

Laos

Exchange rate: US\$1.00 = 7,973 kip.

Old Age, Disability, and Survivors

Regulatory Framework

First and current law: 1999 (employees in enterprises), implemented in 2001.

Type of program: Social insurance system.

Coverage

Employees of private-sector and state-owned enterprises with 10 or more employees. (Coverage is currently available only in certain regions of the country.)

Exclusions: Self-employed persons and employees of embassies and international organizations in Laos.

Voluntary coverage for workers in smaller enterprises.

Special system for civil servants, the police, and armed forces personnel.

Source of Funds

Insured person: 4.5% of gross monthly earnings.

The insured's contributions also finance sickness, maternity, and funeral benefits.

The minimum monthly earnings used to calculate contributions are 626,000 kip.

The maximum monthly earnings used to calculate contributions are 1,500,000 kip (rising to 2,000,000 kip by 2013).

Self-employed person: Not applicable.

Employer: 5% of monthly payroll.

The employer contributions also finance sickness, maternity, funeral, and work injury benefits.

The minimum monthly earnings used to calculate contributions are 626,000 kip.

The maximum monthly earnings used to calculate contributions are 1,500,000 kip (rising to 2,000,000 kip by 2013).

Government: Administrative costs for the Social Security Organization.

Qualifying Conditions

Old-age pension: Age 60 with at least five years of coverage. Retirement from gainful employment is not necessary.

Early pension: Age 55 with at least five years of coverage.

Deferred pension: The pension may be deferred until age 65.

Old-age lump-sum benefit: Age 60 with less than five years of coverage.

Disability pension: Paid for a permanent or long-term assessed disability resulting in an inability to earn normal income. Normal income for blue-collar workers must be more than the minimum wage; normal income for white-collar workers must be equal to their typical earnings. The insured must have at least five years of coverage and must have been covered when the disability began.

The monthly minimum wage is 626,000 kip.

The Social Security Organization's Medical Board assesses the disability.

The pension may be reduced or suspended if the pensioner refuses to undergo recommended medical treatment or rehabilitation.

Caregiver's benefit: Paid if the insured requires the frequent or constant attendance of others to perform daily functions.

Disability lump-sum benefit: Paid if the insured has less than five years of coverage and a permanent or long-term assessed disability resulting in the inability to earn normal income. Normal income for blue-collar workers must be more than the minimum wage; normal income for white-collar workers must be equal to their typical earnings.

The monthly minimum wage is 626,000 kip.

Adaptation benefit: The deceased was covered at the time of death. The benefit is paid to the widow(er) and children up to age 18 (age 25 if a full-time student, no limit if disabled).

Other survivor benefits are only paid after the adaptation benefit ceases.

Survivor pension: The deceased had at least five years of covered employment. Eligible survivors include a spouse married to the deceased at the time of death and not remarried; a widow at least age 44, younger than age 44 with dependents younger than age 18 (no limit if disabled), or with an incapacity for work; or a widower with an incapacity for work.

Orphan's pension: Paid to orphans up to age 18 (age 25 if a full-time student, no limit if disabled).

Survivor lump-sum benefit: Paid if the deceased had less than five years of covered employment.

Death grant: Paid if the deceased had at least 12 months of coverage in the last 18 months.

Old-Age Benefits

Old-age pension: The pension is the insured's total pension points multiplied by the insured's average covered earnings in the last 12 months before retirement multiplied by 1.5%.

Pension points may be earned, credited, and, under certain circumstances, purchased (not yet implemented). The

minimum earnings used to calculate earned points are the average earnings of all insured persons in that year.

For a working career that began before the point system was introduced, workers are credited with 0.8 pension points per year for one year (if age 31 when the program was introduced) to 15 years (if aged 45 or older at that time).

Early pension: Pensions are reduced by 0.5% for each month the pension is taken before age 60.

Deferred pension: Pensions are increased by 0.5% for each month the pension is deferred after age 60.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

Old-age lump-sum benefit: A lump sum of 70% of the insured's average covered earnings in the last 12 months multiplied by the number of years of coverage is paid.

Permanent Disability Benefits

Disability pension: The pension is the insured's total pension points multiplied by the insured's average covered earnings in the last 12 months multiplied by 1.5%.

Pension points may be earned, credited, and, under certain circumstances, purchased (not yet implemented). The minimum earnings used to calculate earned points are the average earnings of all insured persons in that year. Pension points are credited based on the insured's average annual pension points over the insured period before the disability began until the insured reaches the normal pension age.

The disability pension is not reduced if the insured becomes employed.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

Caregiver's benefit: The benefit is based on the number of hours of care needed per month; 100% of the minimum wage is paid for at least 180 hours a month of care.

The monthly minimum wage is 626,000 kip.

Disability lump-sum benefit: A lump sum is paid.

Survivor Benefits

Adaptation benefit: 80% of the deceased's average covered earnings in the 12 months before the death is paid for a 12-month period immediately after the death occurs.

Survivor pension: 60% of the deceased's old-age pension is paid to the widow(er); if the deceased was not of pensionable age, 60% of the disability pension the deceased would have been eligible to receive at the time of death is paid.

The survivor pension ceases on remarriage.

Orphan's pension: 20% of the deceased's old-age pension is paid to each orphan; if the deceased was not of

pensionable age, 60% of the disability pension the deceased would have been eligible to receive at the time of death is paid.

The maximum orphan pension is 60% of the deceased's old-age pension for up to two children; the disability pension the deceased was eligible to receive at the time of death for three or more children.

The maximum total survivor benefit is 80% of the deceased's old-age pension or 100% of the deceased's projected disability pension.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

Survivor lump-sum benefit: A lump sum is paid.

Death grant: A lump sum of the insured's average covered earnings in the six months before the death is paid.

Administrative Organization

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization (<http://www.ssolao.gov.la>) collects contributions and administers the payment of benefits.

Sickness and Maternity

Regulatory Framework

First and current law: 1999 (employees in enterprises), implemented in 2001.

Type of program: Social insurance system.

Coverage

Employees of private-sector and state-owned enterprises with 10 or more employees. (Coverage is currently available only in certain regions of the country.)

Exclusions: Self-employed persons and employees of embassies and international organizations in Laos.

Voluntary coverage for workers in smaller enterprises.

Special system for civil servants, the police, and armed forces personnel.

Source of Funds

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

Self-employed person: Not applicable.

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

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

Qualifying Conditions

Sickness benefit: Must have at least three months of coverage in the last 12 months. The insured must provide a hospital-issued medical certificate and must be registered with that hospital.

The benefit may be reduced or suspended if the insured refuses recommended rehabilitation or partial reemployment.

Maternity benefit: Paid to an insured woman who stops working because of pregnancy, childbirth, or a miscarriage, or to an insured person who stops working to adopt a child younger than age 1. Must have at least nine months of coverage in the last 12 months.

Birth grant: Paid to an insured woman or the wife of an insured man for a pregnancy, childbirth, or miscarriage, or to an insured person who adopts a child younger than age 1. Must have at least 12 months of coverage in the last 18 months.

Medical benefits: Must have at least three months of coverage in the last 12 months. Benefits are provided up to three months after the last contribution or sickness benefit payment. The benefits may be extended for treatment of life-threatening conditions.

Sickness and Maternity Benefits

Sickness benefit: 60% of the insured's average covered earnings in the six months before the incapacity began is paid; for the partial resumption of work, 60% of the difference between the insured's earnings from partial activity and the insured's previous earnings is paid.

The benefit is paid after seven days for up to 12 months and may be extended for up to six months if the insured is likely to return to work at the end of this period. (Under labor law, the employer provides statutory pay for the first seven days of each illness, up to 30 days a year.)

Maternity benefit: 100% of the insured's average covered earnings in the six months before employment ceases is paid for three months.

Birth grant: A lump sum of 60% of the monthly minimum wage is paid.

The monthly minimum wage is 626,000 kip.

Workers' Medical Benefits

Benefits include preventive, curative, and rehabilitative services, including maternity care but excluding treatment resulting from motor vehicle accidents, chemotherapy, and open-heart surgery.

Hospitalization is limited to three months a year.

Each insured person must register with a hospital, and only services provided by that hospital are covered (except

in the case of emergencies). May change hospitals every 12 months.

There is no cost sharing.

Dependents' Medical Benefits

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

Administrative Organization

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization (<http://www.ssolao.gov.la>) collects contributions, administers cash benefit payments, and contracts with hospitals to provide medical benefits. The Ministry of Public Health must approve the contracts.

Work Injury

Regulatory Framework

First and current law: 1999 (employees in enterprises), implemented in 2001.

Type of program: Social insurance system (with an employer-liability system for noncovered employees).

Coverage

Employees of private-sector and state-owned enterprises with 10 or more employees, paid trainees, and rescue operations volunteers.

Exclusions: Self-employed persons and employees of embassies and international organizations in Laos.

Special system for civil servants, the police, and armed forces personnel.

Employers must provide similar benefits for noncovered employees.

Source of Funds

Insured person: None.

Self-employed person: Not applicable.

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

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

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

100% of the insured's average covered earnings in the six months before the disability began is paid for up to six

months (under labor law, the employer provides statutory pay for the first seven days of each temporary disability, up to 30 days a year); thereafter, 60% for up to 12 months. If the insured is reemployed part time, 100% of the difference between the insured's part-time earnings and previous earnings is paid.

The benefit may be reduced if the insured refuses recommended rehabilitation or part-time reemployment.

Permanent Disability Benefits

Permanent disability benefit: The monthly benefit is the percentage of assessed permanent loss of earning capacity multiplied by 67.5% of the insured's average covered earnings in the last 12 months before the disability began. For less than a 25% loss, a lump sum of 12 times the insured's monthly disability pension may be paid.

The Social Security Organization's Medical Board assesses the disability, which is reassessed every three years.

The pension may be reduced or suspended if the pensioner refuses recommended medical treatment or rehabilitation.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

Caregiver's benefit: Paid if the insured requires the frequent or constant attendance of others to perform daily functions. The benefit is based on the number of hours of care needed per month; 100% of the minimum wage is paid for at least 180 hours a month of care.

The monthly minimum wage is 626,000 kip.

Workers' Medical Benefits

Benefits include preventive, curative, and rehabilitative services, including the treatment of employment injuries and occupational diseases. Accidents that occur while commuting to and from work are covered.

Hospitalization is limited to three months a year.

Each insured person must register with a hospital, and only services provided by that hospital are covered (except in the case of emergencies). The choice of hospital may be changed every 12 months.

There is no cost sharing.

Survivor Benefits

Adaptation benefit: 80% of the deceased's average covered earnings in the 12 months before the death is paid

to the widow(er) and children up to age 18 (age 25 if a full-time student, no limit if disabled) for a 12-month period after the death occurs. Other survivor benefits are paid only after the adaptation benefit ceases.

Survivor pension: 50% of the insured's average covered earnings in the last 12 months before the death is paid to the widow(er).

Eligible survivors include a spouse married to the deceased at the time of death and not remarried; a widow at least age 44, younger than age 44 with dependents younger than age 18 (no limit if disabled), or with an incapacity for work; or a widower with an incapacity for work.

Parent's pension: If there is no eligible widow(er), 50% of the deceased's average covered earnings in the last 12 months before the death is paid to dependent parents.

Orphan's pension: 15% of the deceased's average covered earnings in the last 12 months before the death is paid to each orphan up to age 18 (age 25 if a full-time student, no limit if disabled). If there is no eligible widow(er) or dependent parent, the orphan's pension is increased to 20% per child. The maximum total orphan pension is 60% of the deceased's average covered earnings.

All survivors benefits combined must not exceed 100% of the permanent disability benefit the deceased would have been eligible to receive.

Benefit adjustment: Benefits are adjusted at least once a year according to changes in the average insured earnings of all insured persons.

Death grant: A lump sum of the deceased's average covered earnings in the six months before the death is paid to the relatives who pay for the funeral.

Administrative Organization

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization (<http://www.ssolao.gov.la>) collects contributions and administers the payment of benefits.