

## Azerbaijan

Exchange rate: US\$1.00 = 1.70 manat.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1956.

**Current laws:** 1997 (social insurance), 2001 (individual recordkeeping), and 2006 (labor pensions and social assistance).

**Type of program:** Notional defined contribution (NDC) and social assistance system.

#### Coverage

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

**Social assistance:** Citizens of Azerbaijan.

#### Source of Funds

##### Insured person

**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, the funeral grant, and child care benefits.

**Social assistance:** None.

##### Self-employed person

**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 legal monthly minimum wage is 130 manat.

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

The self-employed person's contributions also finance sickness and maternity benefits, the funeral grant, and child care benefits.

**Social assistance:** None.

##### Employer

**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, the funeral grant, and child care benefits.

**Social assistance:** None.

#### Government

**NDC:** Provides subsidies; finances the cost of special old-age supplements; and contributes as an employer.

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

**Social assistance:** The total cost.

#### Qualifying Conditions

**Old-age labor pension (NDC):** Age 63 and 6 months (men, rising by six months a year until reaching age 65 in July 2021) or age 60 and 6 months (women, rising by six months a year until reaching age 65 in July 2027) with at least 25 years of covered employment (35 years for persons working in justice, migration, and emergency agencies; 30 years for certain persons working with prisoners and detainees) or a notional account balance of at least 15,840 manat (July 2017).

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 25 years of covered employment and a notional account balance of at least 15,840 manat (July 2017).

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, or a person 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 a work injury or occupational disease; and periods receiving a disability labor pension from younger than age 18 until the normal retirement age.

**Early pension:** Age 60 with at least 25 years of covered employment (men), including at least 12.6 years of work in unhealthy or arduous conditions; age 55 with at least 20 years of covered employment (women), including at least 10 years of work in unhealthy or arduous conditions. Must have a notional account balance of at least 15,840 manat (July 2017).

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

**Special supplement:** Paid to certain persons with disabilities, persons caring for a child with a disability, war veterans, and victims of political repression.

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

**Old-age social allowance (social assistance):** Age 67 (men) or age 62 (women) and does not qualify for the NDC

old-age labor pension; age 57 for mothers who gave birth to and raised at least three children, or one child with a disability, until age 8.

Employment must cease.

**Disability labor pension (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 based on 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); or Group III (incapacity for usual work).

For a Group II or Group III disability, the notional account balance must be sufficient to provide a pension of at least the minimum monthly disability labor pension.

The minimum monthly disability labor pension is 116.27 manat.

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 benefits or professional retraining; periods receiving a Group I or II disability labor pension as a result of a work injury or occupational disease; 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.

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

**Disability social allowance (social assistance):** Paid to persons who do not qualify 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 (NDC):** The deceased must have had at least five years of covered employment plus four months of covered employment for each full year of work since age 15. The notional account balance must be sufficient to provide a pension of at least the minimum monthly survivor labor pension.

The minimum monthly survivor labor pension is 116.27 manat.

Eligible survivors include a retired widow(er) or a widow(er) with a Group I or II disability, a nonworking widow(er) 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.

Survivor's supplement: Paid to family members of deceased National Heroes of Azerbaijan and family members of citizens who died for the country's independence.

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

**Survivor's social allowance (social assistance):** Paid to a dependent survivor if the deceased did not receive and was not entitled to receive an old-age or disability labor pension.

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

### **Old-Age Benefits**

**Old-age labor pension (NDC):** The monthly pension is based on the total value of notional contributions divided by the average life expectancy at retirement (currently 144 months).

The total value of notional contributions is based on the number of years of employment before January 1, 2006, and the value of contributions since January 1, 2006.

Early pension: 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 every six years of contributions and after full retirement.

Special supplements: 110 manat a month is paid to persons with a Group I visual disability and 22 manat to other persons with a Group I disability; 110 manat a month to war veterans with a Group I disability (154 manat to participants in the Great Patriotic War), 77 manat with a Group II disability (121 manat to participants in the Great Patriotic War), 55 manat with a Group III disability (99 manat to participants in the Great Patriotic War); 11 manat to persons who care for children younger than age of 18 with disabilities and rehabilitated victims of political repression. (July 2017).

An old-age labor pensioner can receive only one special supplement.

Benefit adjustment: The old-age labor pension is adjusted annually based on increases in the average national monthly salary.

**Old-age social allowance (social assistance):** 72.60 manat a month is paid.

Benefit adjustment: The old-age social allowance is adjusted at least once a year.

### **Permanent Disability Benefits**

**Disability labor pension (NDC):** The monthly disability labor pension is based on the total value of notional contributions, divided by the expected number of months of pension payments multiplied by the insurance duration coefficient.

The total value of notional contributions is based on the number of years of employment before January 1, 2006, and the value of contributions since January 1, 2006.

The insurance duration coefficient is the number of months of covered employment required to qualify for a disability labor pension divided by 192.

The minimum monthly disability labor pension is 116.27 manat.

**Disability social allowance (social assistance):**

81.07 manat a month is paid for a Group I disability and for children younger than age 18 with disabilities; 60.50 manat a month for Group II disability; 52.03 manat a month for a Group III disability.

Persons whose illnesses are the result of radiation accidents receive 237 manat a year for medical treatment (2017).

Benefit adjustment: The disability social allowance amount is adjusted at least once a year.

### Survivor Benefits

**Survivor labor pension (NDC):** The pension is calculated in the same way as the disability labor pension, and split equally among eligible survivors.

The minimum combined monthly survivor labor pension is 116.27 manat.

Survivor's supplement: 110 manat a month is paid to family members of deceased National Heroes of Azerbaijan; 93.5 manat a month to family members of citizens who died for the country's independence (2017).

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

66.55 manat a month is paid.

Benefit adjustment: The survivor's social allowance is adjusted at least once a year.

**Funeral grant (NDC):** Three times the minimum monthly labor pension is paid.

The minimum monthly labor pension is 116.27 manat.

### Administrative Organization

State Social Protection Fund under the Ministry of Labor and Social Protection of Population (SSPF) (<http://sosial.gov.az>) is responsible for the NDC and social assistance programs and collects contributions.

State Social Protection Fund administers the NDC program through regional and local branches.

### Sickness and Maternity

#### Regulatory Framework

**First law:** 1912.

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

**Type of program:** Universal (medical benefits) and social insurance (cash benefits) system.

#### Coverage

**Universal (medical benefits):** Permanent residents of Azerbaijan.

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

#### Source of Funds

##### Insured person

*Universal (medical benefits):* None.

*Social insurance (cash benefits):* See source of funds under Old Age, Disability, and Survivors.

##### Self-employed person

*Universal (medical benefits):* None.

*Social insurance (cash benefits):* See source of funds under Old Age, Disability, and Survivors.

##### Employer

*Universal (medical benefits):* None.

*Social insurance (cash benefits):* See source of funds under Old Age, Disability, and Survivors.

##### Government

*Universal (medical benefits):* The total cost.

*Social insurance (cash benefits):* None; contributes as an employer.

#### Qualifying Conditions

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

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

#### Sickness and Maternity Benefits

**Sickness benefit (social insurance):** 100% of the insured's average gross 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 of employment.

100% of the last monthly 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 (social insurance):** 100% of the insured's average gross 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 workers.

### **Administrative Organization**

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

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

### **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:** Employed persons.

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 depending on the industry risk.

**Employer:** The total cost; contribution rates vary depending on the industry risk.

**Government:** The total cost of the funeral grant; contributes as an employer.

#### **Qualifying Conditions**

Must be assessed with a work injury or occupational disease.

#### **Temporary Disability Benefits**

The sickness benefit (see Sickness and Maternity) is paid until the employee fully recovers or is assessed with a permanent disability.

An evaluation board assesses the degree of disability.

#### **Permanent Disability Benefits**

A lump sum is paid for a total (100%) disability.

#### **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:** 145.20 manat is paid when an insured person dies.

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

#### **Administrative Organization**

Ministry of Labor and Social Protection of the Population (<http://sosial.gov.az>) provides general supervision for cash benefits.

Ministry of Health (<http://www.mednet.az/>) and health departments of local governments provide general supervision and coordination for medical benefits.

Insurance companies administer the program.

Ministry of Finance regulates the activities of insurance companies.

## Unemployment

### Regulatory Framework

**First law:** 1991.

**Current laws:** 1999 (labor code), 2001 (employment), and 2017 (unemployment insurance).

**Type of program:** Social insurance system.

### Coverage

Residents of Azerbaijan.

Exclusion: Self-employed persons.

### Source of Funds

**Insured person:** 0.5% of gross monthly earnings.

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

**Self-employed person:** Not applicable.

**Employer:** 0.5% of monthly payroll.

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

**Government:** None; contributes as an employer.

### Qualifying Conditions

Must be aged 15 to the normal retirement age; have at least three years of covered employment, including 12 months in the 24 calendar months before unemployment; be registered with the state employment services; and actively seeking and willing to 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 benefits or professional retraining; periods receiving a Group I or II disability pension as a result of a work injury or occupational disease; and periods receiving a disability pension from younger than age 18 until the normal retirement age.

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

50% of the insured's average monthly earnings in the last 12 months is paid with three to five years of contributions for up to nine months (up to six months if the insured receives the unemployment benefit for the first time); 55% with six to 10 years of contributions; and 60% with more than 10 years of contributions.

The minimum monthly unemployment benefit is the legal monthly minimum wage.

The legal monthly minimum wage is 130 manat.

### Administrative Organization

Ministry of Labor and Social Protection of the Population (<http://sosial.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).

Unemployment Insurance Fund collects contributions.

## Family Allowances

### Regulatory Framework

**First law:** 1944.

**Current laws:** 1997 (social insurance), 2005 (targeted social assistance), and 2006 (social allowances).

**Type of program:** Social insurance and social assistance system.

### Coverage

**Social insurance:** Employed women.

**Social assistance:** Needy families.

### Source of Funds

#### Insured person

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

**Social assistance:** None.

#### Self-employed person

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

**Social assistance:** None.

#### Employer

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

**Social assistance:** None.

#### Government

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

**Social assistance:** The total cost.

### 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.

**Basic income allowance (Targeted Social Assistance, social assistance, income tested):** Paid to families with average monthly per capita income up to 130 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):** 44 manat a month is paid for each eligible child younger than 18 months; 28 manat a month for each child aged 18 months to 3 years.

Benefit adjustment: Benefits are adjusted at least once a year.

**Child allowance (social assistance, income tested):** 54.45 manat a month is paid.

Benefit adjustment: Benefits are adjusted at least once a year.

**Basic income allowance (Targeted Social Assistance, social assistance, income tested):** The benefit raises the family's average monthly per capita income to 130 manat.

Benefit adjustment: Benefits are adjusted at least once a year.

**Birth and adoption grants (social assistance):** A lump sum of 108.90 manat is paid.

Benefit adjustment: Benefits are adjusted at least once a year.

**Full orphan's special allowance (social assistance):** 60.50 manat a month is paid.

Benefit adjustment: Benefits are adjusted at least once a year.

### **Administrative Organization**

State Social Protection Fund (SSPF) under the Ministry of Labor and Social Protection of the Population (<http://social.gov.az>) provides general oversight and collects and manages contributions. SSPF administers and pays benefits to unemployed parents through local branches.