

Laos

Exchange rate: US\$1.00 equals 10,552 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 in 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 operating in Laos.

Voluntary insurance for workers in smaller enterprises (not yet implemented).

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

Source of Funds

Insured person: 4.5% of gross monthly wages.

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

The minimum earnings for contribution and benefit purposes are 93,600 kip.

The maximum earnings for contribution and benefit purposes are 1,000,000 kip.

Self-employed person: Not applicable.

Employer: 5% of monthly payroll.

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

The minimum earnings for contribution and benefit purposes are 93,600 kip.

The maximum earnings for contribution and benefit purposes are 1,000,000 kip.

Government: Administrative costs for the salaries of civil servants who work for the Social Security Organization.

Qualifying Conditions

Old-age pension: Age 60 with 5 years of covered employment. Retirement from gainful employment is not necessary.

Early pension: Age 55.

Deferred pension: Age 65.

Old-age lump-sum benefit: Payable if the insured reaches the pensionable age with less than 5 years of covered employment.

Disability pension: Payable for a permanent or long-term inability to earn normal income (for blue-collar workers, normal income must be more than the minimum wage; for white-collar workers, income must be equal to the typical earnings of such workers) due to an assessed disability. The insured must have at least 5 years of covered employment and have been in covered employment at the onset of disability.

The pension is awarded by the board of directors of the Social Security Organization on the basis of an investigation carried out by the organization's disability assessment unit.

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

Carer's benefit: A need for frequent or constant attendance given by another person in order to complete routine daily activities.

Disability lump-sum benefit: If the insured has less than 5 years of covered employment and has a permanent or long-term inability to earn normal income (for blue-collar workers, normal income must be more than the minimum wage; for white-collar workers, income must be equal to the typical earnings of such workers) due to an assessed disability.

Adaptation benefit: The deceased was in covered employment at the time of death. The benefit is payable to the surviving spouse and children up to age 18 (age 25 if a full-time student, no limit if disabled) for a 12-month period directly after the insured's death.

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

Survivor pension: The deceased had at least 5 years of covered employment. The spouse was married to the deceased at the time of death and must not have remarried. A widow must be at least age 44; a widow younger than age 44 must have dependents under age 15 (no limit if disabled) or be disabled or incapable of finding suitable employment; a widower must be disabled or incapable of finding suitable employment.

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

Survivor lump-sum benefit: Payable if the deceased had less than 5 years of covered employment.

Death grant: The deceased was in covered employment for at least 12 of the last 18 months.

Old-Age Benefits

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

Awarded pension points may be earned, purchased, or credited. For a pension point to be earned, the covered annual

earnings of the insured must be equal to the average earnings of all insured persons in that year.

For a working career that began before the scheme was introduced, workers are credited with 0.8 pension points per year for a minimum of 1 year (if aged 31 at the time of the scheme's introduction) increasing up to a maximum of 15 years (if aged 45 or older at that time).

Pension points may be purchased under certain conditions to be established in the regulations (not yet implemented).

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 equal to the actuarial value of the old-age pension that the insured would have received.

Permanent Disability Benefits

Disability pension: With a minimum of 5 years of covered employment, the pension is calculated as the insured's average covered earnings in the last 12 months multiplied by the number of pension points. Pension points are credited on the basis of the insured's average annual pension points over the insured period before the onset of disability until the insured reaches the standard pensionable age.

The disability pension is not reduced if the insured takes up employment.

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

Carer's benefit: The benefit is calculated according to the number of hours of care needed per month times the minimum wage (not yet implemented).

Disability lump-sum benefit: A lump sum equal to the actuarial value of the disability pension that the insured would have received.

Survivor Benefits

Adaptation benefit: A monthly benefit equal to 80% of the deceased's average covered earnings in the 12 months before death is payable for a 12-month period directly after the date of death. Other survivor benefits are payable only after the adaptation benefit ceases.

Survivor pension: The spouse receives 60% of the deceased's old-age pension. If the worker died before reaching pensionable age, the pension is equal to 60% of the disability pension, calculated as if the worker was entitled to a disability pension at the time of death.

Orphan's pension: 20% of the deceased's old-age pension or projected disability pension.

The maximum orphan pension is equal to 60% of the deceased's old-age pension or projected disability pension for three or more children.

The maximum total survivor benefit is equal to 80% of the deceased's old-age pension or 100% of the insured'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 equal to the actuarial value of the survivor pension that eligible survivors would have received.

Death grant: A lump sum equal to the insured's average covered earnings in the 6 months before death.

Administrative Organization

Ministry of Labor and Social Welfare supervises the program.

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

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

Voluntary insurance for workers in smaller enterprises (not yet implemented).

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

Source of Funds

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

Self-employed person: Not applicable.

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

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

Qualifying Conditions

Sickness benefit: In covered employment for at least 3 of the last 12 months and no longer eligible for statutory sick pay (payable by the employer for 30 days under the labor law).

The insured must provide a medical certificate issued by the hospital with which he or she is registered stating the probable duration of sickness.

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

Maternity benefit: In covered employment for at least 9 of the last 12 months. The benefit is payable to a female insured person who stops work because of pregnancy, childbirth, or a miscarriage. The benefit is also payable to a male or female insured person who stops work to adopt a child younger than age 2.

Birth grant: In covered employment for at least 12 of the last 18 months. The grant is payable to a female insured person or the wife of a male insured person. The grant is also payable to a male or female insured person who adopts a child younger than age 2.

Medical benefits: In covered employment for at least 3 of the last 12 months. Benefits are provided until 3 months after the date of the last payment of contributions or after last receiving sickness benefit. The benefits may be extended for treatment for a life-threatening condition.

Sickness and Maternity Benefits

Sickness benefit: 60% of the insured's average covered earnings in the 6 months before the onset of sickness; for the partial resumption of work, the benefit is 60% of the difference between the insured's earnings from partial activity and the insured's previous earnings.

The benefit is payable for up to 12 months and may be extended for up to 6 months if the insured is likely to return to work at the end of this period.

Maternity benefit: 70% of the insured's average covered earnings in the 6 months before stopping work is payable for a period of 3 months. (Under the labor law, employers are also required to pay 30% of the insured's covered earnings.)

Birth grant: A lump sum equal to 60% of the monthly minimum wage.

Workers' Medical Benefits

Benefits include preventive, curative, and rehabilitative services, including maternity care but excluding necessary treatment resulting from motor vehicle accidents. Accredited providers deliver medical services and are paid on a per capita basis.

The maximum duration for hospitalization is 3 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.

Dependents' Medical Benefits

Benefits include preventive, curative, and rehabilitative services, including maternity care but excluding necessary treatment resulting from motor vehicle accidents. Accredited providers deliver medical services and are paid on a per capita basis.

The maximum duration for hospitalization is 3 months a year.

There is no cost sharing.

Eligible dependents include the spouse and children up to age 18 (age 25 if a full-time student, no limit if disabled).

Voluntary insurance for other family members.

Administrative Organization

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization collects contributions, administers cash benefit payments, and contracts with hospitals to provide medical benefits. Contracts must be approved by the Ministry of Public Health.

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 in all private-sector and state-owned enterprises with 10 or more employees, paid trainees, and volunteers for rescue operations.

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

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

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, above.

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

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

100% of the insured's average covered earnings in the 6 months before the onset of disability is payable during the first 6 months; 60% during the following 12 months. If the insured is partially reemployed, the benefit is calculated as the difference between the insured's earnings from partial activity and the insured's previous earnings.

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

Permanent Disability Benefits

Permanent disability benefit: The monthly benefit is calculated as the percentage of permanent loss of earning capacity multiplied by 67.5% of the insured's average covered earnings during the last 12 months before the onset of disability.

The pension is awarded by the board of directors of the Social Security Organization on the basis of an investigation carried out by the organization's disability assessment unit. The disability is reassessed every 3 years.

The pension may be reduced or suspended if the pensioner refuses proposed rehabilitation.

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

Carer's benefit: Payable if there is a need for frequent or constant attendance given by another person in order to complete routine daily activities. The benefit is calculated according to the number of hours of care needed per month times the minimum wage.

An insured person with an assessed degree of permanent disability of less than 25% may request a lump-sum payment equal to the actuarial value of the pension.

Workers' Medical Benefits

Benefits include preventive, curative, and rehabilitative services, including the treatment of employment injuries and occupational diseases. Accredited providers deliver medical services and are paid on a per capita basis.

The maximum duration for hospitalization is 3 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: A monthly benefit of 80% of the deceased's average covered earnings in the 12 months before death is payable to the surviving spouse and children up to age 18 (age 25 if a full-time student, no limit if disabled) for a 12-month period directly after the date of death. Other survivor benefits are payable only after the adaptation benefit ceases.

Survivor pension: The spouse receives 50% of the insured's average covered earnings in the last 12 months before death. The spouse was married to the deceased at the time of death and must not have remarried. A widow must be at least age 44; a widow younger than age 44 must have dependents under age 15 (no limit if disabled) or be disabled or incapable of finding suitable employment; a widower must be disabled or incapable of finding suitable employment.

Parent pension (in the absence of a spouse): If no eligible spouse exists, dependent parents receive 50% of the deceased's average covered earnings in the last 12 months before death.

Orphan's pension: Each orphan up to age 18 (age 25 if a full-time student, no limit if disabled) receives 15% of the deceased's average covered earnings in the last 12 months before death. If there is no entitled surviving spouse or dependent parents, the benefit awarded to orphans is increased to 20% per child. If there are several children, the maximum total orphan pension is 60% of the deceased's average covered earnings.

The total benefit for all surviving relatives must not exceed the maximum amount of permanent disability benefit to which the deceased could have been entitled.

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 equal to the deceased's average covered earnings in the 6 months before death. The benefit is payable to the relatives who pay for the funeral.

Administrative Organization

Ministry of Labor and Social Welfare supervises the program.

Social Security Organization collects contributions and administers the payment of benefits.