

**Law of the Republic of Azerbaijan**  
**on State Compulsory Personal Insurance of Military Personnel**

This Law *regulates the relations in the sphere of state compulsory personal insurance of life and health* of military personnel in order to strengthen their social protection.

**Article 1. Legislation on state compulsory personal insurance of military personnel**

- 1.1. *State compulsory personal insurance of military personnel shall be regulated by the Constitution of the Republic of Azerbaijan, international treaties to which the Republic of Azerbaijan is a party, this Law and other normative acts of the Republic of Azerbaijan.*
- 1.2. *Relations in the field of state compulsory personal insurance of military personnel in the Alat Free Economic Zone are regulated in accordance with the requirements of the Law of the Republic of Azerbaijan "On the Alat Free Economic Zone".*

**Article 2. Main definitions**

- 2.1. *The definitions used in this law shall have the following meanings:*
  - 2.1.1. *state compulsory personal insurance - a system of relations aimed at compulsory insurance of the life and health of the insured in the manner stipulated by this Law;*
  - 2.1.2. *insurer – a body (organization) determined by the competent executive authority, which carries out the activity of state compulsory personal insurance and manages insurance funds in the manner established by this Law;*
  - 2.1.3. *insured – persons performing military service in the Armed Forces of the Republic of Azerbaijan, state security, foreign intelligence agencies, subjects of intelligence and counter-intelligence activities, as well as in other state bodies (institutions included in the structure of state bodies) in which military service is envisaged, and military officials participating at military gatherings;*
  - 2.1.4. *policyholder - a body (organization) determined by the competent executive authority and the Military Prosecutor's Office of the Republic of Azerbaijan, which pays the insurance premiums for the insured;*
  - 2.1.5. *person entitled to receive an insurance indemnity - an insured person or his/her successor entitled to receive an insurance indemnity in the manner determined by this Law;*
  - 2.1.6. *insurance event – the event defined by Article 5 of this Law, which is the basis for payment of insurance indemnity to the entitled person;*
  - 2.1.7. *insurance premium – the amount of money to be paid by the policyholder to the insurer for each insured person in the manner and in the amount prescribed by this Law;*

- 2.1.8. *insurance funds – funds formed at the expense of the sources provided for in Article 8-1.1 of this Law;*
- 2.1.9. *insurance indemnity – a lump sum paid by the insurer to the person who has the right to receive an insurance indemnity in the event of an insurance event;*
- 2.1.10. *insurance reserve - funds calculated at up to 5 percent of the projected annual income from insurance premiums to ensure the continuity of insurance payments.*

### **Article 3. Principles of the state compulsory personal insurance**

- 3.1. *The main principles of the state compulsory personal insurance are as follows:*
  - 3.1.1. *binding nature of the state compulsory personal insurance;*
  - 3.1.2. *legal equality of subjects of state compulsory personal insurance (insurer, policyholder, insured).*

### **Article 4 . The amount of insurance sum and insurance premium**

- 4.1. *The insured shall be insured in the amount of eleven thousand manat.*
- 4.2. *The insurance premium is set at 1 percent of the insurance amount as provided for in Article 4.1. of this Law.*

### **Article 4-1. Rights and obligations of the insured**

- 4-1.1. *The insured persons shall be entitled to:*
  - 4-1.1.1. *require the policyholder to insure them under the state compulsory personal insurance;*
  - 4-1.1.2. *require the insurer and the policyholder to inform them about their rights and obligations regarding state compulsory personal insurance;*
  - 4-1.1.3. *require the insurer to pay the insurance indemnity in the manner and within the period specified by this Law;*
  - 4-1.1.4. *receive information from the insurer or the policyholder about the amount of the calculated and paid insurance premium based on a written request.*
- 4-1.2. *The insured persons shall be obliged to:*
  - 4-1.2.1. *taking into account the requirements of Article 30.5 of the Law of the Republic of Azerbaijan "On Administrative Proceedings", provide the insurer with complete and correct documents and information confirming the occurrence of an insurance event, if the insurer cannot obtain the information through the centralized electronic information system of the body (organization) determined by the competent executive authority;*
  - 4-1.2.2. *inform the policyholder in writing within 5 working days when the personal data is changed, in cases where it is not possible to obtain information about those*

*changes through the centralized electronic information system of the body (organization) determined by the relevant executive authority.*

*4-1.3. Articles 4-1.1.2, 4-1.1.3 and 4-1.2.1 of this Law shall also apply to the insured's heirs who have the right to receive insurance payments.*

#### **Article 4-2. Rights and obligations of the insurer**

*4-2.1. The insurer shall be entitled to:*

*4-2.1.1. receive insurance premium and quarterly reports from the policyholder;*

*4-1.3.1. taking into account the requirements of Article 30.5 of the Law of the Republic of Azerbaijan "On Administrative Proceedings", demand from the person entitled to insurance indemnity the documents and information necessary for payment of insurance benefit, as well as to change the information in the records, if the insurer cannot obtain the information through the centralized electronic information system of the body (organization) determined by the competent executive authority;*

*4-2.1.2. receive from the policyholder and from the relevant state bodies (institutions) information on the determination of the insurance event or a certificate that the insured is considered to be the insured (including by electronic means);*

*4-2.1.3. conduct an analysis of the policyholder's compliance with the requirements of this Law and report the results to the body (organization) designated by the competent executive authority;*

*4-2.1.4. exercise any other rights defined by this Law.*

*4-2.2. The insurer shall be obliged to:*

*4-2.2.1. inform the person entitled to receive insurance benefits and the insured about their rights and obligations in connection with compulsory state personal insurance;*

*4-2.2.2. ensure the payment of the insurance indemnity in the manner and within the time limits established by this Law;*

*4-2.2.3. provide information on the execution of insurance payments to each insured person and to the body (organization) determined by the relevant executive authority that supervises the state compulsory personal insurance pursuant to Article 9.1 of this Law;*

*4-2.2.4. keep records of policyholders and insured persons on the basis of the information provided by the policyholder;*

*4-2.2.5. provide records on the amount of insurance premium calculated and paid upon the written request of the insured;*

*4-2.2.6. manage the insurance funds in accordance with the provisions of Article 8-1 hereof;*

*4-2.2.7. monitor the payment of insurance premiums by the policyholder to the insurer;*

*4-2.2.8. perform any other obligations defined by this Law.*

### **Article 4-3. Rights and obligations of the policyholder**

4-3.1. *The policyholder shall be entitled to:*

4-3.1.1. *defend its and the insured's legal interests;*

4-3.1.2. *require the insurer and the insured to comply with their duties established by this Law;*

4-3.1.3. *require the insurer to inform about its rights and obligations regarding state compulsory personal insurance;*

4-1.1.1. *request the information about insurance payments from the insurer;*

4-3.1.4. *exercise any other rights prescribed by this Law.*

4-3.2. *The policyholder shall be obliged to:*

4-3.2.1. *make the insured persons subject to the compulsory state personal insurance;*

4-3.2.2. *pay the full amount of the insurance premium to the insurer in the manner, amount and period determined by this Law;*

4-3.2.3. *submit information about the insured and itself to the insurer in accordance with the procedure provided for in Article 4-4 of this Law;*

4-3.2.4. *help the person entitled to insurance indemnity to formalize documents for getting insurance indemnity and to receive insurance indemnity;*

4-3.2.5. *keep records of insurance premiums and report to the insurer about the paid insurance premiums and insured persons for each quarter no later than the 20th of the following month after the end of the quarter in the manner and in the form determined by the body (organization) designated by the competent executive authority;*

4-3.2.6. *perform other duties defined by this Law.*

### **Article 4-4. Procedure for maintenance of records of insured persons and policyholders, calculating insurance premiums, payment, control over payment, and refund of overpaid insurance premiums.**

*For the purpose of state compulsory personal insurance, maintenance of records of the insured and policyholders with the insurer on the basis of the information provided by the policyholders, as well as the calculation of the insurance premiums by the insured, the payment to the insurer, the control over the payment and the refund of overpaid insurance premiums shall be determined by the body (organization) designated by the competent executive authority.*

### **Article 5. Insurance events and insurance indemnities**

The following events are considered insurance events and insurance compensations for these events shall be paid at the appropriate percentage rates of insurance amounts as defined in Article 4.1 of this Law:

- a) in case of demise, death of the insured during active military service (gathering), or when the insured person is declared dead by court in connection with disappearance without leaving traces behind - 100 percent;
- b) in case of death within three years after discharge from service (gathering) due to injury (wound, trauma, contusion), as well as illness received during active military service (gathering) - 100 percent;
- c) when the insured goes missing without notice while in active military duty (gathering) (in the case of a legally enforceable court decision) – 100 percent;
- d) when the insured person is recognized as having disability from the day of transferring to reserve or resignation from the active military service (gathering) being considered unfit for active military service for injury (wound, trauma, contusion), as well as illness caused by performance of military service duties (service duties) or incurred during active military service, and when the insured person is diagnosed with disability during the period of three years from the day of transferring to reserve or resignation from the active military service (gathering) for injury (wound, trauma, contusion) or illness suffered during the course of active military service:
  - due to 81-100 percent violation of body functions violation – 80 percent;*
  - due to 61-80 percent violation of body functions – 60 percent;*
  - due to 31-60 percent violation of body functions – 40 percent.*
- e) when the insured receives injuries during the course of active military service (military gathering), which does not result in the cases provided for in items a, b and c of this Article:
  - severe injury (wound, trauma, contusion) - 25 percent;
  - less severe injury (wound, trauma, contusion) – 15 percent;*
  - minor injury (wound, trauma, contusion) - 5 percent.

The types of severe, less severe and minor injuries are determined according to the list approved by the body (organization) designated by the competent executive authority.

### **Article 6. Procedure for implementing state compulsory personal insurance**

- 6.1. *State compulsory personal insurance of the insured is carried out at the expense of funds provided annually in the state budget.*
- 6.2. *Policyholders shall pay to the insurer the amount of insurance premiums on a quarterly basis each year in accordance with the provisions of Article 4.4 of this Law in order to ensure the state compulsory personal insurance of the insured persons.*
- 6.3. *The insurance premium is to be paid by the policyholder for each insured person for each year of insurance.*
- 6.4. *Insured persons shall be insured by the policyholder in accordance with this Law from the date on which they acquire the status of military personnel.*

## **Article 7. Payment of insurance indemnity**

- 7.1. *The insurer provides the insurance payment to the person entitled to receive insurance indemnity within 10 working days from the date when the information related to the insurance event is entered into the centralized electronic information system of the body (organization) determined by the relevant executive authority, and if this is not possible, from the date when the application of the person entitled to receive insurance indemnity is received. The order of insurance payment is determined by the body (organization) designated by the relevant executive authority.*
- 7.2. *The insured and other relevant state bodies (organizations) must help the person entitled to receive insurance indemnity to receive insurance indemnities.*
- 7.3. *In cases where the policyholder does not submit a report to the insurer in accordance with Article 4-3.2.5 of this Law, the insurance indemnity is paid based on the policyholder's certificate that the insured is considered to be the insured of that policyholder, and the information about this will be included in the report submitted by the policyholder in the next quarter.*
- 7.4. *If a new insurance event arises in connection with the insurance event for which a benefit has been paid, the relevant payment will be paid taking into account the amount previously paid.*

## **Article 8. Refusal to pay insurance indemnity**

- 8.1. *The payment of the insurance indemnity to the person who is entitled to receive the insurance indemnity shall be refused in the following cases:*
  - 8.1.1. *if there is a legally binding court judgment that the insured has committed an intentional crime directly related to the insurance event, or a corresponding procedural decision of the body that carries out criminal prosecution;*
  - 8.1.2. *if the insured does not submit the documents and information required for receiving the insurance payment in accordance with the procedure provided in the second sentence of Article 7.1 of this Law, or if it is determined that the submitted documents and information are incomplete or incorrect (taking into account the requirements of Article 30.5 of the Law of the Republic of Azerbaijan "On Administrative Proceedings").*
  - 8.1.3. *if the event is not considered an insurance event defined by this Law;*
  - 8.1.4. *when the insurance event occurs as a result of the insured's direct use of alcohol, drugs, psychotropic substances or other substances with a strong effect;*
  - 8.1.5. *when the insured commits suicide and that case is confirmed by a legally binding decision of the court.*
- 8.2. *If the insurance payment is refused due to the circumstances stipulated in Article 8.1.2 of this Law, the person entitled to receive insurance indemnity has the right to reapply for insurance payment after the situation causing the refusal has been eliminated.*

## **Article 8-1. Insurance funds**

8-1.1. *Insurance funds are formed at the expense of the following sources:*

- 8-1.1.1. *insurance premiums paid in the manner and amounts specified in this Law;*
- 8-1.1.2. *loans;*
- 8-1.1.3. *income obtained from depositing in banks, whose criteria for safety indicators of the insurance reserve are established by the body (organization) determined by the competent executive authority;*
- 8-1.1.4. *other sources not prohibited by law.*

8-1.2. *Insurance funds are used in the following directions:*

- 8-1.2.1. *providing state compulsory personal insurance payments;*
- 8-1.2.2. *creating insurance reserve;*
- 8-1.2.3. *financing of measures related to social protection and social security of war-disabled persons and families of martyrs in cases determined by the body (organization) designated by the competent executive authority;*
- 8-1.2.4. *management costs;*
- 8-1.2.5. *other directions determined by law.*

8-1.3. *Management costs are determined in the amount of up to 5 percent of the insurance premium, and the expenditure of these funds is carried out in accordance with the duly approved cost estimate.*

8-1.4. *The procedure for using insurance funds, including the insurance reserve, is approved by the body (organization) determined by the relevant executive authority.*

8-1.5. *When the insurance reserve is equal to the annual forecast volume of insurance premiums, the increase of the insurance reserve is stopped, and the income obtained from its deposit is used to finance measures related to social protection and social security of war-disabled persons and martyrs' families.*

8-1.6. *As a result of a sharp increase in the number of persons entitled to insurance benefits, if the expected annual expenditure on insurance benefits exceeds the expected annual income from insurance premiums, the shortfall between the expected expenditure on insurance benefits and the income from insurance premiums is financed from the insurance reserve.*

8-1.7. *At the end of the current year, the unused balance of the insurance funds, the insurance reserve and the income from its deposit are used to finance the expenses of the next year.*

## **Article 8-2. Deductions from fines imposed by the body (organization) determined by the relevant executive authority**

*43% of the funds collected from the fines imposed for violation of the requirements of the present Law under the Code of Administrative Violations of the Republic of Azerbaijan shall be transferred to the account of the body (organization) designated by the competent*

*executive authority for the purpose of improving the material and technical base of the body (organization) designated by the competent executive authority.*

**Article 9. Oversight and liability for violations of this Law**

- 9.1. *The implementation of the state compulsory personal insurance shall be supervised by the body (organization) determined by the competent executive authority.*
- 9.2. *The insurer shall submit to the body (organization) designated by the competent executive authority a report on the work performed in the field of compulsory state personal insurance.*
- 9.3. *Persons violating the provisions of this Law shall be liable in the cases provided by the Civil, Administrative and Criminal Codes of the Azerbaijan Republic.*

~~Article 10. Taxation~~

~~Insurance compensations paid to insured persons from the amount of insurance premiums paid to state insurance agencies (except for profit received from the provision of insurance services) shall not be subject to taxation.~~

**Article 11. Procedure for consideration of disputes**

Disputes related to state compulsory personal insurance of military personnel shall be resolved in accordance with the legislation of the Republic of Azerbaijan, including in a judicial proceeding.

**President of the Republic of Azerbaijan  
HEYDAR ALIYEV**

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