

## Dominican Republic

Exchange rate: U.S. \$1.00 equals 27 pesos.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1947.

**Current laws:** 2001 (social security), implemented in 2003; and 2002 (pensions regulation).

**Type of program:** Mandatory private insurance and social assistance system.

Note: The 2001 law created a three-part system that will be implemented in stages. A system of individual accounts for public- and private-sector workers began in June 2003. The other programs, a social assistance program for those with very low income and subsidized individual accounts for the self-employed, are scheduled to begin in August 2004 and 2006, respectively. The old social insurance system, which covers current pensioners and public-sector employees who opt not to join the new system, is being phased out.

#### Coverage

##### Private insurance

**Individual mandatory account:** All public- and private-sector workers, employers, and Dominican citizens living abroad. During the transition, mandatory coverage for all private-sector workers under age 45 in 2003 and voluntary coverage for workers aged 45 or older in 2003 and current public-sector employees.

**Subsidized individual mandatory account:** Self-employed workers with income above the minimum wage.

**Social assistance:** Severely disabled, indigent, unemployed, or self-employed persons with income below the minimum wage.

#### Source of Funds

##### Private insurance

**Insured person:** 1.98% of earnings. To be raised to 2.88% of earnings by 2008.

**Employer:** 5.02% of payroll. To be raised gradually to 7.12% by 2008; includes 0.4% of payroll to finance minimum pensions (Social Solidarity Fund).

**Government:** Finances the subsidized individual mandatory account.

The minimum earnings for contribution purposes are equal to one minimum salary.

The maximum earnings for contribution purposes are 20 times the minimum wage.

Note: The above contributions include administrative fees for the pension fund and management companies (AFPs) and the operating costs of the Superintendent of Pensions, the supervisory organization.

##### Social assistance

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

#### Qualifying Conditions

##### Private insurance

**Old-age pension:** Age 60 with at least 30 years of contributions; age 55 if the pension is equal to at least 50% of the minimum pension.

Early retirement: Aged 57 or older, unemployed, and with 300 months of contributions; if less than 300 months, the insured can receive a pension based on the accumulated funds or continue contributing until reaching 300 months.

**Old-age pension (subsidized):** Age 65 with at least 25 years of contributions.

**Disability pension:** The insured has a chronic illness or injury (regardless of its origin) and has used up either sickness or work injury benefits. Total disability is at least a 2/3 loss of earning capacity; partial disability, between 1/2 and 2/3 loss. The insured's degree of disability is assessed by a regional medical committee.

**Survivor benefit:** The deceased was insured or a pensioner at the time of death.

**Social assistance (income-tested):** Age 60; at any age if severely disabled or indigent. Eligible survivors are widow(er)s, partners, unmarried children under age 18 (age 21 if a full-time student, no limit if disabled).

#### Old-Age Benefits

##### Private insurance

**Old-age pension:** The pension is based on the value of the accumulated capital plus accrued interest. The accumulated capital can be used to purchase a price-indexed annuity or to make programmed withdrawals. The insured's contributions under the old system will be recognized as an indexed bond.

Early retirement: The minimum old-age pension is paid until age 60. The maximum early retirement pension is equal to the insured's final salary.

The minimum old-age pension is equal to the lowest legal minimum wage.

Benefit adjustment: Pensions are adjusted according to changes in the minimum public-sector wage.

**Old-age pension (subsidized):** The pension is based on the value of the accumulated capital plus accrued interest. The accumulated capital can be used to purchase a price-indexed

annuity or can be withdrawn in the form of scheduled periodic payments.

The minimum old-age pension (subsidized) is equal to 70% of the private-sector minimum wage.

Benefit adjustment: Pensions are adjusted according to price changes.

**Social assistance old-age pension:** 60% of the minimum public-sector wage (plus a Christmas bonus).

Benefit adjustment: Pensions are adjusted according to price changes.

### **Permanent Disability Benefits**

**Disability pension (private insurance):** 60% of indexed average earnings during the previous 3 years if totally disabled. The insured's contributions under the old system are recognized as an indexed bond. The reference pension is used to purchase an annuity from an insurance company.

Partial disability: 30% of indexed average earnings during the previous 3 years.

There is no minimum disability pension.

Benefit adjustment: Pensions are adjusted according to price changes.

**Social assistance disability pension:** 60% of the minimum public-sector wage. (Plus a Christmas bonus.)

Benefit adjustment: Pensions are adjusted according to price changes.

### **Survivor Benefits**

**Survivor pension (private insurance):** 60% of indexed average earnings during the previous 3 years. The insured's contributions under the old system will be recognized as an indexed bond. The reference pension is used to purchase an annuity from an insurance company.

A spouse over age 50 receives the pension for life; a spouse between ages 50 and 55, for 6 years only; a spouse younger than age 50, for 5 years.

If there are orphans (under age 18; up to age 21 if a full-time student, no limit if disabled), the pension is split between the spouse and the orphans.

There is no minimum survivor pension.

Benefit adjustment: Pensions are adjusted according to price changes.

**Social assistance survivor pension:** 60% of the minimum public-sector wage. (Plus a Christmas bonus.)

Benefit adjustment: Pensions are adjusted according to price changes.

### **Administrative Organization**

National Social Security Board (CNSS) provides overall governance of the social security system.

**Private insurance:** Superintendent of Pensions (SIPEN) provides general supervision.

Individual pension fund management companies (AFPs) administer the individual accounts.

Authorized insurance companies sell annuity products.

## **Sickness and Maternity**

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### **Regulatory Framework**

**First law:** 1947.

**Current laws:** 1948 and 2001 (social security), not fully implemented.

**Type of program:** Social insurance system. Cash and universal medical benefits.

### **Coverage**

**Cash and medical benefits (nonsubsidized):** Employed persons and their spouses or partners, the insured's children up to age 21 if in full-time education (no limit if disabled), and pensioners.

**Cash and medical benefits (subsidized):** Pensioners receiving subsidized benefits and the self-employed and home workers and their dependents.

### **Source of Funds**

**Insured person:** 2.7% of earnings. To be raised gradually to 3% of earnings by 2008.

**Employer:** 6.3% of payroll. To be raised gradually to 7% of payroll by 2008.

**Government:** Total cost of social assistance and part of the cost for the subsidized and pediatric health care programs.

### **Qualifying Conditions**

**Cash sickness benefits (nonsubsidized):** Twelve months' contributions or a pensioner.

**Cash maternity benefits (nonsubsidized):** Eight months of contributions in the 12 months before childbirth or no paid work during this period.

### **Medical benefits**

*Basic health plan:* Universal coverage.

*Pediatric health care:* Universal coverage.

### **Sickness and Maternity Benefits**

**Sickness benefit (nonsubsidized):** 60% of earnings in the last 6 months (40% if hospitalized), payable after a 3-day waiting period for up to 26 weeks.

**Maternity benefit (nonsubsidized):** Three months' covered salary, payable for 6 weeks before and 6 weeks after the expected date of childbirth.

**Nursing allowance:** If the insured's salary is less than three times the minimum national wage, an allowance is paid for up to 12 months after the child's birth.

### **Workers' Medical Benefits**

Benefits under the basic health plan include preventive, inpatient and outpatient, pediatric, and specialist care; medicines; dental treatment for children; rehabilitation; and prosthesis for disabled persons, according to the schedule in law.

Cost-sharing for some medicines. The insured is reimbursed for 70% of the cost of medicines. Social assistance beneficiaries receive basic medicines free of charge.

### **Dependents' Medical Benefits**

The basic health plan provides coverage.

Pediatric health care: From the 45th day after birth until age 5. Benefits include nutrition, pediatric care, and child development programs.

### **Administrative Organization**

National Health Insurance and Health Risk Management Companies administer the basic health plan.

Health Risk Management Companies may be private, public, or mixed entities.

Superintendent of Health and Labor Risks supervises the National Health Insurance and Health Risk Management Companies.

Superintendent of Health and Labor Risks supervises the pediatric health care program.

Pediatric health care is administered by the Social Insurance Institute.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 1932.

**Current law:** 2001 (social security).

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

#### **Coverage**

All insured workers.

#### **Source of Funds**

**Insured person:** None.

**Employer:** Total cost, met through contributions that vary according to the assessed degree of risk (the average contribution is 1.2% of payroll).

**Government:** None.

The maximum annual earnings for contribution purposes are 10 times the minimum average national wage.

### **Qualifying Conditions**

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

### **Temporary Disability Benefits**

Benefits are provided for temporary disability.

### **Permanent Disability Benefits**

**Permanent disability pension:** Benefits are provided according to four degrees of disability.

Permanent partial disability for current occupation: The loss of at least 50% of earning capacity.

Permanent total disability for current occupation: Unable to perform usual occupation.

Permanent total disability for any occupation: Unable to perform any occupation.

Severe total disability: Totally disabled and in need of constant attendance.

All benefits are calculated using the base salary. The base salary is equal to average covered earnings in the last 6 months before the onset of injury or occupational disease. For insured workers with less than 6 months of covered earnings, the base salary is 50% of total covered earnings.

For an assessed degree of disability of more than 15% and up to 50%, the lump-sum benefit is between 5 and 10 times the base salary. For an assessed degree of disability of more than 50% and up to 67%, the monthly pension is 50% of the base salary. For an assessed degree of disability of at least 67%, the monthly pension is 70% of the base salary. For a severe total disability the monthly pension is 100% of the base salary.

### **Workers' Medical Benefits**

Medical benefits are the same as provided under the basic health plan. Benefits include general, specialist, and surgical care; hospitalization; medicines; and prostheses.

### **Survivor Benefits**

**Survivor pension:** 50% of the insured's pension is payable to a widow(er) aged 45 or older or disabled. The pension ceases on remarriage. If the widow(er) is under age 45 or remarries, a lump sum equal to 2 years' pension is paid.

**Orphan's pension:** 20% of the insured's pension is payable to each orphan under age 18 (age 21 if a full-time student, no limit if disabled).

### **Administrative Organization**

Superintendent of Health and Labor Risks supervises, monitors, and controls the program.

## ***Family Allowances***

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### ***Regulatory Framework***

Benefits are payable to unemployed single mothers with young children who are without sufficient resources to meet basic needs. (The benefits are provided under the Old Age, Disability, and Survivors program, above).