

## Azerbaijan

Exchange rate: US\$1.00 = 0.80 new manat.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1956.

**Current laws:** 1997 (social insurance) and 2006 (labor pensions).

**Type of program:** Social insurance, notional defined contribution (NDC), and social assistance system.

#### Coverage

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

**Social allowance (social assistance):** Persons not eligible for a labor (NDC and social insurance) pension.

#### Source of Funds

##### Insured person

*Social insurance and NDC:* 3% of gross earnings.

There are no minimum or maximum earnings used to calculate contributions.

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

*Social allowance (social assistance):* None.

##### Self-employed person

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

The national monthly minimum wage is 93.5 new manat.

There are no minimum or maximum earnings used to calculate contributions.

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

*Social allowance (social assistance):* None.

##### Employer

*Social insurance and NDC:* 22% of payroll.

There are no minimum or maximum earnings used to calculate contributions.

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

*Social allowance (social assistance):* None.

#### Government

*Social insurance and NDC:* Provides subsidies; contributes as an employer.

There are no minimum or maximum earnings used to calculate contributions.

*Social allowance (social assistance):* The total cost.

#### Qualifying Conditions

##### Old-age labor pension (social insurance and NDC):

Age 63 (men) or age 58.5 (women, rising to age 60 by 2016) with 12 years of covered employment.

Covered employment includes noncontributory periods of active military or alternative national service; periods providing care for a person with a Group I disability (see disability labor pensions), a child younger than age 18 with a disability, and persons aged 70 or older; periods receiving an unemployment allowance or professional retraining; periods receiving a Group I or II disability pension as a result of an occupational disease or a work injury; and periods receiving disability pensions from younger than age 18 until retirement age.

Early pension: Age 57 with 25 years of covered employment (men), including at least 12.6 years of work in unhealthy or arduous conditions; age 52 with 20 years of covered employment (women), including at least 10 years of work in unhealthy or arduous conditions. The retirement age is reduced by one year per child for mothers who gave birth to at least five children (raising them until age 8), with at least 10 years of covered employment.

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

**Old-age social allowance (social assistance):** Paid to nonworking citizens age 67 (men) or age 62 (women) who are not eligible for the old-age labor pension (NDC); age 57 for mothers who gave birth to and raised at least three children or one disabled child up to age 8.

Old-age pensions are payable abroad under bilateral agreements (citizens only).

##### Disability labor pension (social insurance and NDC):

Must have at least five years of covered employment plus four months of covered employment for each full year of work since age 15. The pension is paid according to three assessed degrees of disability: Group I (total disability, incapacity for any work, and requires constant care); Group II (disability, incapacity for any work, but does not

require constant attendance); and Group III (incapacity for usual work).

Covered employment includes noncontributory periods of active military or alternative national service; periods providing care for a person with a Group I disability, a child younger than age 18 with a disability, and persons aged 70 or older; periods receiving unemployment allowance or professional retraining; periods receiving a Group I or II disability pension as a result of an occupational disease or a work injury; and periods receiving disability pensions from younger than age 18 until retirement age.

A medical commission assesses and periodically reviews the degree of disability until certification of a permanent disability.

**Dependent's supplement:** A supplement is paid for a dependent younger than age 18 with disabilities and for each dependent of persons with a Group I or II disability who is incapable of any work.

**Care supplement:** A supplement is paid for a Group I disability and for persons younger than age 18 with disabilities.

**Disability social allowance (social assistance):** Paid to persons who are not eligible for a disability labor pension with a Group I, Group II, or Group III disability; and children younger than age 18 with disabilities.

Disability pensions are payable abroad under bilateral agreement (citizens only).

**Survivor labor pension (social insurance and NDC):** The deceased had at least five years of covered employment plus four months of covered employment for each full year of work since age 15.

Eligible survivors include a retired spouse or a spouse with a Group I or II disability, a nonworking spouse caring for a child of the deceased younger than age 18 (age 23 if a full-time student, no limit if disabled before age 18).

Other eligible survivors include dependent parents who are retired or have a Group I or II disability and a parent, grandparent, or sibling who does not work but cares for one or more of the deceased's children, siblings, or grandchildren younger than age 8.

**Funeral grant (social insurance):** Paid when an old-age or disability labor pensioner dies.

**Survivors social allowance (social assistance):** Paid to a dependent survivor if the deceased was not eligible for an old-age or disability labor pension.

Survivor pensions are payable abroad under bilateral agreement (citizens only).

### Old-Age Benefits

**Old-age labor pension (social insurance and NDC):** The benefit has two components: a basic flat-rate benefit and an insurance benefit.

The basic monthly flat-rate benefit is 85 new manat.

The insurance component has two parts: a benefit based on the number of years of employment prior to January 1, 2006, and a benefit based on the value of contributions since January 1, 2006.

**Early pension:** The early pension is calculated in the same way as the old-age labor pension.

**Gradual retirement pension:** 100% of the old-age labor pension is paid; the pension is recalculated after full retirement.

**Special supplements:** 5% of the flat-rate benefit is paid for every dependent who is incapable of work to unemployed persons with a Group I or II disability, persons younger than age 18 with disabilities, and qualified unemployed military personnel; 10% to persons with a Group I disability, persons younger than age 18 with disabilities, rehabilitated victims of political repression, and most war veterans; 100% to most veterans (if eligible for the old-age labor pension) with a Group I disability; 70% (Group II), or 50% (Group III), plus an additional 40% to veterans of the Great Patriotic War; and 120 manat to 200 manat to nonworking academics with 25 years of experience.

**Benefit adjustment:** The basic flat-rate benefit is adjusted on an ad hoc basis, according to changes in the consumer price index. The insurance benefit is adjusted annually according to the inflation rate in the previous year.

**Old-age social allowance (social assistance):** 55 new manat a month is paid.

**Benefit adjustment:** The old-age social allowance is adjusted annually according to changes in the consumer price index.

### Permanent Disability Benefits

**Disability labor pension (social insurance and NDC):** 120% of the basic flat-rate benefit is paid for a Group I disability and for persons younger than age 18 with disabilities; 200% for a Group I visual impairment; 100% for a Group II disability; and 55% for a Group III disability.

The basic monthly flat-rate benefit is 85 new manat.

**Dependent's supplement:** 5% of the basic flat-rate benefit is paid for each dependent.

The basic monthly flat-rate benefit is 85 new manat.

**Care supplement:** 10% of the basic flat-rate benefit is paid.

The basic monthly flat-rate benefit is 85 new manat.

**Disability social allowance (social assistance):** 60.5 new manat a month is paid for a Group I disability and for persons younger than age 18 with disabilities; 44 new manat a month for Group II disability; and 38.5 new manat a month for a Group III disability.

Persons whose illnesses are the result of radiation accidents receive an annual lump-sum benefit of 176 new manat for medical treatment.

**Benefit adjustment:** The disability social allowance is adjusted annually according to changes in the consumer price index.

### Survivor Benefits

#### Survivor labor pension (social insurance and NDC)

*Spouse's pension:* 100% of the basic flat-rate benefit is paid if the spouse is the only eligible family member.

The basic monthly flat-rate benefit is 85 new manat.

*Survivor's supplement:* 100% of the basic flat-rate benefit is paid to the spouse and children of deceased National Heroes of Azerbaijan; 85% to the spouse and children of citizens who died for the country's independence.

The basic monthly flat-rate benefit is 85 new manat.

*Orphan's pension:* 100% of the basic flat-rate benefit is paid for each full orphan, each child of a deceased unwed mother, or the deceased's only child.

The basic monthly flat-rate benefit is 85 new manat.

*Other eligible survivors:* 100% of the basic flat-rate benefit is paid when there is only one eligible survivor; 50% each for two or more eligible survivors.

The basic monthly flat-rate benefit is 85 new manat.

*Funeral grant:* Three times the basic flat-rate benefit is paid.

The basic monthly flat-rate benefit is 85 new manat.

*Benefit adjustment:* Benefits are adjusted on an ad hoc basis, according to changes in the consumer price index.

#### Survivor's social allowance (social assistance):

49.5 new manat a month is paid.

*Benefit adjustment:* The survivor's social allowance is adjusted annually 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 and NDC program.

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

Ministry of Labor and Social Protection of the Population (<http://www.mlsp.gov.az>) is responsible for the social assistance program.

### Sickness and Maternity

#### Regulatory Framework

**First law:** 1912.

**Current laws:** 1997 (social insurance) and 1999 (health insurance).

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

### 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.

*Medical benefits:* None.

#### Self-employed person

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

*Medical benefits:* None.

#### Employer

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

*Medical benefits:* None.

#### Government

*Cash sickness and maternity benefits:* None; contributes as an employer.

*Medical benefits:* The total cost.

### Qualifying Conditions

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

**Medical benefits:** Must be a resident of Azerbaijan.

### Sickness and Maternity Benefits

**Sickness benefit:** 100% of average earnings in the last 12 months is paid for an employee with at least eight years of employment; 80% with five to seven years; 60% with less than five years.

100% of the last month of earnings is paid for certain groups, including persons wounded in certain conflicts; for the parents, wives, and children of soldiers killed in combat; and for Chernobyl disaster workers.

The benefit is paid from the 15th day of incapacity until recovery or certification of permanent incapacity for work. (The employer pays benefits for the first 14 days.)

**Maternity benefit:** 100% of gross average monthly earnings 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.

**Maternity leave:** For insured women in the agricultural sector, leave is provided for 70 days before and 70 days after (86 days after for a childbirth with complications; 110 days after for multiple births) the expected date of childbirth. For other women, leave is provided for 70 days before and 56 days after (70 days after for multiple births or for a childbirth with complications) the expected date of childbirth.

### **Workers' Medical Benefits**

**Medical benefits:** Compulsory employer-provided medical insurance covers medical services through public and private facilities under contract with the health insurance agencies.

Free medical benefits include wheelchairs; vaccinations; home nursing care (persons with a Group I disability); dental prostheses and medicine (persons with Group I and Group II disabilities and persons with long employment records); prostheses, eyeglasses, and hearing aids (persons with disabilities and persons with long employment records); and general dental care (children up to age 16 and vulnerable groups, including persons with disabilities). Transportation expenses for persons with disabilities and authorized medical treatment abroad may be covered.

### **Dependents' Medical Benefits**

Medical benefits are provided to all persons residing permanently in Azerbaijan.

### **Administrative Organization**

State Social Protection Fund (<http://www.sspf.gov.az>) administers the cash benefits schemes.

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

## **Work Injury**

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### **Regulatory Framework**

**First law:** 1956.

**Current laws:** 1999 (labor code) and 2010 (accident insurance).

**Type of program:** Employer-liability system, involving mandatory insurance with a private carrier.

### **Coverage**

**Cash benefits:** All employees.

Voluntary coverage for self-employed persons.

**Medical benefits:** All permanent residents of Azerbaijan.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** The total cost; contribution rates vary according to industry risk.

**Employer:** The total cost; contribution rates vary according to industry risk.

**Government:** The total cost of the funeral grant.

### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

A percentage of the insured's average monthly wage is paid according to the assessed degree of disability. The benefit is paid from the day the disability is assessed until the insured fully recovers.

Benefits are paid monthly.

A medical commission assesses and periodically reviews the degree of disability.

### **Permanent Disability Benefits**

**Permanent disability benefit:** If the insured is assessed with a total (100%) disability, a lump sum is paid.

**Benefit adjustment:** Benefits are adjusted according to changes in the assessed industry risk and payroll at the insured's place of work after the disability began.

### **Workers' Medical Benefits**

Compulsory employer-provided medical insurance covers medical services through public and private facilities.

Benefits include general and specialist care, hospitalization, supplemental nutrition, laboratory services, transportation, and the full cost of appliances and medicine. Rehabilitation and vocational training are also covered.

### **Survivor Benefits**

**Survivor benefits:** A lump sum is paid to eligible survivors.

**Funeral grant:** 110 new manat is paid when an insured person dies.

**Death grant:** A lump sum of at least three times the deceased's average monthly wage in the last 12 months before death is paid.

### **Administrative Organization**

**Cash benefits (work injury):** Ministry of Labor and Social Protection of the Population (<http://www.sspf.gov.az>) provides general supervision.

Ministry of Finance regulates the activities of insurance companies.

Insurance companies administer work injury cash benefits.



**Medical benefits (work injury):** Ministry of Health (<http://www.mednet.az>) and health departments of local governments provide general supervision and coordination. Insurance companies administer work injury medical benefits.

## Unemployment

### Regulatory Framework

**First law:** 1991.

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

**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.

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

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

**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 aged 15 up to the normal retirement age, registered with the state employment services, and actively seeking and willing to work.

The benefit is suspended for three 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

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

The national average monthly wage is 382.60 new manat (May 2012).

### Administrative Organization

Ministry of Labor and Social Protection of the Population (<http://www.mlsp.gov.az>) provides general oversight.

State Employment Service, under the Ministry of Labor and Social Protection of the Population, administers the program through local offices, pays benefits, and provides services for unemployed persons (including training).

## Family Allowances

### Regulatory Framework

**First law:** 1944.

**Current laws:** 1992 (pension insurance), implemented in 1993, and 2005 (targeted social assistance).

**Type of program:** Social insurance (child care benefit) and social assistance (targeted social assistance and child benefit) 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.

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

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

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

### Qualifying Conditions

**Social assistance (income tested):** Paid to families with average monthly per capita income up to 84 new manat.

**Child care benefit:** Paid for children up to age 3.

**Child allowance (income tested):** Paid to families with a child younger than age 1 and average monthly per capita income up to 84 new manat.

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

**Full orphan's special allowance:** Paid to a guardian for a full orphan.

### Family Allowance Benefits

**Social assistance (income tested):** The benefit raises the family's average monthly per capita income to 84 new manat a month.

**Child care benefit:** 20 new manat a month is paid until the child is age 18 months; 10 new manat a month until the child is age 3.

**Child allowance (income tested):** 33 new manat a month is paid (55 new manat a month for a child whose parent is in active military service).

**Birth and adoption grants:** A lump sum of 82.5 new manat is paid.

**Full orphan's special allowance:** 38.5 new manat a month is paid.

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

### ***Administrative Organization***

Ministry of Labor and Social Protection of the Population (<http://www.mlsp.gov.az>) provides general oversight.

Local branches of the Ministry of Labor and Social Protection of the Population administer and pay benefits to unemployed parents.

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