

Bhutan

Exchange rate: US\$1.00 =
68.47 Bhutanese Ngultrums.

Old Age, Disability, and Survivors

Regulatory Framework

First and current laws: 1976 (royal command), 1982 (death benefit), and 2007 (labor and employment act).

Type of program: Universal, provident fund, and employer-liability system.

Coverage

Universal: Citizens of Bhutan aged 8 or older living in rural areas.

Provident fund: Persons employed in firms with at least five employees and with labor contracts lasting at least one year. Voluntary coverage for employees of firms with up to five employees.

Exclusions: Self-employed persons and family labor.

Employer liability: Persons with labor contracts lasting at least one year.

Exclusions: Self-employed persons and family labor.

Special system for military personnel, civil servants, and employees of public corporations.

Source of Funds

Insured person

Universal: An annual flat-rate contribution of 87 ngultrums.

Provident fund: At least 5% of monthly basic earnings.

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

Employer liability: None.

Self-employed person

Universal: An annual flat-rate contribution of 87 ngultrums.

Provident fund: Not applicable.

Employer liability: Not applicable.

Employer

Universal: None.

Provident fund: At least 5% of monthly basic earnings.

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

Employer liability: Pays an annual contribution to each employee's gratuity account, based on the employee's annual basic earnings.

Government

Universal: An annual contribution of 108 ngultrums for each insured or self-employed person.

Provident fund: None.

Employer liability: None; contributes as an employer.

Qualifying Conditions

Old-age benefit (provident fund): Age 56 with at least five years of contributions; at any age if involuntarily unemployed (or voluntarily unemployed with the employer's consent).

Covered employment must cease.

Early withdrawal: At any age with at least five years of continuous contributions. Subsequent withdrawals are possible after additional periods of five years of continuous contributions.

Old-age settlement (provident fund): Age 56 with less than five years of contributions.

Covered employment must cease.

Old-age benefit (Gratuity, employer liability): Age 56 with at least five years of continuous employment and retired from covered employment; at any age if involuntarily unemployed (or voluntarily unemployed with the employer's consent).

Disability benefit (provident fund): Must be assessed with a total loss of work capacity due to a work- or nonwork-related illness or injury, and have at least five years of contributions.

Employment must cease for the full pension.

A medical board assesses the loss of work capacity.

Disability benefit (Gratuity, employer liability): Must be assessed with a total loss of work capacity due to a work- or nonwork-related illness or injury, and have at least five years of contributions.

A medical board assesses the loss of work capacity.

Survivor benefit (provident fund): Paid to named survivors when a fund member dies.

Survivor benefit (Gratuity, employer liability): Paid to eligible survivors when an employee dies.

Eligible survivors include a widow(er), legitimate children, and parents. The survivors must have been partially or fully dependent on the deceased.

Death benefit (Universal Rural Life Insurance, universal): Paid when an insured person dies.

Old-Age Benefits

Old-age benefit (provident fund): The total employee and employer contributions plus accrued interest minus previous withdrawals is paid. The benefit may be taken as a lump sum or an annuity.

Early withdrawal: Up to 50% of the balance of total employee and employer contributions plus accrued interest may be withdrawn.

Old-age settlement (provident fund): A lump sum of total employee contributions plus accrued interest minus previous withdrawals is paid.

Old-age benefit (Gratuity, employer liability): A lump sum of the employee's last monthly basic earnings multiplied by years of continuous employment, or the employee's total gratuity account balance, whichever is greater, is paid.

The maximum employer-liability old-age benefit is 1.5 million ngultrums.

Permanent Disability Benefits

Disability benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid.

Disability benefit (Gratuity, employer liability): A lump sum of the deceased's last monthly basic earnings before the disability began multiplied by years of continuous employment, or the deceased's total gratuity account balance, whichever is greater, is paid.

Survivor Benefits

Survivor benefit (provident fund): A lump sum of total employee and employer contributions plus accrued interest minus previous withdrawals is paid.

The minimum guaranteed interest rate is 7% a year.

Survivor benefit (Gratuity, employer liability): A lump sum of the deceased's last monthly basic earnings before death multiplied by years of continuous employment is split between eligible survivors.

The maximum employment-related survivor benefit is 1.5 million ngultrum.

Death benefit (Universal Rural Life Insurance, universal): A lump sum of 30,000 ngultrums is paid to the family of the deceased.

Administrative Organization

Ministry of Labour and Human Resources (<http://www.molhr.gov.bt/molhr/>) provides general supervision.

Royal Insurance Corporation of Bhutan (RICB) (<https://www.ricb.bt/index>) administers and collects contributions for the provident fund and universal programs.

Bhutan Insurance Ltd. (BIL) (<http://www.bhutaninsurance.com.bt/>) administers and collects contributions for the employer-liability program.

Sickness and Maternity

Regulatory Framework

First and current laws: 2007 (employment and labor) and 2008 (constitution).

Type of program: Universal (medical benefits) and employer-liability (cash benefits) system.

Coverage

Universal (medical benefits): Residents of Bhutan.

Employer liability (cash benefits): Private-sector employees.

Exclusions: Self-employed persons.

Source of Funds

Insured person

Universal (medical benefits): None.

Employer liability (cash benefits): None.

Self-employed person

Universal (medical benefits): None.

Employer liability (cash benefits): Not applicable.

Employer

Universal (medical benefits): None.

Employer liability (cash benefits): The total cost (pays benefits directly to employees).

Government

Universal (medical benefits): The total cost.

Employer liability (cash benefits): None.

Qualifying Conditions

Cash sickness benefit (employer liability): Must have at least six months of continuous employment with the same employer.

Cash maternity benefit (employer liability): There is no minimum qualifying period.

Cash paternity benefit (employer liability): Must have at least 12 months of continuous employment with the same employer.

Medical benefits (universal): There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit (employer liability): 100% of the employee's last earnings is paid for up to five days a year.

Maternity benefit (employer liability): 100% of the employee's last earnings is paid for at least 90 days.

Paternity benefit (employer liability): 100% of the employee's last earnings is paid for at least five days during the two weeks after childbirth.

Workers' Medical Benefits

Government health centers provide free essential health care services.

Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

Administrative Organization

Ministry of Labour and Human Resources (<http://www.molhr.gov.bt/molhr/>) provides general supervision for the employer-liability program.

Ministry of Health (<http://www.health.gov.bt/>) provides general supervision for the universal program.

Employers pay cash benefits directly to employees.

Government hospitals and health facilities deliver medical benefits.

Work Injury

Regulatory Framework

First law: 1994 (workmen's compensation).

Current law: 2007 (labor and employment).

Type of program: Employer-liability system through a public carrier.

Coverage

Persons employed in firms with at least five employees.

Exclusions: Self-employed persons.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

Employer: The total cost.

Government: None.

Qualifying Conditions

Must have at least one year of employment (temporary disability benefit) or at least five years of continuous contributions (permanent disability benefit). There is no minimum qualifying period for survivor benefits.

Temporary Disability Benefits

70% of the employee's basic earnings (excluding overtime payments and allowances) in the month before the disability began is paid for up to five years, until the employee returns to work, or until the employee receives a permanent disability benefit from another system, whichever is earlier.

Permanent Disability Benefits

A lump sum of 360 times the national daily minimum wage is paid if the employee is unable to return to work after five years.

The national daily minimum wage is 234 ngultrums.

A disability pension is also paid for work-related disabilities under Old-Age, Disability, and Survivors.

Workers' Medical Benefits

Benefits include the total cost of emergency care, nursing and medical care, surgery, hospital fees, medication, X-rays, diagnostics, and other necessary treatment not provided by government health clinics.

Government health clinics provide free essential health care services.

Survivor Benefits

Survivor pension: 70% of the deceased's last monthly basic earnings (excluding overtime payments and allowances) before death is paid.

Eligible survivors include a widow(er), legitimate children, and parents. The survivors must have been partially or fully dependent on the deceased.

Survivor benefit: A lump sum of 1,080 days of the national daily minimum wage is paid.

Eligible survivors include a widow(er), legitimate children, and parents. The survivors must have been partly or fully dependent on the deceased.

The national daily minimum wage is 234 ngultrums.

Administrative Organization

Ministry of Labour and Human Resources (<http://www.molhr.gov.bt/>) provides general supervision.

Bhutan Insurance Ltd. (BIL) (<http://www.bhutaninsurance.com.bt/>) administers the program.

Family Allowances

Regulatory Framework

His Majesty Kidu Office administers a constitutionally mandated welfare (Kidu) system consisting of cash and in-kind benefits to citizens of Bhutan. To qualify for the benefits, a persons must be assessed as needy, disabled, landless, or be a child with no source of income to attend school.