

Law of the Republic of Azerbaijan

On Social Insurance

This Law regulates the relations in the sphere of social insurance and defines the legal, economical and organizational grounds for social insurance in the Republic of Azerbaijan.

Chapter I

General provisions

Article 1. Definition of social insurance

Social insurance - is a form of security intended to compensate for lost salaries, income or additional expenses of individuals in the cases stipulated by this Law, and to prevent such losses.

Article 2. Forms of social insurance

Social insurance may be compulsory state insurance and voluntary (additional) insurance.

Compulsory state social insurance is implemented by policyholders with respect to all employees working under labor agreements (contracts). In situations envisaged by this Law other persons may be also liable to compulsory state social insurance.

Article 3. Principles of social insurance

Principles of social insurance are the following:

- state guarantee of continuity of social insurance;
- overall character of social insurance;
- provision of social insurance in all cases of disablement of the employee;
- equality of legal subjects of social insurance;
- mandatory nature of state social insurance;
- ensuring the participation of public organizations in the management of the compulsory state social insurance.

Article 4. Social insurance event

A social insurance event is a situation in which the insured becomes entitled to receive an insurance benefit payable by the insurance company.

The following cases shall be considered as social insurance events:

- reaching pension age;
- being a person with disability or *limited* health abilities under the age of 18;

- loss of breadwinner;
- temporary loss of occupational capacity (for the period envisaged by the legislation);
- pregnancy and confinement;
- child's birth;
- child care;
- death;
- needing recreation;
- ~~being unemployed (for the period envisaged by the legislation).~~

Compulsory state social insurance is *applied* in all cases specified in this Article, and voluntary (additional) insurance - in insurance cases chosen by the parties.

Article 5. Social insurance documents

Documents confirming social insurance events and constituting basis for allocation of social insurance compensation are as specified by legislation.

Article 6. Types of social insurance compensations

When a social insurance event occurs, the following insurance benefits are awarded:

- labor ~~(social insurance)~~-pensions, stipulated by respective legislation of the Republic of Azerbaijan;
- addition to labor pensions paid based on voluntary (additional) social insurance;
- compensation for temporary loss of occupational capacity (for the period envisaged by the legislation);
- maternity benefit;
- postnatal allowance;
- parental child care allowances paid until the children reach the age established by law;
- allowance for burial;
- full or partial reimbursement of the costs of sanatorium and spa treatment of the insured;
- ~~unemployment benefit.~~

The right to receive the compensation for temporary disability, maternity and childbirth allowances shall be applied to the persons with social insurance period being not less than 6 months. In both cases, maximal monthly limit cannot exceed *25-fold minimum amount of a labor pension in accordance with Article 6-1 of the Law of the Republic of Azerbaijan "On Labor Pensions"*.

The persons working for the policyholders exempted of the compulsory state social insurance contributions to the salary fund according to the legislation are entitled to receive the social insurance compensation (except for labor pensions) in ratio of charged

amount of the compulsory state social insurance contributions to the amount of compulsory state social insurance contributions subject to charging without consideration of exemption.

~~According to the relevant state program of unemployment benefits financed by contributions for compulsory state insurance.~~

~~Other types of social insurance may be applied according to legislation of the Republic of Azerbaijan.~~

Article 7. Legislation on social insurance

Legislation on social insurance includes this Law and other normative legal acts.

Relations in the sphere of social insurance in the Alyat free economic zone are regulated in accordance with the requirements of the Law of the Republic of Azerbaijan "On the Alyat Free Economic Zone".

Chapter II

Participants of social insurance. Their rights and obligations

Article 8. Participants of social insurance

Participants of social insurance are insurers, policyholders and insured persons.

Insurer is *a body (organization) established by the relevant executive authority and a legal entity engaged in activities on compulsory state social insurance or voluntary insurance (except for activities to monitor the calculation and payment of contributions for compulsory state social insurance) and management of insurance funds in accordance with established procedure by the laws of the Republic of Azerbaijan.*

Policyholders are enterprises, companies and organizations having the status of a legal entity, established according to the legislation of the Republic of Azerbaijan or a foreign state, carrying out their activities in the territory of the Republic of Azerbaijan regardless of their ownership type and organizational and legal form, their branches and representative offices, elected bodies, *public authorities*, as well as other persons implementing social insurance of themselves or other persons.

Insured persons are those persons in whose favor insurance activity is implemented.

The insurance record of the insured is the cumulative period of employment for which insurance contributions for compulsory social insurance were paid in favor of the insured.

Article 9. Rights and obligations of the insurer

The insurer shall be entitled to:

- *receive information and reports on contributions for compulsory state social insurance from the body (organization) determined by the relevant executive authority;*
- *receive statements from policyholders specifying the amounts of social insurance benefits and grounds for their issuance;*
- *conduct electronic monitoring of the compliance of policyholders with the requirements of this Law, inform the body (organization) determined by the relevant executive authority about the results of monitoring;*
- *demand fulfilment of obligations under the agreement of voluntary (additional) social insurance;*
- *exercise other rights envisaged by legislation.*

The insurer shall be obliged to:

- *take measures for being permanently solvent;*
- *ensure timely calculation and payment of social insurance benefits;*
- *fulfill obligations under the agreements of voluntary (additional) social insurance in due time and in full amount;*
- *for the purposes of compulsory state social insurance, keep records of the policyholders and the insured on the basis of information provided by the body (organization) determined by the relevant executive authority;*
- *conduct monthly, quarterly and annual reconciliations of receipts for compulsory state social insurance with the body (organization) determined by the relevant executive authority;*
- *perform other duties stipulated by law.*

Article 9-1. Control over the calculation and payment of contributions for compulsory state social insurance

9-1.1. Control over the calculation and payment of contributions for compulsory state social insurance, the application of financial sanctions for the late submission of the report on contributions to compulsory state social insurance, reduction of the estimated contribution to compulsory state social insurance or evasion from its payment, receipt of arising debt on compulsory state social insurance, accrual of interest for late payment of the fee for compulsory state social insurance and refund of overpaid contribution for obligatory state social insurance is carried out in the manner prescribed by the Tax Code of the Republic of Azerbaijan on taxes.

9-1.2. The procedure for the return of overpaid or improperly withheld contributions to compulsory state social insurance is established by the body (organization) determined by the relevant executive authority.

Article 10. Rights and obligations of the policyholder

The policyholder shall be entitled to:

- take part in all forms of social insurance;
- choose independently the insurer for voluntary (additional) social insurance;
- demand the observation of provisions of contracts on social insurance and on voluntary (additional) social insurance.

The policyholder shall be obliged to:

- ~~register in insurance company which carries out voluntary state social insurance (with the exception of business legal entities, *public legal entities*, branches or representative offices of foreign business entities and physical entities engaged in entrepreneurial activity);~~
- pay social insurance contributions to the insurer within the specified period;
- ~~whenever an insurance event occurs - pay the insured persons insurance compensations in due time and in an established order;~~
- *keep records of social insurance contributions and, at the end of the quarter, no later than the 20th day of the next month, provide the body (organization) defined by the relevant executive authority with this report for each quarter in the form established by the body (organization) determined by the relevant executive authority;*
- *if there is no activity during the reporting period, submit to the body (organization) determined by the relevant executive authority a certificate on absence of activity instead of the report in the manner prescribed by the Tax Code of the Azerbaijan Republic, not later than the deadline set for the submission of reports;*
- fulfil other obligations envisaged by legislation.

Article 11. Rights and obligations of the insured

The insured persons shall be entitled to:

- demand that the policyholder insure them using compulsory state social insurance;
- choose independently the insurer for voluntary (additional) social insurance;
- demand that social insurance premiums are paid to them in due time;
- receive an information about his/her insurance record from the insurer or policyholder when setting the amount of social insurance payments.

The insured persons shall be obliged to:

- ~~register themselves with the insurer company carrying out compulsory social insurance;~~
- pay social insurance premiums in due time;

- submit to the insurer or the policyholder the documents confirming occurrence of an insurance event.

Chapter III

Compulsory state social insurance

Article 12. Persons engaged to compulsory state social insurance

Compulsory state social insurance involves persons appointed to their posts by decrees of Milli Majlis of the Republic of Azerbaijan, decrees and orders of the President of the Republic of Azerbaijan; citizens of the Republic of Azerbaijan and stateless citizens working under labor agreements (contracts) ~~in all institutions, enterprises and organizations operating in the Republic of Azerbaijan or belonging to the Republic of Azerbaijan but located in foreign states; foreign citizens, obtaining from sources in the Republic of Azerbaijan salaries and other incomes, subject to compulsory state social insurance fees (except for the foreigners working for contractors and subcontractors, operating within the limits of Agreements on exploration, development of oil and gas reserves and the shared production section, export pipelines approved by laws; as well as involved by the resident of the industrial park, engaged in activities, established by the relevant executive authority in the industrial park, formed in accordance with the decision of the relevant executive authority, as well as by its contractor and subcontractor, concluded direct contract with the contractor for the purpose of such activities (5-year period from May 1, 2016); persons who occupy electoral paid posts; military men and persons with special rank (except for military men of statutory active military service); public prosecutors, deputy prosecutors and assistants to prosecutors, inspectors of the procurator's offices; tax authorities personnel; members of the Board of barristers; individuals; persons who carry out individual business and production activity; foreign citizens in compliance with intergovernmental agreements.~~

Article 13. Registration of insurance participants for compulsory state social insurance

13.1. Registration of policyholders and insured persons with the insurer for the purposes of compulsory state social insurance is carried out on the basis of records provided by the body (organization) determined by the relevant executive authority.

13.2. After registration in the manner prescribed by law, family farms and persons who use the land in their ownership, suitable for agriculture, shall apply to the body (organization) determined by the relevant executive authority on registration for the purposes of compulsory state social insurance within one month from the date of receipt of the document confirming the ownership of the land. The application form shall be determined by the body (organization) defined by the relevant executive authority.

13.3. The body (organization) determined by the relevant executive authority shall inform the relevant executive authority electronically within one business day after registration in accordance with Article 13.2 of this Law.

13.4. The procedure of registration of policyholders and insured persons for the purposes of compulsory state social insurance shall be established by the body (organization), determined by the relevant executive authority.

Article 14. Contribution to compulsory state social insurance

14.1. The contribution to compulsory state social insurance is a sum of money paid to the insurer for insurance.

14.2. In compulsory state social insurance, the insurance contribution is determined as a percentage of the amount of wages (income) and is paid at the expense of the funds of the policyholder and the insured.

14.3. Subject to the provisions of Article 14.4 of this Law, contributions to compulsory state social insurance for income from employment shall be paid at the following rates:

14.3.1. the insurance contribution paid by the policyholder is 22 percent of the accrued payroll fund and other income attracted to compulsory state social insurance;

14.3.2. the insurance contribution paid by the insured is 3 percent of the salary and other income of an employee attracted to compulsory state social insurance.

14.4. The contribution to compulsory state social insurance of the insured who are not employed in the oil and gas sector and work with non-state policyholders, from the monthly income from employment shall be paid from January 1, 2019 for 7 years at the following rates:

Monthly income for insurance contribution	social insurance contribution rate		
	total	withheld from the income of the insured	paid at the expense of the policyholder
<i>Up to 200 manats</i>	<i>25 percent</i>	<i>3 percent</i>	<i>22 percent</i>
<i>More than 200 manats</i>	<i>25 percent</i>	<i>6 manats + 10 percent of the part exceeding 200 manats</i>	<i>44 manats + 15 percent of the part exceeding 200 manats</i>

14.5. Contribution to compulsory state social insurance for the insured who receive income from activities not related to employment shall be paid at the following rates:

14.5.1. business activities - in the amount of 50 percent of the minimum wage in the construction and trade sectors and 25 percent in other areas; (comes into force since January 1, 2020);

14.5.2. for those working on the basis of a civil law contracts (with the exception of private entrepreneurs) with retention at the source of payment - in the amount of 25 percent of their incomes;

14.5.3. for private notaries - in the amount of 25 percent of the 10fold minimum monthly wage;

14.5.4. for legal entities and individuals paying royalties with retention at the source of payment - in the amount of 15 percent of the calculated amount of the royalty;

14.5.5. members of the bar association, independent auditors, independent accountants - in the amount of 20 percent of their incomes;

14.5.6. for each of the able-bodied family members of individuals who use land in their ownership, suitable for agriculture (except for persons paying compulsory state social insurance contributions, working in other areas) and family farms (persons from 15 years old up to the age limit established by Article 7 of the Law of the Republic of Azerbaijan "On Labor Pensions", excluding persons with disabilities of I and II groups, as well as children with disabilities) (including personal subsidiary and other household plot to the acquisition of property and land allotment) - at a rate of 6 percent of the minimum monthly wage.

14.6. Contribution to compulsory state social insurance is calculated for each month, paid in full simultaneously with payments on wages and other income, but no later than the 15th day of the next month, only by way of cashless payment.

14.7. For the purposes of this Law, the criteria for activities in the oil and gas industry and the non-state sector are determined by the body (organization) defined by the relevant executive authority.

Article 15. Types of income subject to compulsory state insurance contribution

Compulsory state social insurance contributions are calculated on all types of wages and incomes, except for the following types of income on which no compulsory state social insurance contribution is calculated:

- allowances paid in lieu of subsistence allowances to employees, whose work involves constant business trips or itinerant assignments, as well as those working on field;
- amounts of travel allowances established by legislation (per diems on food, utilities and transportation);
- amounts of lump sum allowances paid in the event of termination of labor contract in connection with *liquidation of the enterprise*, staff reduction, downsizing or death of employee;
- price of preventive treatment food, milk and equivalent products supplied free of charge to employees working at health hazardous environments, underground and the value of the special clothing, shoes and other personal protective equipment issued to employees;
- amounts of stipends paid to students, *doctoral and master's students* sent to educational institutions on-the-job, paid by organizations and organizations;
- amounts of one-time allowances paid by decisions of relevant executive authorities, as well as foreign states and other organizations as a result of natural disasters and other emergencies;
- alimony payments, compensation to donors for blood and blood components;
- amounts of payments on social insurance paid through contributions for compulsory state social insurance;
- state scholarships and state allowances, paid from state budget on the basis of the laws of the Republic of Azerbaijan and decisions of relevant executive authorities;
- funds-insurance contributions paid in cash or in kind to the insured to reimburse for damage to his property or property interests upon occurrence of an insurance event, all types of compulsory insurance and voluntary medical insurance paid by the policyholder, insurance premiums paid by the policyholder *from the portion not exceeding 50 percent of the income of the insured to the insurers of the Republic of Azerbaijan for life insurance and pension insurance under the contracts signed for a period of not less than 3 years, as well as any amounts paid to the insured and beneficiary upon expiration of 3 years from the date of entry into force of the contract for life insurance and pension insurance*;
- income from activities not related with hired work or entrepreneur activities (income from interests, dividends, incomes from leasing of property, royalty, income from provision of assets, not used for the purposes of entrepreneur activities, *value of presents and inheritance, cash prizes from holding sweepstakes on sports games, lotteries, as well as from other competitions and contests*);
- value of property and money awards, received from competitions and tournaments;
- single time allowance paid to state servicemen due to his voluntary leave from work as a result of reaching of retirement age;

- temporary incapability allowance paid from the policyholder's funds;
- compensation paid to workers, assigned by state authorities by transfer to work in different location, to cover costs on travel and accommodation;
- ~~single time premiums paid to person at his anniversary;~~
- wages of employees of diplomatic service, *persons performing administrative and technical servicing of diplomatic missions, assigned to foreign business trips on rotation, and military personnel, guarding diplomatic missions and consulates of the Republic of Azerbaijan in foreign countries and international organizations, requiring such protection;*
- salary fund of international, local humanitarian organizations and their founded development entities (policyholders), activities of which are coordinated by the relevant executive authority, formed for *foreigners* with funds allocated within humanitarian programs, donor states, entities and private companies (within the term of execution of "State program on improvement of life standards and improvement of employment of refugees and internally displaced persons", approved by Decree No. 298 of the President of the Republic of Azerbaijan from July 1, 2004);
- compensations paid for work injury or any other damages, caused to the employee as a result of health undermining;
- material aid paid by the public organizations, charitable societies and funds;
- ~~payments not included to the cost of provision (money allowance), effected by the military men and persons with special ranks and defined by the Law of Azerbaijan Republic "On Labor Pensions";~~
- salaries of all types, compensations and other material securities, paid to individuals who have cooperated with the subjects of operational search activities, those assisting the subjects of intelligence and counterintelligence activities;
- *material assistance (support) paid by the body (organization) determined by the relevant executive authority;*
- *funds paid to a third party in connection with the provision of foodstuffs to the policyholder's employees.*

Article 16. Terms and procedure of payments under compulsory state social insurance

Terms and procedure of assignment of payments under the compulsory state social insurance are established by the respective legislation of the Republic of Azerbaijan.

Article 17. Payments under the ~~compulsory state social insurance~~

Social insurance payments stipulated under Article 6 of this Law *shall be paid directly to insured by insurer only in non-cash form, and to the subjects of operational search, intelligence and counter intelligence activities - in accordance with the Law of the Republic of Azerbaijan "On Cashless Settlements".*

Article 18. Management in the sphere of compulsory state social insurance

Management in the sphere of compulsory state social insurance (*except for activities to control the calculation and payment of contributions to compulsory state social insurance*) is carried out by the relevant executive authority. This authority shall:

- have control over the funds of compulsory state social insurance;
- give explanations as per the use of this Law and takes normative acts within the limits of its authority;
- ~~determine the procedure of collecting contributions under compulsory state social insurance;~~
- ~~carry out cameral and site audits in accordance with provisions of legislation;~~
- *receive from the body (organization) determined by the relevant executive authority the policyholders' reports concerning compulsory state social insurance;*
- ~~apply financial sanctions to policyholders who violated the compulsory state social insurance regulations;~~
- ~~inform the policyholder about the non-payment or delay of payment of compulsory state social insurance contributions by the policyholder, and in case of failure to solve the problem within a certain period, suspend operations to transfer money to bank accounts (except payments to the budget and other compulsory payments) in the manner prescribed by law;~~
- ~~lodge a claim for payment of debts under compulsory state social insurance, by suspending the activities of insolvent policyholders and selling their property;~~
- ~~carry out the compulsory state social insurance of employees engaged by the policyholder to perform any works (services) without the entry into force of the employment contract in the manner prescribed by the Labor Code of the Azerbaijan Republic;~~
- *provide electronic services in the field of social insurance (except for calculation and making contributions for compulsory social insurance) through a centralized electronic information system of the relevant executive authority;*
- carry out other activities stipulated by the Statute.

Management in the field of compulsory state social insurance in terms of the calculation and payment of contributions to compulsory state social insurance is carried out by a body (organization) determined by the relevant executive authority.

~~The relevant executive authority exercising control in the sphere of compulsory state social insurance shall be exempted from the payment of state duty for filing claims with the courts.~~

Article 19. Funds of compulsory state social insurance

19.1. Funds of compulsory state social insurance are concentrated in one fund and are used for financing social insurance payments, *expenses for maintaining the body (organization) defined by the relevant executive authority*, and other expenditures in line with this Law and other normative legal acts. It is prohibited to use insurance funds for other purposes.

19.2. The balance of compulsory state social insurance funds in the unified fund, unused at the end of the year, is used to finance the next year's expenses.

Article 20. Sources of funds for compulsory state social insurance

Funds of compulsory state social insurance shall be formed at the expense of:

- insurance contributions received on compulsory and voluntary (additional) social insurance;
- state budget allocations;
- proceeds from financial sanctions and fines;
- proceeds from sale of tickets to health resorts;
- bank credits;
- other income received in accordance with legislation.

50 percent of the amount of financial sanction applied by the tax authorities in accordance with the Tax Code of the Republic of Azerbaijan for violation of the requirements of this Law, and 30 percent of the accrued interest for the policyholder's delay in payment of compulsory state social insurance contributions are transferred to the account of the body (organization) determined by the relevant executive authority, in order to strengthen the material and technical base and enhance the social protection of employees of the body (organization) determined by the relevant executive authority. The order of distribution and use of these funds is determined by the body (organization) defined by the relevant executive authority.

~~Article 21. Financial sanctions for violation of regulations of the compulsory state social insurance~~

~~The relevant executive power bodies implementing oversight in the sphere of compulsory state social insurance shall have the right to apply the following financial sanctions to the policyholders:~~

- ~~for violation of the rules of registration under compulsory state social insurance by policyholders (except for commercial legal entities, *public legal entities*, branches or representative offices of foreign business entities and individuals engaged in entrepreneurial activity), including the restoration of the compulsory state social insurance contribution to be charged for the period when they were not registered in the register — a fine in the amount~~

~~of 5 percent of social insurance payment (contribution), and if it impossible to determine the amount of social insurance contribution to be paid, then – in the amount of 22 manats;~~

- ~~○ for delayed submission of reports and financial documents related to compulsory state social insurance by policyholders – a fine in the amount of 10 percent of social insurance contribution calculated for the reporting period, and if it impossible to determine the amount of social insurance contribution to be paid for the reporting period, then – in the amount of 44 manats;~~
- ~~○ for concealment of wages and income subject to compulsory state social insurance (reduction of compulsory state social insurance contribution) by policyholders – a fine in the amount of 50 percent of recovered compulsory state social insurance, and in case of repetition of such actions – in the amount of 100 percent;~~
- ~~○ for overpayment of social insurance payment at the expense of funds of compulsory state social insurance by policyholders – a fine in the amount of 50 percent, and in case of repetition of such actions – in the amount of 100 percent;~~
- ~~○ for use of compulsory state social insurance contributions for other purposes by policyholders – a fine in the amount of 50 percent of spent funds;~~
- ~~○ for payment of wages below than minimum wages established in the country by enterprises, companies and organizations, having the status of legal entity, their branches and representative offices, regardless of ownership type and organizational and legal form, established according to the laws of the Republic of Azerbaijan or foreign country – a fine in the amount of 50 percent of the difference between the amounts of actually paid wages and minimum wages;~~
- ~~○ for concealment of the number of employees of enterprises, institutions and organizations having the status of legal entity, their branches and representative offices, established in accordance with the laws of the Republic of Azerbaijan or foreign state, regardless of the form of ownership and organizational and legal form (when having the employees without an employment agreement (contract) or their concealment from reporting after the coming into legal effect of the employment contract (contract)) – a fine in the amount of 55 manats for each employee for each month of the period of activity of the policyholder;~~
- ~~○ in the event when the compulsory state social insurance contributions are not effected simultaneously with the payment of wages, as well as failure to fulfil the orders of the relevant executive authority carrying out control over the compulsory state social insurance on deduction of debts under the compulsory state social insurance and applied financial sanctions from the account of the policyholder as per the priority of payments stipulated by the Civil Code, and also for carrying out transfer operations within the period of suspension of transfer operations on settlements and other invoices according to the legislation – a fine in the amount of 10 percent of the amount~~

- ~~of compulsory state social insurance contribution to be paid to banks or other credit organizations.~~
- ~~○ for implementation by policyholders of cash desk operations with violation of order of payment priorities, as stipulated under the Civil Code of the Republic of Azerbaijan, since the expiration of the term specified in the decree on payment of debts on state social insurance contributions in accordance with procedures of Article 14 of this Law — a fine in the amount of 10 percent of implemented payment operations.~~
 - ~~○ for opening settlement accounts or other accounts by policyholders (with the exception of business legal entities, *public legal entities*, branches or representative offices of foreign business entities and individuals engaged in entrepreneurial activity) without providing duplicate certificate issued by the relevant executive authority supervising the field of compulsory state social insurance to open an account at the bank or other credit entity — a fine in the amount of 440 manats to banks and credit institutions for each opened account;~~
 - ~~○ for delay by policyholders of payment of compulsory state social insurance contributions — a penalty in the amount of 0.1 % of the amount of the insurance contribution for each day of delay, for the maximum period of one year.~~

~~Penalty for delayed payment of compulsory state social insurance contributions detected during inspection shall be applied from the moment of calculation of this insurance amount.~~

~~Debts on financial sanctions shall be withheld in accordance with Article 14 of this Law.~~

~~If the policyholder has performed several violations of rules on compulsory state insurance, financial sanctions shall be applied separately to each violation.~~

Chapter IV

Voluntary (additional) social insurance

Article 22. Right for voluntary (additional) social insurance

Citizens of the Republic of Azerbaijan, stateless citizens, foreign citizens, all companies, enterprises and organizations shall have the right for voluntary (additional) social insurance.

Article 23. Insurers

Voluntary (additional) social insurance is carried out by the relevant executive authority authorized to implement oversight of compulsory state social insurance, as well as by private insurance companies specially established for this purpose.

Private social insurance institutions shall undergo state registration in the manner prescribed by law for legal entities, and receive a license for their activities.

The relevant executive authority, which issued the license, shall monitor the continuing solvency of private insurance companies.

Article 24. Types of payments under voluntary (additional) social insurance

The relevant executive authority implementing oversight in the sphere of compulsory state social insurance may carry out voluntary (additional) social insurance on all types of payments envisaged in Article 6 of this Law, while private social insurance organizations - for all types of payments, except state pensions.

Article 25. Insurance fund of private organizations of social insurance

The insurance fund of private social insurance organizations shall be formed from the funds of its founders, insurance contributions received under social insurance contracts, income from commercial activities, and other legally obtained funds.

The social insurance organization has the exclusive right to independently manage the funds of the insurance fund.

Article 26. Contract of voluntary (additional) social insurance

Voluntary (additional) social insurance shall be carried out on the basis of a contract of social insurance concluded between the insurer and the policyholder (the insured). The social insurance contract specifies the rights and obligations of the parties, the amounts of social insurance contributions and payments, insurance event, liability of the parties, as well as other conditions agreed between the parties.

Article 27. Social insurance certificate (policy)

The insurer issues to the policyholder (the insured) a certificate (policy) of social insurance. The form of insurance policy is approved by the relevant executive authority.

Chapter V

Closing provisions

Article 28. Relationship between the insurers and bank institutions

Service fees for operations carried out in connection with the issuance of social insurance contributions to a banking institution shall be governed by an agreement concluded between the *body (organization) determined by the relevant executive authority* and the banking institution.

All banking organizations shall be obliged to submit all necessary data no later than 10 days after receiving the letter of inquiry from the insurers.

Article 29. Dispute resolution

All disputes arising between the policyholder and the insured with regard to social insurance shall be resolved in accordance with the Labor Code of the Republic of Azerbaijan, and disputes between the insurer, policyholder and *the body (organization) determined by the relevant executive authority* – directly in the court.

Article 30. Liability for violation of this Law

Persons guilty of violation of provisions of this Law will be responsible as provided for in the laws of the Republic of Azerbaijan.

Article 31. International treaties

If provisions of international treaties with the participation of the Republic of Azerbaijan differ from those of this Law, provisions of the former shall apply.

Heydar ALIYEV,

President of the Republic of Azerbaijan

Baku, 18 February 1997

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