

Law of the Republic of Azerbaijan

on Compulsory Insurance against Loss of Occupational Capacity as a result of Labor Accidents and Occupational Diseases

This Law regulates the relations in the sphere of compulsory insurance against loss of occupational capacity in a result of labor accidents and occupational diseases in the Republic of Azerbaijan and defines the legal, economic and organizational bases of these relations.

Article 1. Legislation regarding compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases

- 1.1. The legislation of the Republic of Azerbaijan regarding compulsory insurance against loss of occupational capacity in a result of labor accidents and occupational diseases consists of the Constitution of the Republic of Azerbaijan, Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan "On Insurance Activity", Law of the Republic of Azerbaijan "On Compulsory Insurance", *Law of the Republic of Azerbaijan "On the Central Bank of the Republic of Azerbaijan"*, this Law, international treaties to which the Republic of Azerbaijan is a party and other normative legal acts.
- 1.2. *Relations in the field of compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases in the Alyat free economic zone shall be regulated in accordance with the requirements of the Law of the Republic of Azerbaijan "On the Alyat Free Economic Zone".*

Article 2. Basic concepts

- 2.0. The basic concepts used in this Law shall have the following meanings:
 - 2.0.1. compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases (hereinafter referred to as compulsory insurance) is a type of insurance that stipulates the payment of insurance indemnity for the loss of occupational capacity or death as a result of damage to life and health of persons insured against the loss of occupational capacity as a result of labor accidents and occupational diseases;
 - 2.0.2. contract of compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases (hereinafter referred to as the

- contract of compulsory insurance) is a written contract that provides for the obligation of the insurer to pay insurance indemnity in connection with the occurrence of an insurance event in return for payment by the policyholder the corresponding insurance premium for compulsory insurance;
- 2.0.3. the insured are the persons referred to in Article 3 of this Law, in whose favor the contract of compulsory insurance is concluded and to whom the insurance indemnity *is to be granted* in the cases provided for in this Law;
 - 2.0.4. policyholder is an individual, legal entity and state authority operating in the Republic of Azerbaijan that have concluded a compulsory insurance contract in favor of the insured;
 - 2.0.5. insurer is a local legal entity that has a license for insurance activities in the sphere of life insurance in the Republic of Azerbaijan and is a member of the Compulsory Insurance Bureau, which has received the relevant permission to carry out compulsory insurance against loss of occupational capacity as a result of labor accidents and occupational diseases, as well as the implementation of annuity insurance in cases established by the Law of the Republic of Azerbaijan “On Insurance Activity”;
 - 2.0.6. beneficiary is the person benefiting from the insurance contract (to whom the insurance indemnity *is to be granted*) in accordance with this Law;
 - 2.0.7. annuity contract is an insurance contract concluded between the insurer that received the relevant permission in the order prescribed by the Law of the Republic of Azerbaijan “On Insurance Activity” and the beneficiary, and stipulating the payment of the periodic insurance indemnities in favor of this beneficiary;
 - 2.0.8. contractual year is the first year of compulsory insurance contract validity and each subsequent full year during the whole period of this contract validity;
 - 2.0.9. production is a workplace where an individual performs works and services for remuneration (hereinafter - labor functions);
 - 2.0.10. labor accident is a sudden and acute health disorder of a person during the performance of his/her labor functions as a result of damage to body parts, face tissues, in whose favor the contract of compulsory insurance is concluded;
 - 2.0.11. an occupational disease is a chronic or acute disease, arising from influence of adverse and harmful production factors to the insured’s body;

- 2.0.12. insurance event is a circumstance that serves as a basis for the payment of the insurance indemnity to the beneficiary under this Law in connection with the loss of occupational capacity or death of the insured as a result of labor accident or occupational disease during the term of the obligatory insurance contract validity;
- 2.0.13. insurance indemnity is a monetary compensation granted to the beneficiary with the purpose of compensating material damages in connection with the loss of occupational capacity or death of the insured upon occurrence of the insurance event;
- 2.0.14. insurance premium is the amount of money paid by the policyholder to the insurer in exchange for assuming the risks under the contract of compulsory insurance;
- 2.0.15. insurance amount is the maximum limit of the insurer's liability under the contract of compulsory insurance;
- 2.0.16. annuity payment is an amount of money paid to the insurer under the annuity contract in lieu of the obligation to pay periodic insurance indemnities to the beneficiary in the case of an annuity contract in accordance with this Law;
- 2.0.17. insurance rate is a percentage rate applied to the wage fund, determined in accordance with this Law, for calculation of the insurance premium under the contract of compulsory insurance;
- 2.0.18. the degree of occupational risk is the level of probability of loss of occupational capacity or death while performing labor functions by type of economic activity and category of the insured;
- 2.0.19. categories of the insured is the distribution of the insured according to the type of labor functions performed in accordance with the procedure established by the relevant executive authority;
- 2.0.20. occupational capacity is the ability to perform labor functions in a particular volume and quality in accordance with certain skills;
- 2.0.21. the degree of occupational capacity loss is the persistent decrease of occupational capacity expressed in percentage, which the insured had before the accident.

2.0.22. *Compulsory Insurance Bureau is the authority defined in Article 27 of the Law of the Republic of Azerbaijan "On Compulsory Insurance";*

~~2.0.23. *financial market supervisory authority is the structure, established by the relevant executive authority to implement the regulation and control of the financial markets.*~~

Article 3. Insured persons

3.1. The following persons are subject to compulsory insurance under the contract of compulsory insurance, concluded on the basis of this Law:

3.1.1. persons performing labor functions on the basis of a labor contract or a civil law contract concluded with a legal entity or an individual, engaged in business activity without establishment of legal entity, in accordance with the Labor Code of the Republic of Azerbaijan or by the Civil Code of the Republic of Azerbaijan, government employees and other employees working in the public authorities (with the exception of judges and the jury of the court, persons with military or special rank, holding a service in the bodies stipulated under Article 2 of the Law of the Republic of Azerbaijan "On State Protection of Employees of Court and Law Enforcement Authorities", as well as the persons stipulated by Article 2 of the law of the Republic of Azerbaijan "On Compulsory State Personal Insurance of Military Personnel");

~~3.1.2. persons sentenced to punishment in the form of restriction of freedom and working;~~

3.1.3. persons working in paid elected positions that stipulates involvement into the compulsory state social insurance (with the exception of deputies of the Milli Majlis of the Republic of Azerbaijan and Supreme Majlis of the Nakhchivan Autonomous Republic);

3.1.4. students and schoolchildren undergoing industrial practice (training);

3.1.5. military personnel involved into the work in enterprises;

3.1.6. persons involved in the prevention of natural disasters and the elimination of their consequences, as well as in the performance of works under martial law and state of emergency;

3.1.7. individuals engaged in private entrepreneurship and labor activity.

- 3.2. This Law covers both foreigners and stateless persons carrying out labor activity in the Republic of Azerbaijan in accordance with the Labor Code of the Republic of Azerbaijan (except foreigners who do not participate in compulsory state social insurance in accordance with the Law of the Republic of Azerbaijan “On Social Insurance”).

Article 4. Policyholders

- 4.0. According to this Law, the following persons are obliged to conclude the contract of compulsory insurance:
- 4.0.1. enterprises, institutions and organizations with the status of a legal entity, operating in the Republic of Azerbaijan and established in accordance with legislation of the Republic of Azerbaijan or a foreign state, regardless of the form of ownership and organizational-legal form, their branches and representative offices;
 - 4.0.2. state authorities;
 - 4.0.3. individuals engaged in entrepreneurial activities without forming a legal entity;
 - 4.0.4. elected authorities;
 - 4.0.5. individuals engaged in private entrepreneurship and labor activity.

Article 5. Beneficiaries

- 5.1. According to this Law, the following persons may be considered as beneficiaries:
- 5.1.1. the insured who have suffered as a result of the insurance event;
 - 5.1.2. the following persons in the event of death of the insured as a result of insurance event:
 - 5.1.2.1. disabled persons who are dependent on the insured or entitled to subsistence from the insured by the day of their death;
 - 5.1.2.2. child of the insured born after his/her death;
 - 5.1.2.3. one of the parents, the spouse or other family member ~~who does not work regardless of his/her ability to work and~~ is engaged in caring for children, grandchildren, siblings dependent on the insured who are under the age of

- fourteen or have reached this age, but according to conclusion of medical bodies, need nursing care for health reasons;
- 5.1.2.4. persons who are dependent on the insured and became disabled within five years after the insured's death.
- 5.2. For the purposes of Articles 5.1.2.1 and 5.1.2.4 of this Law, the persons who are unable to work or lost their occupational capacity shall mean:
- 5.2.1. children under the age of 18;
- 5.2.2. children studying in full-time departments of educational institutions, but not older than 23 years;
- 5.2.3. father, mother, husband, wife, children, if reached the retirement age established in accordance with articles 7 and 8 of the law of the Republic of Azerbaijan "On Labor Pensions", or *are disabled persons*;
- 5.3. In the absence of any person specified in article 5.1.2 of this Law, the beneficiary shall be the family members of the insured.

Article 6. Rights and obligations of the insured

- 6.1. The insured shall be entitled to:
- 6.1.1. receive free training on safe labor practices, labor protection rules and labor protection instructions with or without interruption from work ~~in the manner prescribed by law~~;
- 6.1.2. undergo preliminary and periodic compulsory medical examinations at the expense of the policyholder in accordance with Labor Code of the Republic of Azerbaijan;
- 6.1.3. get free information from the policyholder and the insurer about the rights and obligations under compulsory insurance;
- 6.1.4. exercise other rights stipulated by the Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan "On Insurance Activity" and Law of the Republic of Azerbaijan "On compulsory insurance".
- 6.2. The insured shall be obliged to:
- 6.2.1. comply with the safety rules and instructions on labor protection;

- 6.2.2. perform the duties specified in the labor contract or a civil law contract;
- 6.2.3. inform the insurer about changes in the data specified in the compulsory insurance contract not later than 10 working days from the moment of occurrence of such changes;
- 6.2.4. perform other duties, stipulated by the Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan “On Insurance Activity” and the Law of the Republic of Azerbaijan “On Compulsory Insurance”.

Article 7. Rights and obligations of the policyholder

- 7.1. The policyholder shall be entitled to:
 - 7.1.1. choose an insurer to conclude a compulsory insurance contract independently, considering the requirements referred to in Article 11.2 of the present Law;
 - 7.1.2. participate in the *investigation* of accidents that occurred at industry in the order established by the corresponding executive authority;
 - 7.1.3. participate in the examination of the insured in the manner prescribed by the relevant executive authority in the event of an insurance event, personally or through a representative;
 - 7.1.4. protect their own rights and legal interests, as well as the rights and legitimate interests of the insured;
 - 7.1.5. require from the insurer to clarify the conditions of compulsory insurance, rights and obligations under the compulsory insurance contract;
 - 7.1.6. appeal to the *Central Bank of the Republic of Azerbaijan (hereinafter referred to as the “Central Bank”)* and to the court against the decision of the insurer on refusal to pay insurance indemnity or on reduction of its amount ~~in the manner established by law~~;
 - 7.1.7. exercise other rights stipulated by the Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan “On Insurance Activity” and Law of the Republic of Azerbaijan “On Compulsory Insurance”.

7.2. The policyholder shall be obliged to:

- 7.2.1. conclude with the insurer a contract of compulsory insurance in the manner prescribed by this Law;
- 7.2.2. pay to the insurer the insurance premium in the amount, order and terms established by the compulsory insurance contract;
- 7.2.3. notify the insurer about the changes in the categories and degrees of the occupational risk of the insured within 10 working days from the occurrence of such changes;
- 7.2.4. take measures to prevent the occurrence of insurance events and ensure safe working conditions ~~in accordance with the law~~;
- 7.2.5. ensure the investigation of accidents in the order established by the corresponding executive authority;
- 7.2.6. inform the insurer about the occurrence of the insurance event within 3 working days from the moment of its occurrence;
- 7.2.7. provide the insurer with the documents serving as the basis for the calculation and payment of the insurance premium, the assignment of insurance compensation, necessary for the implementation of compulsory insurance, the receipt of which depends on him;
- 7.2.8. ensure that the insured undergo preliminary medical examinations and periodic compulsory medical examination in accordance with the procedure and within the time limits established by law;
- 7.2.9. immediately notify the insurer about reorganization, liquidation and termination of activities;
- 7.2.10. implement the decisions and instructions of the relevant executive authority on prevention of the occurrence of insurance events and the results of their investigation;

- 7.2.11. clarify to the insured their rights and responsibilities, as well as the conditions and rules of compulsory insurance;
 - 7.2.12. keep proper accounting of calculation and transfer of insurance premiums, ensure safekeeping of the documents serving as the basis for issuance of the insurance indemnity, submit to the insurer the information in the order established by the insurance contract;
 - 7.2.13. take measures for reduction of losses resulting from the insurance event;
 - 7.2.14. perform other duties, stipulated by the Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan “On Insurance Activity” and Law of the Republic of Azerbaijan “On Compulsory Insurance”.
- 7.3. If the policyholder, who is responsible for insurance, fails to fulfill this obligation or enters into a contract of compulsory insurance on terms, which worsen the situation of the insured as compared with the conditions provided for by law, it shall be liable to persons in whose favor the insurance contract is concluded, at least to the extent of insurance coverage provided for in this Law.

Article 8. Rights and obligations of the beneficiary

- 8.1. The beneficiary shall be entitled to:
- 8.1.1. receive the insurance indemnity in the order and on conditions, stipulated by the present Law;
 - 8.1.2. freely choose the insurer for the conclusion of the annuity contract in accordance with this Law;
 - 8.1.3. participate in the investigation of the insurance event in the manner prescribed by the relevant executive authority personally, as well as together with the representative of the relevant trade union;
 - 8.1.4. make a complaint in accordance with the legislation in case of disagreement with the results of the investigation of the insurance event;
 - 8.1.5. exercise other rights, stipulated by the Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan (in relation to the beneficiaries, stipulated

by Article 5.1.1 of this Law), Law of the Republic of Azerbaijan “On Insurance Activity” and Law the Republic of Azerbaijan “On Compulsory Insurance”.

8.2. The beneficiary shall be obliged:

8.2.1. submit to the insurer the documents stipulated by Article 18.6 of this Law;

8.2.2. inform the insurer about changes in the information specified in the contract of compulsory insurance or in the contract of annuity, as well as about the circumstances that may entail a change in the amount of insurance indemnity or the loss of the right to receive this indemnity, not later than 10 working days from the date of occurrence of such circumstances;

8.2.3. notify the annuity contract insurer in writing of the intention to terminate the contract at least 6 months in advance;

8.2.4. perform other obligations, stipulated by the Civil Code of the Republic of Azerbaijan, Labor Code of the Republic of Azerbaijan (in relation to the beneficiaries, stipulated by article 5.1.1 of this Law), Law of the Republic of Azerbaijan “On Insurance Activity” and Law the Republic of Azerbaijan “On Compulsory Insurance”.

Article 9. Rights and obligations of the insurer

9.1. The insurer shall be entitled to:

9.1.1. participate in the investigation of insurance events in the order established by the corresponding executive authority;

9.1.2. participate in the examination conducted by the relevant executive authority in order to establish the loss of occupational capacity of the insured person who has suffered as a result of insurance event, and in case of disagreement with the decision on the results of such examination, appeal such decision in the administrative and judicial order, require conduct of reassessments;

9.1.3. when entering into a compulsory insurance contract, take measures to study the industrial conditions of the policyholder, acting as a party to this contract, for the assessment of the insurance risk and engage independent experts with this purpose;

- 9.1.4. get information about insurance events, check them and, if necessary, submit inquiries to the authorized state bodies;
 - 9.1.5. require the necessary documents in connection with the insurance event from the policyholders, insured and beneficiaries in accordance with this Law;
 - 9.1.6. issue recommendations in connection with prevention of insured events occurrence;
 - 9.1.7. refuse in the issuance of the insurance indemnity in the cases, stipulated by Article 20 of this Law;
 - 9.1.8. exercise other rights stipulated by Civil Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan "On Insurance Activity" and Law of the Republic of Azerbaijan "On Compulsory insurance".
- 9.2. The insurer shall be obliged to:
- 9.2.1. control the timely payment of insurance premiums in full;
 - 9.2.2. ensure the issuance of insurance indemnity in the order and within the terms established by this Law;
 - 9.2.3. in case of the decision to refuse to issue the insurance indemnity, send a reasoned written notice to the insured and the beneficiary about the reasons for refusal;
 - 9.2.4. perform other obligations, stipulated by the Civil Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan "On Insurance Activity" and Law of the Republic of Azerbaijan "On Compulsory Insurance".
- 9.3. *The insurer shall not have the right to refuse to conclude a contract of compulsory insurance with the persons envisaged in Article 4 of this Law, who applied to insure related risks and who have an insurable interest.*

Article 10. Definition of insurance event

- 10.1. According to this Law, the insurance event shall be defined on the basis of:
 - 10.1.1. a statement on an accident at work drawn up in the form established by the relevant executive authority, or a court decision on the occurrence of an

- accident at work in respect of the person in whose favor the contract of compulsory insurance is concluded.
- 10.1.2. the decision of the relevant executive authority confirming the loss of occupational capacity of the insured as a result of an accident at work or occupational disease, or a certificate of death of the person.
- 10.2. *In reply to inquiries referred to in Article 9.1.4 of this Law, authorized state bodies shall submit information that is not prohibited by the Law of the Republic of Azerbaijan "On Receipt of Information" within 10 days of receipt of the inquiry.*

Article 11. Compulsory insurance contract

- 11.1. The contract of compulsory insurance may be concluded only with an insurer that is a member of the Compulsory Insurance Bureau, has a license granting the right to conduct insurance activities in the sphere of life insurance and has a permit from the *Central Bank* to conduct activities on types of compulsory insurance against the loss of occupational capacity as a result of labor accidents and occupational diseases.
- 11.2. The insured person is free to choose the insurer considering the requirements specified in article 11.1 of this Law. The insurer cannot refuse to conclude the compulsory insurance contract.
- 11.3. The contract of compulsory insurance is concluded *in the form of an electronic document through the information system, provided for in Article 34-1 of the Law of the Republic of Azerbaijan "On Compulsory Insurance"*. The content and form of the compulsory insurance contract shall be established by *the Central Bank*.
- 11.4. If the compulsory insurance contract worsens the position of the insured or beneficiary in comparison with the conditions established by the Civil Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan "On Compulsory Insurance" and this Law, the insurer shall have obligation in front of the insured or beneficiary in the volume of insurance coverage established by this Law.
- 11.5. The compulsory insurance contract shall be concluded for an indefinite period.
- 11.6. The compulsory insurance contract shall come into force in the order established by the Civil Code of the Republic of Azerbaijan.
- 11.7. The compulsory insurance contract shall be terminated in the following cases:

- 11.7.1. on the initiative of the policyholder, provided that the insurer is notified about the termination of the compulsory insurance contract not less than 30 days before the end of the contractual year;
- 11.7.2. in case of death of the policyholder-individual or in case of liquidation or termination of the policyholder-legal entity, when there is no possibility of transfer of their rights and obligations under the contract of compulsory insurance to another person;
- 11.7.3. upon termination of the labor contract or a civil law contract concluded by the policyholder with the insured in respect of the insured;
- 11.7.4. in other cases stipulated by Article 919 of the Civil Code of the Republic of Azerbaijan.
- 11.8. Termination of the compulsory insurance contract shall not release the insurer from its obligation to issue insurance indemnity to the beneficiary in relation to insurance events occurred during the period of this contract validity.
- 11.9. If there are grounds stipulated by Article 908 of the Civil Code of the Republic of Azerbaijan, the insurance contract shall be deemed invalid from the moment of its conclusion.

Article 12. Annuity contract

- 12.1. According to article 16.3 of this Law, the beneficiary who received a lump sum insurance indemnity, may enter into an annuity contract with the insurer who has the right to conclude such contract.
- 12.2. The content and form of the annuity contract, the procedure of its conclusion, amending and termination shall be established by the *Central Bank*.

Article 13. Insurance tariff

- 13.1. Insurance tariffs, differentiated depending on the degree of occupational risk and categories of the insured, shall be established by the relevant executive authority, but not more than 2 percents.
- 13.2. Insurance tariffs shall be set for each calendar year.

13.3. Insurance tariffs for the next calendar year shall be determined until 1 December of the current year.

Article 14. Insurance premium and insurance amount

14.1. The insurance premium for persons in whose favor the contract of compulsory insurance is concluded in accordance with this Law shall be determined by multiplying the annual salary fund, calculated in accordance with the order established by the relevant executive authority, by the insurance tariff.

14.2. The insurance premium shall be paid by the policyholder to the insurer partially or as a lump sum as provided for in the contract of compulsory insurance at the beginning of the contractual year.

14.3. If changes occur in the categories of insured and in the degrees of occupational risk, as well as in salary fund during the term of compulsory insurance contract validity, the insurance fee shall be re-calculated from the moment of occurrence of these changes in proportion to the period remaining until the completion of the respective contractual year.

14.3-1. The insurance premium shall be paid only in a cashless form.

14.4. The procedure for determination of the insurance amount under the contract of compulsory insurance for the purposes of this Law shall be established by *the Central Bank*.

Article 15. Annuity fee

The procedure to calculate the amount of annuity fee shall be established by *the Central Bank* with observance of actuarial principles.

Article 16. Insurance indemnity

16.1. In accordance with this Law, beneficiaries shall be granted the following insurance indemnities:

- 16.1.1. monthly insurance indemnity;
- 16.1.2. lump sum insurance indemnity;
- 16.1.3. additional insurance indemnity.

- 16.2. Monthly insurance indemnity is a monetary compensation issued to the beneficiary instead of monthly salary lost due to loss of occupational capacity of the insured upon occurrence of the insurance event.
- 16.3. Lump sum insurance indemnity is a lump sum payment of the aggregate amounts of monthly insurance indemnities in the order established by this Law. Lump sum insurance indemnity shall be granted in the following cases:
- 16.3.1. *determination of disability* of the insured, suffered as a result of the insurance event, without specifying the period of the next examination;
 - 16.3.2. death of the insured as a result of insurance event;
 - 16.3.3. if the insured who receives a monthly insurance indemnity in connection with the loss of occupational capacity as a result of insurance event dies because of health problems caused directly by this event.
- 16.4. Additional insurance indemnity is a monetary compensation issued to the insured, who suffered as a result of the insurance event, for reimbursement of medical expenses in connection with the circumstances caused directly by this event, additional food, purchase of medicines, prosthetics, outside care, sanatorium-resort therapy, purchase of special vehicles, re-training.
- 16.5. *If the insurer does not pay the insurance indemnity within the period prescribed in this Law, it shall pay a penalty equal to 0.1 percent of the amount of insurance compensation for each day of delay.*

Article 17. Calculation of insurance indemnity amounts

- 17.1. The amount of monthly insurance indemnity is determined as a share of average monthly salary received by the insured who suffered as a result of the insurance event prior to the date of his/her loss of occupational capacity, which is calculated in accordance with the percentage of occupational capacity loss.
- 17.2. The order of calculation of the size of the average monthly salary, stipulated under article 17.1 of this Law, to be established by relevant executive authority.
- 17.3. If when calculating the amount of monthly insurance indemnity it is impossible to obtain from the policyholder a certificate of the average monthly salary of the insured who has suffered as a result of insurance event, then the amount of monthly insurance indemnity is calculated on the basis of average monthly salary established by the relevant executive authority for the corresponding period in the corresponding sphere of the economy.

- 17.4. With the exception of the case, stipulated by article 17.7 of this Law, the amount of lump sum insurance indemnity shall be calculated in the order established by relevant executive authority.
- 17.5. The procedure for calculating the amount of additional insurance indemnity shall be established by relevant executive authority.
- 17.6. ~~The insurer, at his own independent decision, may pay the insurance indemnity in excess of the insured sums established by this Law.~~
- 17.7. In the case stipulated by article 5.3 of this Law, the lump sum insurance indemnity shall be calculated in the twelve-time size of the average monthly salary of the insured calculated in accordance with article 17.2 of this Law.

Article 18. The procedure for the issuance of insurance indemnity

- 18.1. Monthly insurance indemnity under the contract of compulsory insurance is issued from the day of establishment by the relevant executive authority of the degree of loss of former occupational capacity by the insured as a result of the insurance event.
- 18.2. The insurance indemnity under the contract of annuity is issued to the beneficiary from the day agreed in this contract.
- 18.3. Lump sum insurance indemnity is granted under the agreement between the beneficiary and the insurer under the contract of compulsory insurance ~~or annuity contract~~ in accordance with article 17.4 of this Law.
- 18.4. Additional insurance indemnity is given from the date and during the term stipulated in the decision of the relevant executive authority.
- 18.5. The additional insurance indemnity is provided if the insured, who has suffered as a result of an insured event, needs the types of assistance and care related to this indemnity, and the right to receive them free of charge is not provided by law.
- 18.6. The assignment of the insurance indemnity is made by the insurer upon the request of the beneficiary and according to the documents specified in the list established by relevant executive authority.

- 18.7. The procedure of insurance indemnity assignment, the suspension and resumption of its issuance to be established by the relevant executive authority.
- 18.8. The insurer shall not have the right to demand other documents for assignment of insurance indemnity in addition to the documents specified in Article 18.6 of this Law.
- 18.9. The insurer decides whether to grant or deny the insurance indemnity and officially notifies the beneficiary within 10 working days (and in the event of death of the insured within 2 working days) from the date of submission of insurance claims and the relevant documents for the insurance indemnity.
- 18.10. If the insurer is not agree with the decision of the relevant executive authority on the results of the examination carried out in accordance with Article 9.1.2 of the present Law, it shall officially notify to the beneficiary about its intention to challenge this decision in accordance with the law and demand the conduct of a re-examination within the term provided by Article 18.9 of this Law.
- 18.11. If the beneficiary makes an insurance claim later than three years from the moment when the right to receive the insurance indemnity arose, the insurance indemnity is paid for the previous three years since the moment of making the claim. If this appeal is made within three years, the insurance indemnity applies for the entire period from the date of occurrence of this right.
- 18.12. If in the case stipulated by Article 32.1.1 of the Law of the Republic of Azerbaijan “On Compulsory Insurance”, it is impossible to carry out payment of the insurance indemnity in the order established by this Law in connection with the loss of occupational capacity or death of the insured in a result of damage caused to their life and health, the Compulsory Insurance Bureau shall issue a compensation payment.

Article 19. The procedure for establishment of the degree of loss of occupational capacity

- 19.1. Examination of the insured who have suffered as a result of an insurance event, in order to establish the degree of disability, is carried out by relevant executive authority on the basis of an application by the insured, policyholder or insurer, or a court decision in accordance with the law.

19.2. The procedure for determining the degree of disability of the insured as a result of an insurance event, including the conduct of a preliminary examination and re-examination for this purpose, is established by law.

Article 20. Grounds for the refusal to pay insurance indemnity

20.0. The insurer shall refuse to issue the insurance indemnity in the following cases:

20.0.1. if the insurance event occurred as a result of deliberate actions of the insured, aimed at the occurrence of this event;

20.0.2. if the insurance event occurred in circumstances where the insured in the performance of his/her job functions is under the influence of alcohol, narcotic drugs, psychotropic, toxic and other harmful substances;

20.0.3. if there are general grounds for refusal to pay insurance indemnity in accordance with Article 935 of the Civil Code of the Republic of Azerbaijan and Article 21 of the Law of the Republic of Azerbaijan "On Compulsory Insurance".

Article 21. Supervision in the sphere of compulsory insurance against the loss of occupational capacity as a result of labor accidents and occupational diseases

21.1. Supervision over the activity of insurers regarding compulsory insurance shall be performed by the *Central Bank* ~~in accordance with the insurance legislation of the Republic of Azerbaijan.~~

21.2. State control over the implementation by policyholders of preventive measures to reduce labor accidents and occupational diseases and the fulfillment of their obligations in the field of labor protection ~~in accordance with the law~~ shall be carried out by the relevant executive authority.

21.3. The regulations for keeping records of events arisen as a result of occupational injuries and occupational diseases shall be established by the relevant executive authority.

Article 22. Resolution of disputes

Disputes arising from this Law shall be resolved in the order established by the legislation, including in judicial order.

Article 23. Responsibility for violation of the Law

The insurers, policyholders, the insured and the beneficiaries shall be responsible for violation of this Law in the cases stipulated by the Civil Code of the Republic of Azerbaijan,

the Code of the Republic of Azerbaijan on administrative offences and the Criminal Code of the Republic of Azerbaijan.

President of the Republic of Azerbaijan

Ilham ALIYEV

Baku city, 11 May 2010

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