 8. Brothers and sisters who satisfy the age conditions and whose parents are incapable of work or are not working but are caring for one or more of the insured's children, brothers, sisters, or grandchildren under age 8. Grandparents who do not work but care for one or more of the insured's children, brothers, sisters, or grandchildren under age 8 and there is no one else capable of caring for them. Grandchildren under age 18 (age 23 if a full-time student) whose parents are incapable of work.

Social pension: Payable to a surviving dependent if the insured did not qualify for a social insurance pension.

Old-Age Benefits

Old-age pension: 60% of average monthly earnings plus 2% for every year of employment over the minimum requirement.

Average monthly earnings: The average monthly earnings (gross) are calculated on the basis of the 60 months of employment prior to the application for a pension.

The minimum pension is 70,000 AZM, plus a bread allowance of 11,000 AZM.

The maximum pension is 30% of the national average wage approved for calculating the pension.

Early pension: The reduction applied to early pensions varies from profession to profession.

Partial pension: Working pensioners are entitled to 50% of their pension.

Dependent supplement: Members of families of National Heroes of Azerbaijan who died for their country are entitled to 100% of the minimum old-age pension; members of families of other people who have died for their country are entitled to 50% of the minimum old-age pension.

Special supplements: 30%, 50%, 70%, or 100% of the minimum old-age pension, according to category.

Social pension: 80% of the minimum wage a month.

Benefit adjustment: Benefits are adjusted according to changes in the average monthly earnings.

Permanent Disability Benefits

Disability pension: The amount of benefit is based on the insured's average monthly earnings and assessed degree of disability. For a Group I disability, 70% of average monthly

earnings (80% if war-disabled); Group II, 50 % (60% if war-disabled); and Group III, 30% (40% if war-disabled).

Average monthly earnings: The insured's average monthly earnings (gross) calculated over 5 years chosen out of the entire employment history or over the last 2 years.

The maximum monthly earnings for benefit calculation purposes are 180,000 AZM.

The minimum pension for a Group I disability is 150% of the minimum old-age pension (200% if war-disabled) ; Group II, 100% (150% if war-disabled); and Group III, 70% (100% if war-disabled).

The maximum pension is three times the national average monthly wage (180,000 AZM).

Partial pension: The full pension is proportionately reduced to reflect the number of years of employment.

The minimum partial pension is 85% of the national minimum wage (which is the same as the social pension).

Dependent supplement: The spouse and children receive 20% of the minimum old-age pension per dependent. There is no maximum.

Care supplement: For Group I disabled persons who require care and for all war-disabled (including dependent pensioners), 50% of the minimum old-age pension.

Social pension: 100% of minimum wage for a Group I disability, for a Group II disability if the disability began in childhood, and for disabled children under age 16; 80% for a Group II disability (excluding the disabled up to age 16); 65% of the minimum wage for a Group III disability if the disability began before age 16.

Benefit adjustment: Benefits are adjusted according to changes in average monthly earnings.

Survivor Benefits

Survivor pension: For a surviving spouse, 30% of the insured's average monthly earnings; 60% if the insured was in military service. The spouse's pension is terminated upon remarriage.

Orphan's pension: 30% of the insured's average monthly earnings; 60% for full orphans.

Other dependents: 30% of the insured's average monthly earnings.

The minimum survivor pension is 100% of the minimum old-age pension per recipient.

There is no limit to total maximum survivor pensions.

Social pension: 80% of the minimum wage a month for each orphan, nonworking parents, grandparents, aunts and uncles, and for siblings who were employed by the insured to care for a disabled child under age 8.

Benefit adjustment: Benefits are adjusted according to changes in average monthly earnings.

Administrative Organization

Ministry of Labor and Social Protection of the Population provides general coordination and supervision.

Social Protection Fund and its regional counterparts collect and manage payroll contributions and finance benefit payments.

Regional and local departments of Ministry of Labor and Social Protection of the Population administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1912.

Current laws: 1997 (health care) and 1999 (health insurance).

Type of program: Dual social insurance (cash benefits) and universal (medical care) system.

Coverage

Cash benefits: Employed citizens; voluntary coverage for the self-employed.

Medical care: Permanent residents.

Source of Funds

Insured person

Cash sickness and maternity benefits: See Old Age, Disability, and Survivors, above.

Medical care: None.

Employer

Cash sickness and maternity benefits: See Old Age, Disability, and Survivors, above.

Medical care: None.

Government

Cash sickness and maternity benefits: May cover deficits.

Medical care: Total cost.

Qualifying Conditions

Cash sickness and maternity benefits: All employed persons.

Medical care: Permanently resident.

Sickness and Maternity Benefits

Sickness benefit: 100% of the last month's earnings for those employed for more than 8 years; for those wounded during the military conflict in Baku in 1990; for those wounded

during the military conflict in Karabakh; for parents, wives, and children of soldiers killed in combat; and for persons who helped during the Chernobyl nuclear accident (80% of the last month's earnings for those employed for between 5 and 8 years; 60% of the last month's earnings for those who have worked for less than 5 years).

The benefit is paid from the first day of illness until recovery or until assessed as permanently incapable of work.

Death grant: For the death of an old-age pensioner.

Maternity benefit: 100% of gross average monthly earnings during the period before childbirth and 15,000 AZM a month after childbirth.

Employer pays the benefit for the first 56 to 70 days; thereafter, the benefits are paid by the social protection fund.

Maternity leave: For insured women in the nonagricultural sector, 70 days before and 56 days after (for multiple births or for a difficult delivery, 70 days after) the expected date of childbirth. For insured women in the agricultural sector, 70 days before and 70 days after (for a difficult delivery, 86 days after; for multiple births, 110 days after) the expected date of childbirth.

Workers' Medical Benefits

Compulsory medical insurance is organized by employers and covers medical services provided directly to patients by public and private facilities contracted by the health insurance agencies. (Mandatory medical insurance for nonworking people is organized by the local authorities.)

Free medical services include the provision of wheelchairs, immunization and vaccination services, and home nursing care for Group I disabled persons. There is compensation for transport expenses for disabled persons and for authorized medical treatment abroad.

Groups I and II disabled persons and persons with long employment records are entitled to free dental prosthesis and medicines prescribed by a doctor. Prosthesis, spectacles, and hearing aids are free for Groups I, II, and III disabled persons and for those with long employment records. General dental care is not free except for children up to age 16 and vulnerable groups of the population, including the disabled.

Dependents' Medical Benefits

Individual entitlement.

Administrative Organization

Cash benefits: State Social Protection administers benefits. Employers also pay some maternity benefits.

Medical care: Ministry of Health administers the program.

Work Injury

Regulatory Framework

First law: 1956.

Current law: 1996.

Type of program: Dual social insurance (cash benefits) and universal (medical care) system.

Coverage

Cash benefits: All employees and insured self-employed persons.

Medical care: All residents.

Source of Funds

Insured person: See Old Age, Disability, and Survivors, above.

Employer: See Old Age, Disability, and Survivors, above; and the cost of medical care and funeral grants.

Government: See Old Age, Disability, and Survivors, above; and the total cost of medical care.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

100% of previous income. The benefit is payable from the first day of incapacity until recovery or the award of a permanent disability pension.

Permanent Disability Benefits

Permanent disability pension: 100% of average monthly earnings multiplied by the assessed degree of incapacity. The pension is paid monthly.

Average monthly earnings: Equal to average monthly earnings (gross) during the 60 months of employment prior to the application for a pension.

The minimum degree of assessed disability for entitlement to a pension is 25%.

Disability lump sum: A lump sum equal to 100% of average monthly earnings multiplied by the assessed degree of disability.

Care allowance: 9,000 AZM for a Group I disabled person to pay for someone else to provide personal care.

Benefit adjustment: Periodic adjustment according to the changes in the retail price index.

Workers' Medical Benefits

Medical services are provided directly to patients by governmental health providers. Benefits include general and specialist care, hospitalization, laboratory services, transportation, and the full cost of appliances and medicines. Rehabilitation and vocational training are available to disabled persons. All costs are paid by the employer.

Survivor Benefits

Survivor benefit

Widow(er) pension: For a widow(er) under the pensionable age, 1/3 of the average monthly earnings.

Orphan's pension: Basic earnings are shared equally.

Other eligible survivors (in the absence of the above): Basic earnings are shared equally among dependent parents and other relatives.

Dependent supplement: See survivor benefits under Old Age, Disability, and Survivors, above.

The maximum survivor pension is 100% of average monthly earnings.

Funeral grant: The employer covers all funeral expenses.

Administrative Organization

Temporary disability benefits: Enterprises and employers pay benefits to their own employees.

Pensions: Ministry of Labor and Social Protection of the Population provides general coordination and supervision. Social Protection Fund and its regional counterparts collect and manage payroll contributions and finance benefit payments. Regional and local departments of Ministry of Labor and Social Protection of the Population administer the program.

Medical care: Ministry of Health and health departments of local governments provide general supervision and coordination. Medical services are delivered through clinics, hospitals, and other facilities administered by the Ministry of Health and local health departments.

Unemployment

Regulatory Framework

First law: 1991.

Current laws: 1999 (labor code) and 2001 (employment).

Type of program: Social insurance system.

Coverage

All residents.

Source of Funds

Employee: Information is not available.

Employer: Information is not available.

Government: Subsidies as needed from national and local governments.

Qualifying Conditions

Unemployment benefit: At least 26 weeks of covered employment in the 12 months preceding unemployment. The insured must be between age 15 and the pensionable age, registered with the state employment services, and actively seeking, and willing to, work.

Benefit is suspended for 3 months for refusing two acceptable job offers or for failing to attend the monthly registration at the employment service without a valid reason. Benefit is terminated for filing a false or fraudulent claim or for refusing to attend vocational training.

Unemployment Benefits

Unemployment benefit is paid for a total of 26 weeks in a 12-month period. The benefit is 70% of average monthly gross earnings received during the 12 months before the termination of employment. The benefit must not exceed the national average monthly wage.

Family supplement: 10% of benefit for each dependent up to age 18, up to a maximum of 50% of the benefit.

Administrative Organization

Ministry of Labor and Social Protection of the Population provides general oversight.

State Employment Service, with its local branch offices, is responsible for administering the program, paying benefits, providing services for unemployed persons (including training), and also for creating new jobs.

Family Allowances

Regulatory Framework

First law: 1944.

Current laws: 1993 (pensions), with 1997 and 1998 amendments; 1995 and 1996 (children of low-income families).

Type of program: Dual universal (child benefit) and social insurance system (child-raising allowance).

Coverage

Child benefit: All residents; the benefit is usually paid to a parent or the person responsible for raising the child.

Child-raising allowance: Employees and self-employed persons.

Source of Funds

Insured person: See Old Age, Disability, and Survivors, above.

Employer: See Old Age, Disability, and Survivors, above.

Government: Total cost of child benefit is financed by the state budget.

Qualifying Conditions

Child benefit: For resident under age 16 (age 18 if a secondary school student with no student allowance). The benefit is income-tested. The average monthly income per family member should be no more than 16,500 AZM.

Child-raising allowance: For employees who leave the labor force in order to raise a child. There is no minimum qualifying period.

Family Allowance Benefits

Child benefit: Claims for benefits are either normal or special. For a normal case, the basic amount varies according to the income of the family. The full normal benefit is 9,000 AZM per child. For a special case, the basic amount does not vary with the age of the child or the income of the family. For a child whose parent is in periodic military service, 12,600 AZM a month; children of war invalids and martyrs, 20,000 AZM a month; children of parents killed during the defense of the motherland, 35,000 AZM; children of a parent who helped during the Chernobyl nuclear accident, 25,000 AZM.

Child-raising allowance: 15,000 AZM a month until the child is age 3.

Birth and adoption grants: The mother (or other recognized carer) is entitled to a lump-sum benefit of 70,000 AZM.

Full orphan's special allowance: 5,500 AZM a month until age 16.

Administrative Organization

Ministry of Labor and Social Protection of the Population provides general oversight.

Local branches of the Ministry of Labor and Social Protection of the Population are responsible for administering social security benefits and paying benefits to nonworking parents.

Social Protection Fund is responsible for financing social security benefits.