

Azerbaijan

Exchange rate: US\$1.00 equals
0.85 new manat.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1956.

Current laws: 1992 (military pensions); 1992 (disability); 1997 (social insurance), with amendments; and 2006 (labor pensions) with amendments.

Type of program: Social insurance and social assistance system.

Note: A 2006 law set up a notional defined contribution (NDC) system. Contributions on earnings from January 2006 will be credited to a worker's notional account.

Coverage

Social insurance: All workers residing in Azerbaijan, including self-employed persons, members of collective farms, landowners, and foreign citizens.

Social pension: Persons not eligible for social insurance pensions.

Source of Funds

Insured person

Social insurance: 3% of gross earnings.

There are no minimum and maximum earnings for contribution calculation purposes.

The insured person's contributions also finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits, and child care benefits.

Social pension: None.

Self-employed person

Social insurance: 50% of the national minimum monthly wage if engaged in trade, transport, or construction; different rates apply for all other self-employed professions. Rates may vary by region.

There are no minimum and maximum earnings for contribution calculation purposes.

The self-employed person's contributions also finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits, and child care benefits.

Social pension: None.

Employer

Social insurance: 22% of payroll.

There are no minimum and maximum earnings for contribution calculation purposes.

The employer's contributions also finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits, and child care benefits.

Social pension: None.

Government

Social insurance: Provides subsidies; contributes as an employer.

There are no minimum and maximum earnings for contribution calculation purposes.

Social pension: The total cost.

Qualifying Conditions

Old-age labor pension: Age 62 (men) or age 57 (women) with at least 5 years of covered employment; age 51 (women with one child), age 50 (women with 3 children), or any age (women with more than 10 children).

Covered employment includes noncontributory periods of active military and alternative national service; periods providing care for a disabled person with a Group I (see disability labor pensions, below), a disabled child younger than age 16, or persons aged 70 or older; periods receiving unemployment allowance or employment training; and periods receiving a Group I or II disability pension as a result of an occupational disease or a work injury.

Early pension: A reduced pension is paid at age 57 with at least 25 years of covered employment (men), including at least 12.6 years of work in unhealthy or arduous conditions; age 52 with at least 20 years of covered employment (women), including at least 10 years of work in unhealthy or arduous conditions. An early pension is also provided for mothers who have raised at least three children or one disabled child from birth until age 8.

Gradual retirement pension: Paid to pensioners who continue working after the normal pension age.

Social pension (old-age): Paid to nonworking citizens from age 67 (men) or age 62 (women) who are not eligible for the old-age labor pension; from age 57 for some mothers who have raised at least three children.

Old-age pensions are payable abroad under bilateral agreement.

Disability labor pension: The pension is paid according to three assessed degrees of disability: a person with a total disability, incapable of any work, and requiring constant attendance (Group I); a person with a disability, incapable of any work, but not requiring constant attendance (Group II); and a person incapable of usual work (Group III).

The minimum degree of assessed disability for entitlement to a pension is 25%. The degree of disability is assessed and periodically reviewed by a medical commission.

Minimum periods of covered employment depend on age. Persons younger than age 19 must have at least a year of covered employment; persons aged 19 or older must have at least 1 year plus 4 months for every subsequent year from age 19.

Covered employment includes noncontributory periods of active military and alternative national service; periods in education or professional training; periods providing care for a disabled person, a disabled child younger than age 16, or persons aged 70 or older; and periods of registered unemployment.

Social pension (disability): Paid to persons with a Group I, Group II, or Group III disability who are not eligible for a disability labor pension, including persons who participated in the containment of the Chernobyl catastrophe and persons disabled from childhood.

Disability pensions are payable abroad under bilateral agreement.

Survivor labor pension: The deceased had at least 1 to 15 years of employment, depending on age at the time of death.

Eligible survivors are a retired spouse, a disabled spouse, a nonworking spouse, a spouse caring for a child younger than age 8, and children younger than age 18 (age 23 if a full-time student, no limit if a disability began before age 18).

Other eligible survivors are retired or disabled parents (who were dependent on the insured); parents (regardless of age or dependency) who do not work but care for one or more of the deceased's children younger than age 8; brothers, sisters, and grandparents (regardless of age or capacity for work) who do not work but care for one or more of the deceased's children, brothers, sisters, or grandchildren younger than age 8.

Funeral grant: Paid for the death of a labor pensioner.

Social pension (survivors): Paid to a dependent survivor if the deceased was not eligible for a labor pension.

Survivor pensions are payable abroad under bilateral agreement.

Old-Age Benefits

Old-age labor pension: The monthly pension is calculated based on two elements, contributions paid prior to January 1, 2006, and contributions paid on and after January 1, 2006.

The first part of the monthly pension is equal to 60% of average gross monthly earnings prior to January 1, 2006, plus 2% for each year of employment over the minimum required period (25 years for men, 20 years for women), up to 85% of average gross monthly earnings. The average

gross monthly earnings are calculated on earnings during any continuous 60-month period of employment or the 24 months prior to January 1, 2006.

The second part of the monthly pension is based on 50% of 25% of annual earnings after January 1, 2006, annually indexed to the inflation rate, divided by 144 months.

The basic pension element is 75 new manat (December 2008).

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index for the previous year.

Gradual retirement pension: Pensioners receive 100% of the base pension if they continue to work after the normal pension age.

Special supplements: Rehabilitated victims of political repression receive 10% of the base pension of the old-age labor pension; war veterans receive 10%; disabled veterans (if eligible for the old-age labor pension) receive 100% (Group I), 70% (Group II), or 50% (Group III).

Social pension (old-age): 45 new manat a month (September 2008). (The national monthly minimum wage is 60 new manat.)

Benefit adjustment: The social pension is adjusted by presidential decree according to changes in the consumer price index.

Permanent Disability Benefits

Disability labor pension: The base pension of the disability labor pension is paid as follows: persons with a Group I disability (a person with a total disability, incapable of any work, and requiring constant attendance) receive 120% of the base pension of the old-age labor pension (Group I visually impaired persons receive 200%); persons with a Group II disability (a disabled person, incapable of any work, but not requiring constant attendance) receive 100%; and persons with a Group III disability (a person incapable of usual work) receive 55%.

The base pension of the old-age labor pension is equal to 60% of average gross monthly earnings. Average gross monthly earnings are calculated on earnings during any continuous 60-month period of employment or the last 24 months before the disability began.

The minimum monthly base pension of the old-age labor pension is 60 new manat.

Dependent's supplement: 5% of the base pension is paid for the spouse and children of persons with a Group I or II disability.

Care supplement: 10% of the base pension is paid for a person with a Group I disability and all persons disabled from war (including dependent pensioners).

Social pension (disability): Persons with a Group I disability receive 50 new manat; Group II, 35 new manat; and Group III, 30 new manat (September 2008). All disabled

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children younger than age 16 receive 50 new manat (September 2008).

Persons disabled as a result of defending Azerbaijan receive 75 new manat (Group I), 60 new manat (Group II), or 55 new manat (Group III).

Military personnel disabled as a result of military service or through participating in the containment of the Chernobyl catastrophe receive 70 new manat (Group I), 60 new manat (Group II), or 45 new manat (Group III).

In addition, persons who participated in the containment of the Chernobyl catastrophe and are disabled as a result, receive an annual benefit of 150 new manat for medical treatment (September 2008).

Benefit adjustment: The social pension is adjusted by presidential decree according to changes in the consumer price index.

Survivor Benefits

Survivor labor pension

Spouse's pension: 100% of the base pension of the deceased's old-age labor pension.

The base pension of the old-age labor pension is equal to 60% of the deceased's average gross monthly earnings.

Survivor's supplement: The spouse and children of deceased National Heroes of Azerbaijan receive 100% of the base pension of the deceased's old-age labor pension; the spouse and children of citizens who died during the country's struggle for independence receive 85%.

Orphan's pension: 100% of the base pension of the deceased's old-age labor pension is paid for each full orphan, the children of an unwed mother, or the deceased's only child.

Other eligible survivors: 50% of the base pension of the deceased's old-age labor pension.

Funeral grant: The minimum grant is 100 new manat (September 2008).

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

Social pension (survivors): 40 new manat are paid a month (September 2008). (The national monthly minimum wage is 60 new manat.)

Benefit adjustment: The social pension is adjusted by presidential decree according to changes in the consumer price index.

Administrative Organization

State Social Protection Fund (<http://www.sspf.gov.az>) is responsible for the social insurance program.

Regional and local branches of the State Social Protection Fund administer the social insurance program.

The Ministry of Labor and Social protection of the Population is responsible for the social assistance program.

Sickness and Maternity

Regulatory Framework

First law: 1912.

Current laws: 1998 (social insurance), with 2005 amendment; and 1999 (health insurance).

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

Coverage

Cash benefits: All workers residing in Azerbaijan, including self-employed persons, members of collective farms, landowners, and foreign citizens.

Medical benefits: All permanent residents of Azerbaijan.

Source of Funds

Insured person

Cash sickness and maternity benefits: See source of funds under Old Age, Disability, and Survivors, above.

Medical benefits: None.

Self-employed person

Cash sickness and maternity benefits: See source of funds under Old Age, Disability, and Survivors, above.

Medical benefits: None.

Employer

Cash sickness and maternity benefits: See source of funds under Old Age, Disability, and Survivors, above.

Medical benefits: None.

Government

Cash sickness and maternity benefits: None; contributes as an employer on behalf of employees.

Medical benefits: The total cost.

Qualifying Conditions

Cash sickness and maternity benefits: Must be in covered employment with at least 6 months of contributions.

Medical benefits: Must be a resident of Azerbaijan.

Sickness and Maternity Benefits

Sickness benefit: An employee with at least 8 years of employment receives 100% of the last month of earnings; with between 5 and 8 years, 80%; with less than 5 years, 60%.

An employed disabled person receives 150% of the last month of earnings, up to a maximum.

100% of the last month of earnings is paid for persons wounded during the military conflicts in Afghanistan or Karabakh; for those wounded in 1990 in Baku or in the Lankaran and Nefchala districts; for the parents, wives, and children of soldiers killed in combat; for those who participated in the containment of the Chernobyl catastrophe, and for some other groups of workers.

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

The employer pays the benefits for the first 14 days. The remaining period is covered by the State Social Protection Fund.

Maternity benefit: The benefit is equal to 100% of gross average monthly earnings and is paid for 126 days (70 days before and 56 days after the expected date of childbirth).

A birth grant and child care benefits are provided under Family Allowances, below.

Maternity leave: For insured women in the nonagricultural sector, leave is provided for 70 days before and 56 days after (for multiple births or for a childbirth with complications, 70 days after) the expected date of childbirth. For insured women in the agricultural sector, leave is provided for 70 days before and 70 days after (for a childbirth with complications, 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.

Free medical services include the provision of wheelchairs, immunization and vaccination services, and home nursing care for persons with a Group I disability (a person with a total disability, incapable of any work, and requiring constant attendance). There is compensation for transportation expenses for disabled persons and for authorized medical treatment abroad.

Persons with a Group I (a person with a total disability, incapable of any work, and requiring constant attendance) or Group II (a disabled person, incapable of any work, but not requiring constant attendance) disability and persons with long employment records are entitled to free dental prostheses and medicines prescribed by a doctor. Prostheses, eyeglasses, and hearing aids are free for all disabled persons, and for those with long employment records. General dental care is free for children up to age 16 and vulnerable groups of the population, including disabled persons.

Dependents' Medical Benefits

Medical benefits are provided on an individual basis to all persons residing permanently in Azerbaijan.

Administrative Organization

Cash benefits: State Social Protection Fund (<http://www.sspf.gov.az>) is responsible for the program.

Medical benefits: Ministry of Health (<http://www.mednet.az>) administers the program.

Work Injury

Regulatory Framework

First law: 1956.

Current law: 1999 (labor code).

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

Coverage

Cash benefits: All employees.

Exclusions: Self-employed persons.

Medical benefits: All permanent residents of Azerbaijan.

Source of Funds

Insured person: None for permanent disability benefits. For temporary disability and survivor benefits, see source of funds under Old Age, Disability, and Survivors, above.

Self-employed person: Not applicable.

Employer: The total cost of permanent disability benefits. For temporary disability and survivor benefits, see source of funds under Old Age, Disability, and Survivors, above.

Government: None; contributes as an employer on behalf of employees.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

The benefit is equal to 100% of the insured's average monthly wage. The benefit is paid from the day after the disability began until full recovery or certification of permanent disability.

Benefits are paid monthly.

The degree of disability is assessed and periodically reviewed by a medical commission.

Permanent Disability Benefits

Permanent disability pension: If the insured is assessed with a total disability, the benefit is equal to 100% of the insured's average monthly earnings in the 12 months before the disability began.

The degree of disability is assessed and periodically reviewed by a medical commission.

The benefit amount is not affected by other pensions or benefits the insured is entitled to as a result of the disability.

The pension is paid by the employer.

Partial disability pension: A percentage of the full disability benefit is paid according to the assessed degree of disability.

If the insured is younger than age 18, the amount of the benefit must not be lower than 5 times the monthly minimum wage (the minimum monthly wage is 60 new manat).

The degree of disability is assessed and periodically reviewed by a medical commission.

Benefit adjustment: Benefits are adjusted according to earnings changes at the insured's place of work after the disability began.

Workers' Medical Benefits

Medical services are provided directly to patients by state 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 benefits

Eligible survivors are a retired spouse, a disabled spouse, a nonworking spouse, a spouse caring for a child younger than age 8, and children younger than age 18 (age 23 if a full-time student, no limit if a disability began before age 18).

Other eligible survivors are retired or disabled parents (who were dependent on the insured); parents (regardless of age or dependency) who do not work but care for one or more of the deceased's children younger than age 8; brothers, sisters, and grandparents (regardless of age or capacity for work) who do not work but care for one or more of the deceased's children, brothers, sisters, or grandchildren younger than age 8.

Survivors' pension: 100% of the average monthly earnings of the deceased; if there is more than one survivor, the pension is split equally among them.

All survivor benefits combined must not exceed 100% of the benefit the deceased would be entitled to if he/she had a total disability.

Benefit adjustment: Benefits are adjusted annually according to changes in the consumer price index for the previous year.

Funeral grant: The employer pays for the funeral.

Administrative Organization

Temporary disability benefits: Employers pay benefits directly to employees.

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

State Social Protection Fund (<http://www.sspf.gov.az>) provides coordination and supervision of the program.

State Social Protection Fund, via its regional branches, collects and manages contributions and finances benefits.

Regional and local departments of the State Social Protection Fund administer the program.

Medical benefits: Ministry of Health (<http://www.mednet.az>) 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 of Azerbaijan.

Source of Funds

Insured person: See source of funds under Old Age, Disability, and Survivors, above.

Self-employed person: See source of funds under Old Age, Disability, and Survivors, above.

Employer: See source of funds under Old Age, Disability, and Survivors, above.

Government: Subsidies as required from national and local governments.

Qualifying Conditions

Unemployment benefit: Must have at least 26 weeks of covered employment in the 12 months before unemployment. The insured must be between age 15 and the normal pension age, registered with the state employment services, and actively seeking and willing to work.

The benefit is suspended for 3 months for refusing two acceptable job offers or for failing to register each month at the employment service without a valid reason. The benefit ceases for filing false or fraudulent claims or for refusing to attend vocational training.

Unemployment Benefits

The benefit is equal to 70% of average gross monthly earnings in the 12 months before unemployment. The benefit must not exceed the national average monthly wage. The benefit is paid for a maximum of 26 weeks in any 12-month period.

The national average monthly wage is 250.40 new manat.

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 for creating new jobs.

Family Allowances

Regulatory Framework

First law: 1944.

Current laws: 1992 (pensions insurance), implemented in 1993, with 2005 amendment; and 2005 (social assistance).

Type of program: Social insurance and social assistance system.

Coverage

Social insurance benefits: Insured persons with at least one child.

Social assistance benefits: Low-income families.

Source of Funds

Insured person: See source of funds for social insurance under Old Age, Disability, and Survivors, above.

Self-employed person: See source of funds for social insurance under Old Age, Disability, and Survivors, above.

Employer: See source of funds for social insurance under Old Age, Disability, and Survivors, above.

Government: The total cost of social assistance and the child benefit.

Qualifying Conditions

Social assistance (income-tested): Paid to low-income families.

Income test: Average per capita monthly family income must be less than 55 new manat.

Child benefit (income-tested): Paid to persons residing in Azerbaijan younger than age 16 (age 18 if a student with no student allowance).

Income test: Average per capita monthly family income must be less than 55 new manat.

Child care benefit: Paid for employees who leave work to raise a child. There is no minimum qualifying period.

Birth and adoption grants: Paid to the mother (or other recognized caregiver).

Full orphan's special benefit: Paid for a full orphan until age 16.

Family Allowance Benefits

Social assistance (income-tested): The benefit raises average per capita family income to 55 new manat a month.

Child benefit (income-tested): Low-income families with a child younger than age 1 receive 15 new manat a month.

A child with a parent in active military service receives 20 new manat a month; a child whose parent is disabled as the result of a war or armed conflict, a child whose parent is totally disabled or died as a result of the Chernobyl catastrophe, and a child whose parent participated in the containment of the Chernobyl catastrophe, receive 5 new manat a month (September 2008).

Child care benefit: 3.50 new manat a month are paid until the child is age 3.

Birth and adoption grants: A lump sum of 35 new manat is paid.

Full orphan's special benefit: 10 new manat a month are paid.

Benefit adjustment: Benefits are adjusted by presidential decree.

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 benefits and paying benefits to unemployed parents.

State Social Protection Fund (<http://www.sspf.gov.az>), through its departments and regional branches, collects and manages contributions and finances benefits.