

LAW OF THE REPUBLIC OF AZERBAIJAN

On unemployment insurance

This Law lays down the organizational, legal and economic bases of unemployment insurance, governs the relations between unemployment insurance subjects.

Chapter

General Provisions

Article 1. Objectives and scope of unemployment insurance

1.1. The purpose of this Law is to create relations based on risk assignment and new financing mechanisms on the labor market of the Republic of Azerbaijan, compensate of the lost salaries of the insured and to provide a guarantee for enhancing social protection of the population by implementing proactive measures to prevent unemployment.

1.2. This Law is applicable to the persons whose employment relations were terminated as a result of the liquidation of a state body or legal entity, or a reduction in the number of employees or staff.

1.3. This Law is not applicable to the persons holding political office.

Article 2. Basic Definitions

2.0. For the purposes of this Law, the following definitions shall be used:

2.0.1. unemployment insurance - a form of security aimed at compensating the lost salaries of the insured in the cases provided for by this Law;

2.0.2. unemployment insurance subjects - the insurer, the insured and the insurants;

2.0.3. insured – the employees who entered into an employment contract with the employer and who were insured against unemployment in accordance with the laws of the Republic of Azerbaijan;

2.0.4. insurants - the employers listed below who insure employees with whom they had entered into an employment contract in accordance with the laws of the Republic of Azerbaijan against unemployment:

2.0.4.1. legal entities, as well as their branches and representative offices and foreign legal entities;

2.0.4.2. government agencies;

2.0.4.3. individuals;

2.0.4.4. heads of elected bodies;

2.0.5. insurer - a relevant executive authority that manages in the field of unemployment insurance (*except for activities to control the calculation and payment of the unemployment insurance premium*); [u](#)

2.0.6. insurance event - an event that forms a basis for the payment of insurance premium to the insured;

2.0.7. insurance fee - an amount of money payable to the insurer by the insured and the insurant in the manner prescribed by this Law;

2.0.8. insurance tariff - an interest rate applied to the salary fund and the salary of the insured to calculate the insurance premium;

2.0.9. insurance funds - funds which are generated from the sources provided for in Article 21 of this Law;

2.0.10. insurance premium - cash paid monthly by the insurer to the insured in the case of an insured event;

2.0.11. insurance period of the insured - the period established in Article 11 of this Law, taken into account at the time of compensation of the insurance payment;

2.0.12. active measures - employment measures provided for in Article 19.0.2 of this Law;

2.0.13. employee - an individual working in an appropriate workplace with salaries who has entered into a written employment contract with the employer on an individual basis;

2.0.14. employer - the owner or the head of the enterprise appointed by him, an authorized body, as well as an individual who has full legal capacity and the right to conclude, terminate or amend the terms of an employment contract with employees.

Section 3. Legal Basis for Unemployment Insurance

The Constitution of the Republic of Azerbaijan, this Law, other regulatory acts, as well as international treaties to which the Republic of Azerbaijan is a party forms a basis of the legal framework for an unemployment insurance.

Section 4. Unemployment Insurance Principles

4.0 Basic principles of unemployment insurance are as follows:

4.0.1. compulsory unemployment insurance;

4.0.2. legal equality of unemployment insurance subjects;

4.0.3. implementation of measures to prevent the circumstances that cause the insurance claims;

4.0.4. state guarantee of systematic unemployment insurance in the manner prescribed by this Law;

4.0.5. differentiation of an amount of insurance premium depending on the insurance experience and duration of unemployment;

4.0.6. ensuring the participation of public organizations in the management of unemployment insurance.

Chapter 2

Rights and obligations of the unemployment insurance subjects

Section 5. Rights and Obligations of the Insured

5.1. The insured shall have the following rights:

5.1.1. claim unemployment insurance from the insurant;

5.1.2. receive from the insurant and the insurer free information on unemployment insurance, as well as free advice on professional career, vocational training and additional training in order to choose the type of employment, work place and work pattern;

5.1.3. require the insurer to clarify the rights and obligations related to unemployment insurance;

5.1.4. receive insurance premium in the manner and on the conditions established by this Law;

5.1.5. take part in active events held in the labor market;

5.1.6. receive reimbursement of expenses (with the exception of taxi) incurred by him in connection with the direction to work (vocational courses) from one city and (or) district (except for city districts) administrative unit to another one at the suggestion of the relevant executive authority;

5.1.7. receive from the insurant and the insurer an information on the amount of the insurance premium paid in his favor and the fact of its payment;

5.1.8. protect their legitimate rights and interests;

5.1.9. exercise other rights established by this Law.

5.2. The Insured shall have the following duties:

5.2.1. no later than 10 days to notify the insurer of the cases established by this Law, which are the reason for the change in the amount of insurance payment and its suspension;

5.2.2. in the event of reinstatement to work in accordance with the procedure established by law, return the insurance payment from the salary paid for the period of the forced absence of work;

5.2.3. perform other duties established by this Law.

Article 6. Rights and obligations of the insured

6.1. The insurant shall have the following rights:

6.1.1. protect your legal interests as well as the legal interests of the insured;

6.1.2. require the insurer to clarify its rights and obligations related to unemployment insurance;

6.1.3. exercise other rights established by this Law.

6.2. The insurant shall have the following responsibilities:

~~6.2.1. register with the insurer as an insurant;~~ [21](#)

6.2.2. insure the employees against unemployment;

6.2.3. pay the insurance premium to the insurer in the manner, amount and terms established by this Law;

6.2.4. fulfill the obligations stipulated in connection with unemployment insurance in collective contracts, agreements and employment contracts;

6.2.5. in accordance with the first part of Article 77 of the Labor Code of the Republic of Azerbaijan within 5 days from the date of notification to the employee, provide the insurer with an official information on the profession, specialty and salary of this employee;

6.2.6. provide the insurer (on electronic or paper media) with data that forms the basis for the calculation and payment of the insurance premium, the assignment of the insurance premium;

~~6.2.7. provide the insurer with an information on its reorganization or liquidation in the cases established by the Civil Code of the Republic of Azerbaijan;~~

6.2.8. in the event of an insured event, to require payment of insurance compensation from the insurer;

6.2.9. explain to the insured persons their rights and obligations and the terms and conditions of an unemployment insurance;

6.2.10. pay the insurance premium to the insurer from the payroll fund and the insured person's salary based on the tariffs established by this Law;

6.2.11. *maintain calculation and record of an insurance fee, after the end of the quarter, no later than the 20th day of the next month provide this report for each quarter to the authority (organization) designated by the relevant executive authority in the form established by the authority (organization) designated by the relevant executive authority, and also to ensure the safety of documents and information that form the basis for insurance premium;* ^[5]

6.2.12. perform other duties established by this Law.

Section 7. Rights and obligations of the insurer

7.1. The insurer shall have the following rights:

7.1.1. *obtain information and reports on the unemployment insurance premiums from an authority (organization) established by the relevant executive authority;* ^[4]

7.1.2. explain to the insurant his rights and obligations related to unemployment insurance;

7.1.3. *conduct monthly, quarterly and annual reconciliation of proceeds from unemployment insurance premiums with the authority (organization) established by the relevant executive body;* ^[5]

7.1.3-1. *conduct electronic monitoring of compliance with the requirements of this Law by insurants, inform the authority (organization) established by the relevant executive authority on the results of monitoring;* ^[6]

7.1.4. defend their legal rights and interests in court;

7.1.5. exercise other rights established by this Law.

7.2. The duties of the insurer are as follows:

7.2.1. take measures for the state guarantee of systematic unemployment insurance;

7.2.2. ensure timely payment of insurance compensation;

7.2.3. provide the insured persons and insurants with free information on unemployment insurance;

7.2.4. provide the insured with free consultations on professional career, vocational training and additional training to select the type of employment, work place and work pattern;

7.2.5. ensure the use of unemployment insurance funds for the intended purpose and for the purposes established by this Law;

7.2.6. manage the unemployment insurance funds;

7.2.7. give explanations in connection with the application of the Law;

7.2.8. ensure the implementation of measures provided for in Article 19 of the Law;

7.2.9. perform other duties established by this Law.

Article 7-1. Monitoring the calculation and payment of unemployment insurance premiums²

Control over calculation and payment of unemployment insurance premium, receipt of debt arising from unemployment insurance premium, interest calculation for late payment of unemployment insurance premium and return of overpaid of the unemployment insurance premium in accordance with the procedure established for taxes in the Tax Code of the Republic of Azerbaijan.

Chapter 3

Registration for unemployment insurance, regulation of the insurance premium and its payment

Section 8. Registration of Insurers and Unemployment Insurance Persons

The procedure for registering of the insured and insurants with the insurer for unemployment insurance shall be established by the relevant executive authority.

Section 9. Insurance tariffs

9.0. Insurance tariffs for unemployment insurance shall be set at the following interest rates:

9.0.1. on the insurance premium paid to the insurant - 0.5 percent of the calculated payroll fund;

9.0.2. on the insurance premium paid to the insured - 0.5 percent of the employee's salary.

Article 10. Insurance premium and its calculation

10.1. The insurance premium shall be calculated by the insurant on the basis of insurance rates.

10.2. Control over the calculation and payment of unemployment insurance premiums shall be implemented by the authority (organization) established by the relevant executive authority.^[8]

10.3. The insurance premium calculated for each month shall be paid by the insurant to the insurer in full, simultaneously with the salary payments, but no later than the 15th day of the next month.

Article 11. Calculation of the insurance service record

11.0. For the purposes of this Law, the following periods shall be included in the insurance service record of the insured:

11.0.1. the period for which the compulsory state social insurance premium was paid in favor of the insured prior to the entry into force of this Law;

11.0.2. the period for which the insurance premium was paid after the entry into force of this Act.

Article 12. Types of insurance payment

12.0. There are the following types of insurance payments:

12.0.1. basic insurance premium;

12.0.2. insurance premium surcharge;

12.0.3. minimum insurance premium.

Article 13. Terms and conditions for assignment of insurance payment

13.1. Only the insured persons of whose employment relationship was been terminated as a result of liquidation of the state agency or legal entity or reduction of the number of employees or staff and registered with the relevant executive authority as unemployed in the manner prescribed by this Law of the Republic of Azerbaijan on Employment shall be entitled to receive insurance payment.

13.1-1. Electronic services in connection with the appointment of insurance payments shall be rendered through a centralized electronic information system of the relevant executive authority. ¹⁹

13.2. Assignment of insurance payment to the persons entitled to receive insurance premium in accordance with Article 13.1 of this Law shall be implemented in the following order:

13.2.1. able-bodied persons holding insurance service record exceeding 12 calendar months and not less than 3 years within 24 calendar months preceding their loss of work - in accordance with the procedure established in Article 14.1 of this Law;

13.2.2. able-bodied persons holding insurance service record not exceeding 12 calendar months and not less than 3 years within 24 calendar months preceding their loss of work - in the amount of the minimum insurance premium provided for in Article 16 of this Law.

13.3. Coefficient 1.2 shall be applicable to the insurance premium for the persons sent to vacation in group due to the suspension of work at the enterprise in accordance with article 146 of the Labor Code of the Republic of Azerbaijan and provided for in article 13.2.2 of this Law.

13.4. Persons with a dependent child under the age of 18 (students, which receive full-time education and schoolchildren before completion of education, but not older than 23 years), provided for in Articles 13.2.1 and 13.2.2 of this Law shall be entitled to surcharge to the basic insurance premium established by this Law.

13.5. A person not provided with acceptable work stipulated in the Law of the Republic of Azerbaijan "On Employment", within 24 months from the first assignment of the insurance premium shall be entitled to one application and to repeated receipt of the minimum insurance premium.

13.6. At the first application, the insurance premium shall be assigned within 6 months, and upon repeated application within 3 months.

13.7. The term for issuing an insurance premium for one person may not exceed 9 months within 24 months following the month in which the insurance premium was assigned at the time of the first application.

13.8. The person who received the insurance premium for the next assignment of the insurance premium in accordance with Articles 13.2.1 and 13.2.2 of this Law requires at least 12 months of the next insurance period.

Section 14. Calculation of monthly unemployment insurance premium

14.1. For the persons provided for in Article 13.2.1 of this Law, the insurance premium shall be calculated depending on the insurance service record, applying to the lost average monthly salary the following interest rates:

14.1.1. with the insurance service record from 3 to 5 years - 50 percent;

14.1.2. with the insurance service record from 5 to 10 years - 55 percent;

14.1.3. with the insurance service record exceeding 10 years - 60 percent.

14.2. To calculate the insurance premium, the lost average monthly salary of the insured shall be determined by dividing the accumulated amount of his salary for the 12 calendar months prior to his registration as an unemployed in the manner prescribed by this Law of the Republic of Azerbaijan "On Employment" by 12. If the insured did not work all previous 12 calendar months in full (but holds an insurance service record of at least 12 calendar months within 24 calendar months prior to his registration as an unemployed person), then the amount of lost average monthly salary of the insured shall be calculated by dividing the accumulated amount of salary, accrued for the months during which he worked in full for the previous 24 calendar months, by the number of months in which he actually worked in full.

14.3. Premiums taken into account and not taken into account when calculating the average monthly salary for calculating insurance payments are established by Article 139 of the Labor Code of the Republic of Azerbaijan.

14.4. An insurance premium shall be calculated from the first day of the month following the month of registration of the insured as unemployed in accordance with the Law of the Republic of Azerbaijan "On Employment".

14.5. An amount of insurance premium may not exceed the amount of the average monthly salary in the country for the previous year, established by the relevant executive authority and be less than the amount of the minimum insurance premium.

Article 15. Calculation of surcharge to the basic insurance premium

15.1. An amount of the surcharge to the insurance premium of persons provided for in Article 13.4 of this Law is increased by 5 percent for each child, but not exceeding 20 percent.

15.2. When assigning an insurance payment to both the husband and wife in the family, only one of them shall be entitled to receive surcharge to the basic insurance premium established in Article 15.1 of this Law.

Section 16. Minimum Insurance premium

The minimum insurance premium is equal to the amount of the minimum monthly salary established by the relevant executive authority.

Section 17. Reimbursement of Insurance premium

17.1. An insured person shall apply to the relevant executive authority to receive the insurance premium. An application form and a list of documents attached to the application shall be established by the relevant executive authority.

17.2. Having considered the application submitted on the basis of Article 17.1 of this Law within 10 days the relevant executive authority shall make a decision on the assignment or refusal from the assignment of the insurance payment and shall notify the applicant in this regard.

17.3. First assigned insurance premium shall be paid in accordance with the duration of unemployment of the unemployed person pro rata to the below mentioned interest rates, but in the amount not less than that of the minimum insurance premium:

17.3.1. for the first 2 calendar months - 100 percent;

17.3.2. for 3-4 calendar months, 80 percent;

17.3.3. for 5-6 calendar months - 70 percent.

17.4. Minimum insurance premium shall be paid upon repeated application.

17.5. An insurance premium assigned upon repeated application shall be paid in the terms established in Article 13.6 of this Law, in equal amount for each month.

17.6. Surcharge to the basic insurance premium shall be paid together with the basic insurance premium.

17.7. A person who receives the insurance premium is required to personally submit a report on the implementation of the individual employment program to the relevant executive authority on a monthly basis. During the submission of the report to the person who receives the insurance premium, the relevant executive authority may submit proposals related to appropriate job, vocational training, additional training, as well as paid community work.

17.8. A form of the report to reflect the procedure of implementation of the individual employment program, information on the application of persons who receives insurance premium to employers for a job and their participation in active events shall be approved by the relevant executive authority.

17.9. The procedure for issuing an insurance premium shall be approved by the relevant executive authority.

Article 18. Suspension of the insurance premium

18.0. Payment of insurance premium shall be suspended in the following cases:

18.0.1. if the person who receives the insurance premium became employed;

18.0.2. if the person who receives the insurance premium fails to fulfill an individual employment program without a valid reason;

18.0.3. expiry of the terms for reimbursement of insurance premiums provided for in Article 13.6 of this Law;

18.0.4. in case of failure to submit by the person who receives an insurance premium without good reason, a report on the implementation of the individual employment program in the manner and within the timeframe set in Article 17.7 of this Law;

18.0.5. in case of refusal of the person who receives an insurance premium from two acceptable works offered to him, vocational training or additional training;

18.0.6. in case of employment of the person who receives an insurance premium within the period of receipt of an insurance premium without notifying the relevant executive authority;

18.0.7. If the person who receives an insurance premium violates terms and conditions of registration or re-registration as an unemployed person in the manner established by the relevant executive authority;

18.0.8. if the person who receives an insurance premium is reinstated in the manner prescribed by law;

18.0.9. if the person who receives an insurance premium entered higher and secondary specialized educational institution;

18.0.10. if the person who receives an insurance premium was called for military or alternative service, military training;

18.0.11. in case of enforceable court decision on deprivation of liberty or the application of compulsory medical measures against person who receives an insurance premium

18.0.12. if case of grounds to assign a person who receives an insurance payment, labor pension in accordance with the Law of the Republic of Azerbaijan "On labor pensions";

18.0.13. if there are reasons to assign a person who receives an insurance premium, age benefits according to the Law of the Republic of Azerbaijan "On Social Benefits";

18.0.14. if distorted information or information not complying with the law was detected in the documents submitted by the person who receives an insurance payment;

18.0.15. in case of death of the person who receives an insurance payment or declaration on the basis of an enforceable court decision, missing or dead

Chapter 4

Collection and management of insurance funds

Article 19. Activities financed by insurance funds

19.0. Activities financed by insurance funds are as follows:

19.0.1. insurance payments provided for in Article 12 of this Law;

19.0.2. active measures intended for the persons registered as job seekers and received the status of unemployed in accordance with the Law of the Republic of Azerbaijan "On Employment" are as follows:

19.0.2.1. organization of vocational training and additional training;

19.0.2.2. providing career counseling services;

19.0.2.3. organization of paid public works;

19.0.2.4. organization of labor fairs and labor exchanges;

19.0.2.5. assisting self-employment;

19.0.2.6. financing, together with insurers, the salaries of the insured in accordance with the procedure established by the relevant executive authority;

19.0.2.7. creation of additional jobs and specialized enterprises to ensure the employment of citizens requiring special social protection and experiencing difficulties to find a job and implement targeted programs;

19.0.2.8. other active measures stipulated by law for the implementation of labor law;

19.0.3. reimbursement of expenses (except for taxi) incurred by the insured in connection with the direction to work (vocational courses) from one city and (or) district (with the exception of city districts) administrative unit to another at the suggestion of the relevant executive authority;

19.0.4. scholarships provided by this Law of the Republic of Azerbaijan "On Employment";

19.0.5. *cost of maintaining the body (organization), established by the relevant executive authority.* [\[10\]](#)

19.0.6. active events are implemented in the manner prescribed by this Law of the Republic of Azerbaijan "On Employment".

Article 20. Insurance funds

20.1. Insurance funds are accumulated in the insurance fund and spent on financing the activities provided for in Article 19 of this Law, as well as other activities established by the relevant executive authority.

20.2. The budget of the unemployment insurance fund, provided for in Article 20.1 of this Law, shall be approved by law for each year.

Section 21. Sources of Unemployment Insurance Funds

21.0. Unemployment insurance funds are formed from the following sources:

21.0.1. insurance premiums paid in accordance with the procedure established by this Law;

21.0.2. revenues from administrative fines applied for administrative offenses, provided for in the Administrative Offenses Code of the Republic of Azerbaijan for violation of the requirements of this Law;

21.0.3. grants, donations and assistance, issued in accordance with the Law of the Republic of Azerbaijan "On Grant";

21.0.4. bank loans;

21.0.5. other sources provided by law and the relevant executive authority.

Section 22. Accounting and Report on Unemployment Insurance

22.1. Funds collected from insurance premiums for each month are transferred by the relevant executive authority to the unemployment insurance fund before the 1st of the next month. Unused funds of the unemployment insurance fund at the end of the year are directed used to finance the expenses of the following year.

22.2. The procedure for accounting of unemployment insurance funds and the presentation of the report shall be established by the relevant executive authority.

Article 23. Allocations from the fines applied by the relevant executive authority

In order to enhance social protection and improve the material and technical base of employees of relevant executive authorities, 50 percent of funds collected from fines applied by the relevant executive authority in accordance with the Administrative Offenses Code of the Republic of Azerbaijan for violating the requirements of this Law are transferred to the accounts of the relevant executive authorities. The procedure for the distribution and use of these funds shall be established by the relevant executive authority. [uu](#)

Section 24. Responsibility for Violation of the Law

Violation of the requirements of this Law cause the liability established by law.

Article 25. Transitional Provision

Payment of unemployment benefits, assigned on the basis of the Law of the Republic of Azerbaijan "On Employment" until the day of the entry into force of this Law, will continue until the end of the payment period for such benefits.

Section 26. Entry into Force of the Law

This Law enters into force on January 1, 2018.

Ilham Aliyev,

President of the Republic of Azerbaijan

Baku city, June 30, 2017

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