

TAX AND LEGAL UPDATE

January 2011



MANDATORY LIFE INSURANCE

As per the law on mandatory insurance from loss of work ability as a result of industrial accidents and occupational diseases applied by the decree of the President of Azerbaijan Republic, dated 2 July 2010, employers should insure their employees with the mandatory life insurance.

As we noted in our November 2010 issue, tariffs vary from 0.2% to 0.5% for office workers and from 0.4% to 2% for workers depending on the type of economic activity. Insurance premiums are calculated by multiplying the annual salary fund to these tariff rates.

In the meantime Gala Hayat and Ateshgah Hayat insurance companies provide life insurance services.

Based on unofficial information, Labour Inspectorate will start audits starting from mid-February in order to ensure the application of this law.

For additional information please contact us.

The draft law covers four mandatory insurance types: mandatory insurance of immovable property; mandatory civil liability insurance of vehicle owners; mandatory civil liability insurance for the use of immovable property; mandatory personal accident insurance of passengers.

ABOUT MANDATORY INSURANCES

On 21 January 2010 the draft law on mandatory insurances has passed the first reading in the Cabinet of Ministers of Azerbaijan Republic.