

Dominican Republic

Exchange rate: US\$1.00 equals 28.60 pesos.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1947.

Current laws: 2001 (social security), implemented in 2003; and 2002 (pensions regulation).

Type of program: Mandatory individual account and social assistance system.

Note: The 2001 law created a three-part system that will be implemented in stages. A system of individual accounts for public- and private-sector workers began in June 2003. The scheduled introduction in August 2004 of a social assistance program for those with very low income has been delayed. Subsidized individual accounts for the self-employed are scheduled to begin in August 2006. The old social insurance system, which covers current pensioners and public-sector employees who opt not to join the new system, is being phased out.

Coverage

Mandatory individual account: All public- and private-sector workers, employers, and Dominican citizens living abroad. During the transition, mandatory coverage for all private-sector workers younger than age 45 in 2003 and voluntary coverage for workers aged 45 or older in 2003 and current public-sector employees.

Exclusions: The self-employed.

Mandatory individual account (subsidized): Self-employed persons with income above the minimum wage.

Exclusions: Self-employed persons with income below the minimum wage.

Social assistance: Severely disabled, indigent, unemployed, or self-employed persons with income below the minimum wage.

Source of Funds

Mandatory individual account

Insured person: 2.28% of gross earnings (to be raised gradually to 2.88% of gross earnings by 2008), plus a fixed 1% of gross earnings for disability and survivor insurance and up to a maximum of 0.6% of gross earnings for administrative fees.

The minimum earnings for contribution purposes are equal to the minimum wage.

The maximum earnings for contribution purposes are equal to 20 times the minimum wage.

Self-employed person: None.

Employer: 5.72% of payroll; includes 0.4% of payroll to finance minimum pensions (Social Solidarity Fund). (To be raised gradually to 7.12% of payroll by 2008.)

The minimum earnings for contribution purposes are equal to the minimum wage.

The maximum earnings for contribution purposes are equal to 20 times the minimum wage.

Contributions include administrative fees for the pension fund and management companies (AFPs) and the operating costs of the Superintendent of Pensions, the supervisory organization.

Government: Finances the subsidized mandatory individual account and guarantees the minimum pension.

Contributions include administrative fees for the pension fund and management companies (AFPs) and the operating costs of the Superintendent of Pensions, the supervisory organization.

Social assistance

Insured person: None.

Self-employed person: None.

Employer: None.

Government: Total cost.

Qualifying Conditions

Old-age pension (mandatory individual account): Age 60 with at least 30 years of contributions; age 55 if the individual account balance is sufficient to finance a pension equal to the minimum pension.

Pensioners are not required to cease gainful activity.

Early pension: Aged 57 or older, unemployed, and with at least 300 months of contributions; with less than 300 months, the insured can receive a pension based on the accumulated funds or continue contributing until reaching 300 months.

The pension is not payable abroad.

Old-age pension (subsidized mandatory individual account): Age 65 with at least 25 years of contributions.

The pension is not payable abroad.

Social assistance old-age pension (income-tested): Age 60 and indigent.

Disability pension (mandatory individual account): The insured has a chronic illness or injury (nonwork- or work-related) and has exhausted entitlement to sickness benefits or work injury benefits. A total disability is defined as a loss of at least 2/3 of earning capacity; partial disability, between 1/2 and 2/3 loss of earning capacity.

The insured's degree of disability is assessed by a regional medical committee. The national medical committee may revise, validate, or reject the decision of a regional medical committee.

The pension is not payable abroad.

Social assistance disability pension (income-tested): Payable at any age if severely disabled and indigent.

Survivor pension (mandatory individual account): The deceased was insured or a pensioner at the time of death.

Eligible survivors are a widow(er) or partner and unmarried children younger than age 18 (up to age 21 if a full-time student, no limit if disabled).

The pension is not payable abroad.

Social assistance survivor pension (income-tested): Payable to indigent survivors.

Eligible survivors are a widow(er) or partner and unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled).

Old-Age Benefits

Old-age pension (mandatory individual account): The pension is based on the value of the accumulated capital plus accrued interest. The accumulated capital can be used to purchase a price-indexed annuity or to make programmed withdrawals. (The value of accrued rights under the old system is combined with the individual account balance.)

Early pension: The minimum old-age pension is paid until age 60. The maximum early pension is equal to the insured's final salary.

The minimum old-age pension is equal to the lowest legal minimum wage.

There is no maximum old-age pension.

Benefit adjustment: Pensions are adjusted according to changes in the minimum public-sector wage.

Old-age pension (subsidized mandatory individual account): The pension is based on the value of the accumulated capital plus accrued interest. The accumulated capital can be used to purchase a price-indexed annuity or to make programmed withdrawals.

The minimum old-age pension (subsidized) is equal to 70% of the private-sector minimum wage.

Benefit adjustment: Pensions are adjusted according to changes in the consumer price index.

Social assistance old-age pension: The pension is equal to 60% of the minimum public-sector wage (plus a Christmas bonus).

Benefit adjustment: Pensions are adjusted according to changes in the consumer price index.

Permanent Disability Benefits

Disability pension (mandatory individual account): For a total disability, the pension is equal to 60% of the insured's indexed average earnings in the 3 years immediately before the onset of disability. The disability pension ceases at the normal pensionable age and the old-age pension is payable. (Disability insurance tops up the accumulated capital in the individual account if the balance is less than the required minimum to finance the permanent disability pension.)

Partial disability: The pension is equal to 30% of the insured's indexed average earnings in the 3 years immediately before the onset of disability.

There is no minimum disability pension.

There is no maximum disability pension.

Benefit adjustment: Pensions are adjusted according to changes in the consumer price index.

Social assistance disability pension: The pension is equal to 60% of the minimum public-sector wage (plus a Christmas bonus).

Benefit adjustment: Pensions are adjusted according to changes in the consumer price index.

Survivor Benefits

Survivor pension (mandatory individual account): The pension is equal to 60% of the deceased's indexed average earnings in the previous 3 years. (Life insurance tops up the accumulated capital in the deceased's individual account if the balance is less than the required minimum to finance the survivor pension.)

A spouse older than age 50 receives the pension for life; a spouse between ages 50 and 55 receives a pension for 6 years only (5 years if younger than age 50).

If there are orphans younger than age 18 (up to age 21 if a full-time student, no limit if disabled), the pension is split between the spouse and the orphans.

There is no minimum survivor pension.

Benefit adjustment: Pensions are adjusted according to changes in the consumer price index.

Social assistance survivor pension: The pension is equal to 60% of the minimum public-sector wage (plus a Christmas bonus).

Benefit adjustment: Pensions are adjusted according to changes in the consumer price index.

Administrative Organization

National Social Security Board (CNSS) (<http://www.cnss.gov.do>) provides overall governance of the social security system.

Mandatory individual account: Superintendent of Pensions (SIPEN) (<http://www.sipen.gov.do>) provides general supervision.

Individual pension fund management companies (AFPs) administer the individual accounts.

Authorized insurance companies sell annuity products.

Sickness and Maternity

Regulatory Framework

First law: 1947.

Current laws: 1948 (social insurance), implemented in 1949, with 1966 and 1988 amendments; and 2001 (social security), implemented in 2003.

Type of program: Social insurance system. Cash and universal medical benefits.

Coverage

Cash and medical benefits (nonsubsidized): Employed persons and their spouses or partners, the insured's children up to age 21 if a full-time student (no limit if disabled), and pensioners.

Cash and medical benefits (subsidized): Pensioners receiving subsidized benefits and the self-employed and home workers and their dependents.

Source of Funds

Insured person: 2.7% of gross earnings (2003). (To be raised gradually to 3% of gross earnings by 2008.)

There are no minimum earnings for contribution purposes.

The maximum earnings for contribution purposes are equal to 10 times the minimum wage.

Self-employed person: Part of the cost for the subsidized program.

Employer: 6.3% of payroll (2003). (To be raised gradually to 7% of payroll by 2008.)

There are no minimum earnings for contribution purposes.

The maximum earnings for contribution purposes are equal to 10 times the minimum wage.

Government: Total cost of social assistance and part of the cost for the subsidized program and the pediatric health care program.

Qualifying Conditions

Cash sickness benefits (nonsubsidized): Must have 12 months of contributions or be a pensioner.

Cash maternity benefits (nonsubsidized): Must have 8 months of contributions in the 12 months before childbirth or have been without paid work in the 12 months before childbirth.

Medical benefits

Basic health plan: Universal coverage.

Pediatric health care: Universal coverage.

Sickness and Maternity Benefits

Sickness benefit (nonsubsidized): The benefit is equal to 60% of earnings in the last 6 months (40% if hospitalized) and is payable after a 3-day waiting period, for up to 26 weeks.

Maternity benefit (nonsubsidized): The total benefit is equal to 3 months' insured earnings and is payable for 6 weeks before and 6 weeks after the expected date of childbirth.

Nursing allowance: If the insured's salary is less than three times the minimum national wage, an allowance is paid for up to 12 months after the child's birth.

Workers' Medical Benefits

Benefits under the basic health plan include preventive, inpatient and outpatient, pediatric, and specialist care; medicines; and prosthesis for disabled persons, according to the schedule in law.

Cost sharing: The insured is reimbursed for 70% of the cost of some medicines.

Social assistance beneficiaries receive basic medicines free of charge.

Dependents' Medical Benefits

Benefits under the basic health plan include preventive, inpatient and outpatient, pediatric, and specialist care; medicines; dental treatment for children; and prosthesis for disabled persons, according to the schedule in law.

Pediatric health care: Provided from the 45th day after birth until age 5. Benefits include nutrition, pediatric care, and child development programs.

Administrative Organization

National Health Insurance (<http://www.senasa.gov.do>) and Health Risk Management Companies administer the basic health plan.

Health Risk Management Companies may be private, public, or mixed entities.

Superintendent of Health and Labor Risks (<http://www.sisalril.gov.do>) supervises the National Health Insurance and Health Risk Management Companies.

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Superintendent of Health and Labor Risks supervises the pediatric health care program.

Social Insurance Institute (IDSS) (<http://www.idss.org.do>) administers pediatric health care.

Work Injury

Regulatory Framework

First law: 1932.

Current law: 2001 (social security).

Type of program: Social insurance system.

Coverage

All insured workers.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: Total cost, met through contributions that vary according to the assessed degree of risk. The average contribution is 1.2% of payroll.

There are no minimum earnings for contribution purposes.

The maximum earnings for contribution purposes are equal to 10 times the minimum average national wage.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The labor law requires that cash benefits are provided for temporary disability.

Permanent Disability Benefits

Permanent disability pension: Benefits are provided according to four degrees of assessed disability.

- Severe total disability (totally disabled and in need of constant attendance),
- Permanent total disability (unable to perform any occupation),
- Permanent total disability for usual occupation (unable to perform usual occupation), and
- Permanent partial disability for current occupation (the loss of at least 50% of earning capacity).

All benefits are calculated using the base salary. The base salary is equal to the insured's average covered earnings in the 6 months before the onset of injury or occupational disease. For insured workers with less than 6 months of covered earnings, the base salary is 50% of total covered earnings.

For a severe total disability, a monthly pension is paid equal to 100% of the base salary. For an assessed degree of disability of at least 67%, a monthly pension is paid equal to 70% of the base salary. For an assessed degree of disability of more than 50% and up to 67%, a monthly pension is paid equal to 50% of the base salary. For an assessed degree of disability of more than 15% and up to 50%, a lump sum is paid equal to between 5 and 10 times the base salary.

Workers' Medical Benefits

Medical benefits are the same as provided under the basic health plan. Benefits include general, specialist, and surgical care; hospitalization; medicines; and prostheses.

Survivor Benefits

Survivor pension: 50% of the deceased's pension is payable to a widow(er) aged 45 or older or disabled.

The pension ceases on remarriage, and a lump sum equal to 2 years' pension is paid.

A widow(er) younger than age 45 receives a lump sum equal to 2 years' pension.

Orphan's pension: 20% of the deceased's pension is payable to each orphan younger than age 18 (age 21 if a full-time student, no limit if disabled).

Administrative Organization

Superintendent of Health and Labor Risks (<http://www.sisalril.gov.do>) supervises, monitors, and controls the program.

Family Allowances

Regulatory Framework

Benefits are payable to unemployed single mothers with unmarried children younger than age 18 (age 21 if a full-time student, no limit if disabled) who are without sufficient resources to meet basic needs. (The social assistance benefits are provided under the Old Age, Disability, and Survivors program, above).