

## Azerbaijan

Exchange rate: US\$1.00 = 1.60 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

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

**Social allowance (social assistance):** Citizens of Azerbaijan.

#### 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, the funeral grant, 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 working in a trade or construction; 20% of the national monthly minimum wage for all other self-employed professions. Rates may vary by region.

The national monthly minimum wage is 105 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, the funeral grant, 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, the funeral grant, 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 60 (women) 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, 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 labor pension as a result of an occupational disease or a work injury; and periods receiving a disability labor pension from younger than age 18 until the normal 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 for each child for mothers who gave birth to at least five children (raising them until age 8), with at least 10 years of covered employment.

The old-age labor pension is payable abroad under bilateral agreements (citizens only).

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

**Old-age social allowance (social assistance):** Paid to citizens age 67 (men) or age 62 (women) who are ineligible for the old-age labor pension (social insurance and NDC); age 57 for mothers who gave birth to and raised at least three children, or one child with a disability, up to age 8.

Employment must cease.

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

Must have at least five years of covered employment plus four months of covered employment for each 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 an unemployment allowance or professional retraining; periods receiving a Group I or II disability labor pension as a result of an occupational disease or a work injury; and periods receiving a disability pension from younger than age 18 until the normal retirement age.

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

**Dependent's supplement:** Paid to dependent family members who are either nonworking persons with a Group I or II disability or children younger than age 18 with disabilities.

**Care supplement:** Paid to persons with a Group I disability and for children younger than age 18 with disabilities.

The disability labor pension is payable abroad under bilateral agreement (citizens only).

**Disability social allowance (social assistance):** Paid to persons who are ineligible for a disability labor pension with a Group I, Group II, or Group III disability; and children younger than age 18 with disabilities.

**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 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, children 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.

The survivor labor pension is payable abroad under bilateral agreement (citizens only).

**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 ineligible for an old-age or disability labor pension.

### 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 110 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 basic flat-rate benefit is paid for a dependent who is incapable of work, for children aged 18 or younger with disabilities, to unemployed persons with a Group I or II disability, and to qualified unemployed military personnel; 10% to persons who care for a person with a Group I disability, children younger than age 18 with disabilities, rehabilitated victims of political repression, and most war veterans; 100% to most veterans with a Group I disability; 70% (Group II), or 50% (Group III); plus an additional 140% to veterans of the Great Patriotic War with a Group I disability, 110% (Group II), or 90% (Group III); 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):** 60 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.

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

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

The basic monthly flat-rate benefit is 110 manat.

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

**Disability social allowance (social assistance):** 73.70 manat a month is paid for a Group I disability and for

children younger than age 18 with disabilities; 50 manat a month for Group II disability; 47.30 manat a month for a Group III disability.

Persons whose illnesses are the result of radiation accidents receive 214.50 manat a year 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.

The basic monthly flat-rate benefit is 110 manat.

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

The basic monthly flat-rate benefit is 110 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 110 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 110 manat.

Benefit adjustment: The survivor's social allowance is adjusted annually according to changes in the consumer price index.

**Funeral grant (social insurance):** Three times the basic flat-rate benefit is paid.

The basic monthly flat-rate benefit is 110 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):

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

Regional and local branches of the State Social Protection Fund administer the NDC 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) system.

### Coverage

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

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

### Sickness and Maternity Benefits

**Sickness benefit:** 100% of gross average monthly earnings in the last 12 months is paid with at least 12 years of employment; 80% with eight to 11 years; 60% with less than eight 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 in the last 12 months is paid for 70 days before and 56 days after the expected date of childbirth; 70 days after for multiple births or for a childbirth with complications. For the agricultural sector, the benefit is provided for 70 days before and 70 days after the expected date of childbirth; 86 days after for a childbirth with complications; 110 days after for multiple births.

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

### **Workers' 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 histories); prostheses, eyeglasses, and hearing aids (persons with disabilities and persons with long employment histories); and general dental care (children aged 16 or younger 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 for dependents are the same as those for the insured.

### **Administrative Organization**

State Social Protection Fund under the Ministry of Labor and Social Protection of Population (<http://www.ssp.gov.az/>) administers the cash benefits schemes.

Ministry of Health (<https://www.sehiyye.gov.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 through a private carrier.

### **Coverage**

**Cash benefits:** Employees.

Voluntary coverage for self-employed persons.

**Medical benefits:** 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**

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 determined until the insured fully recovers or is assessed as permanently disabled.

Benefits are paid monthly.

A medical commission assesses the degree of disability.

### **Permanent Disability Benefits**

125 manat a month is paid for a Group I disability, 55 manat a month for a Group II disability, and 45 manat a month for a Group III disability.

A medical board assesses the degree of disability and periodically reviews it (except for Group I disabilities which are determined for life).

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

### **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:** 132 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.ssp.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 (<https://www.sehiyye.gov.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

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 gross average monthly earnings in the 12 months before unemployment is paid for up to 26 weeks in any 12-month period.

The maximum monthly benefit is the national average monthly wage.

The national average monthly wage is 490.50 manat (October 2016).

### 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:** 2005 (targeted social assistance) and 2006 (social allowances).

**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

**Child care benefit (social insurance):** Paid for children up to age 3.

**Child allowance (social assistance, income tested):** Paid to families with a child younger than age 1 and average monthly per capita income up to 105 manat.

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**Social assistance (income tested):** Paid to families with average monthly per capita income up to 105 manat.

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

**Full orphan's special allowance (social assistance):** Paid to a guardian for a full orphan.

### **Family Allowance Benefits**

**Child care benefit (social insurance):** 40 manat a month is paid until the child reaches 18 months; 25 manat until the child reaches age 3.

**Child allowance (social assistance, income tested):** 49.10 manat a month is paid (55 manat for a child whose parent is in active military service).

**Social assistance (income tested):** The benefit raises the family's average monthly per capita income to 105 manat a month.

**Birth and adoption grants (social assistance):** A lump sum of 99 manat is paid.

**Full orphan's special allowance (social assistance):** 55 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 and administers and pays benefits to unemployed parents through local branches.

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