

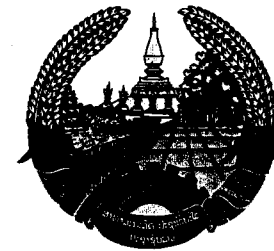
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DECREE
on
Social Security System
for
Enterprise Employees

Ministry of Labor and
Social Welfare
1999

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**DECREE ON SOCIAL
SECURITY SYSTEM FOR
ENTERPRISE EMPLOYEES**

- Based on the Constitution of Lao PDR dated 14 August 1991
- Based on Law 05/NA, dated 8 March 1995, on the Government of Lao PDR,
- Based on Law 02/94, dated 14 March 1994, on Labor,
- Referring to Recommendation 2697/LSW, dated 19 October 1999, of the Minister of Labor & Social Welfare,
- Referring to the Recommendation 481/MOJ, dated 29 November 1999, of the Minister of Justice,

The Prime Minister of Lao PDR decrees:

***CHAPTER I
GENERAL PROVISIONS***

Article 1. Objectives

The purpose of the Decree on the Social Security System for Enterprise Employees is to set out the principles, regulations, organizations, procedures and measures to ensure enterprise employees' social welfare rights and benefit with the objective of improving their living conditions and contributing to national socio-economic development.

Article 2. Compulsory Social Security

Employees and employers are required to participate to the compulsory social security scheme and may not enter mutual agreements for the purpose of avoiding their participation to the social security system.

The social security system for enterprise employees is established on the basis of the principles of state-guaranteed insurance.

Employees and employers outside the compulsory social security system may apply for participation, but are required to perform similar rights and obligations to those under this system.

Foreign residents and aliens working in Lao PDR shall perform their rights and obligations as provided under this Decree, unless bilateral agreements or regulations provide otherwise.

Article 3. Scope of Application of this Decree

This Social Security Decree is effective upon employees of state-owned enterprises, private enterprises, joint enterprises in the sectors of industry, agriculture, services and other businesses.

This Decree applies to employers employing 10 or more employees and shall apply upon labor units with less than 10 employees only when such labor units are branches of a larger labor unit. Where labor units with 10 employees have already secured insurance policies, and the number of employees is reduced thereafter, such labor units shall remain under the Social Security System as provided under this Decree.

Article 4. Scope not Covered by this Decree

This Decree does not apply upon:

- Civil servants, members of the military and police;

- Employees of diplomatic missions and international organizations in Lao PDR;
- Foreign citizens employed by companies with networks covering several countries and established in Lao PDR for no more than 12 months;
- Lao citizens employed by companies with affiliates in several countries and assigned overseas for 12 months or more;
- School and university students, practicing medical students or other trainees who do not receive wages from employers.

Article 5. Targets Governed by this Decree

This Decree governs the following benefits:

1. Death, called "*Funeral benefit*".
2. Medical care, called "*Medical Care Benefit*".
3. Temporary loss of working capacity, called "*Sickness Benefit*".
4. Birth, called "*Maternity Benefit*";
5. Occupational accident or disease, called "*Employment Injury or Occupational Disease Benefit*";
6. Permanent loss of working capacity, called "*Invalidity Benefit*";
7. Elderliness, called "*Retirement Pension*";
8. Family and dependents of deceased persons, called "*Survivors' Benefit*";
9. Children of insured persons, called "*Child Allowance*";
10. Unemployment, called "*Unemployment Benefit*".

Benefits provided under clauses 1 to 8 shall be governed from this Decree's date of effectiveness, whereas benefits under clauses 9 to 10 shall become effective in the forthcoming years as appropriate with the actual conditions.

CHAPTER 2
ROLE, RIGHTS AND DUTIES, AND
ORGANIZATION OF THE SOCIAL
SECURITY ORGANIZATION

Article 6. Role of the Social Security Organization

The Social Security Organization, otherwise referred to as SSO, is a juridical entity guided by the Minister of Labor & Social Welfare. It keeps its own accounts and has the role to research and implement policies related to social security as provided under this Decree.

Article 7. Organization of the Social Security Organization

The Social Security Organization is composed of:

- The Board of Directors
- The Management team
- SSO organisational bodies.

Article 8. Board of Directors of the Social Security Organization

The Board of Directors is the supreme body of SSO. It includes 11 members representing the following different parties:

- 3 representatives of the Government,
- 4 representatives of the Employers,
- 4 representatives of the Employees.

The Board of Directors is composed of 1 Chairman and a number of Vice-Chairmen who are appointed or removed by the Prime Minister at the recommendation of the Minister of Labor & Social Welfare. The Board of Directors has a term of office of 4 years.

Article 9. Rights and Duties of the Board of Directors

The Board of Directors has the following main rights and duties:

1. Assist the Ministry of Labor & Social Welfare in considering and adopting short-, medium- and long-term social security plans proposed by the General Manager.
2. Hold meetings of the Board of Directors.
3. Determine the rate of contribution from employers, employees and voluntary participants to the Social Security Fund.
4. Consider and approve investments and distribution of proceeds from such investments among funds;
5. Consider and determine increased benefit rates proposed by the General Manager;
6. Propose the appointment or removal of the General Manager and Deputy General Managers to the Minister of Labor & Social Welfare;
7. Appoint or remove Heads of SSO Divisions at the General Manager's recommendation;
8. Consider and adopt SSO's administration expenditure reports presented by the General Manager.
9. Consider and adopt rules and regulations proposed by the General Manager.

Article 10. Meetings of the Board of Directors

The Board of Directors hold meetings to consider and decide over issues related to SSO general activities, such as meeting allowances for the Chairman and members of the Board of Directors, salaries of the Management team, contribution rates, benefit rates and others.

The Board of Directors is entitled to hold meetings at all times as required. Meetings may be held only when more than half of the total number of members is present.

Meetings of the Board of Directors are convened by:

- The Chairman of the Board of Directors;
- If a meeting is not convened by the Chairman, the Board of Directors may then convene such meeting where the presence of at least one third of the total number of Board of Directors Members will be required.

Resolutions of the Board of Directors' meetings shall be effective only when adopted by a majority vote. In case of tied votes, the Chairman shall be entitled to cast a deciding vote.

Article 11. Management team of the Social Security Organization

The SSO Management team is the body in charge of managing its daily activities and includes one General Manager and one or two Deputy General Managers who are appointed or removed by the Minister of Labor and Social Welfare at the recommendation of the Board of Directors.

In performing its managerial and administrative tasks, the SSO Management team is assisted by a staff organized into different divisions as required.

Article 12. Rights and Duties of the Social Security Organization's Management team

The SSO Management team has the following principal rights and duties:

1. Assist the Board of Directors in outlining short-, medium- and long-term plans on social security.
2. Manage and administer SSO's finance.
3. Propose the increase or reduction of contribution and benefit rates for consideration by the Board of Directors.
4. Register and record contributions.
5. Consider applications for benefits and their disbursement.
6. Report annual revenues and expenditures to the Board of Directors and the Minister of Labor and Social Welfare.

7. Perform other rights and duties provided under the SSO's regulations.

Article 13. Administrative Expenses of the Social Security Organization

The Board of Directors determines the Social Security Organization's administrative expenses by deducting from each fund as the overall budget of the Social Security Organization.

The amount to be applied towards the management of the Social Security Organization shall not exceed 10% of its total revenues.

The Board of Directors shall divide the amount equivalent to the 10% mentioned above into budget lines for the administration of SSO, subject to the approval of the Minister of Labor & Social Welfare.

CHAPTER 3 FUNDS AND CONTRIBUTIONS

Article 14. Social Security Fund

The Social Security Fund is an autonomous fund, which aims at meeting the social security requirements of enterprise employees. It is exempted from taxes and charges by the Government.

Article 15. Sources of revenues

The Social Security Fund's sources of revenues include:

1. Contributions from employers and employees.
2. Contributions from voluntarily insured persons.
3. Interest or fines from delayed payment of contributions or breach of regulations and laws.
4. Revenues from investment.

Article 16. Structures of the Social Security Fund

The Social Security Fund is comprised of 4 funds as follows:

1. Health insurance fund,
2. Short-term benefit fund (maternity, sickness, death),
3. Employment injury and occupational disease compensation fund;
4. Long-term benefit fund (retirement, invalidity, survivors).

Article 17. Contributions

Contributions are paid by employers, employees and voluntarily insured persons to each fund of the Social Security Fund.

Article 18. Proportion of Contributions

Contributions to the Social Security Fund are obtained from wages or salaries. The Board of Directors determines the proportion of contributions from employers and employees, subject to the approval of the Minister of Labor & Social Welfare.

The total contributions from employees shall not exceed 50% of the overall contributions.

Article 19. Contributions to the Compensation Fund

For employment injury or occupational disease, employers alone shall pay contributions to the Compensation Fund.

Article 20. Contribution procedures

At the end of each month, employers shall withhold and remit part of the employees' salaries or wages and their own contributions to the Social Security Fund and shall notify the total number of workers and total payroll of employees to the Social Security Organization prior to the 15th day of the following month.

Where the date mentioned in the above paragraph is exceeded, employers will be fined as provided under SSO rules. Employers shall be responsible for any loss of their employees' right to benefits due to the failure to perform their obligations in collecting contributions.

Article 21. Contributions for the Medical Care of Pensioners, Invalids and Surviving Family Members

Persons receiving retirement pension, survivors' benefit and invalidity benefit shall pay contributions to the Health Insurance Fund each month in an amount equal to the payments performed by any other insured parties to such fund. Each month, SSO shall transfer such health insurance premiums to the Fund's account.

CHAPTER 4 MEDICAL CARE BENEFIT

Article 22. Medical Care for Insured Persons and their Families

Insured persons, their spouses and children are entitled to receive medical care benefits. Children are required to be under 18 years of age. However, if children pursue their studies on a constant and full time basis, such benefits shall apply until they reach 25 years of age. Where a child is disabled to the point where he/she is unable to move and sustain his/her livelihood, such benefits shall apply for life.

Article 23. Conditions of Medical Care Insurance

Insured persons shall receive medical care only when contributions have been paid to the Social Security Fund for at least three months within the last twelve months.

If the insured persons have stopped their contributions due to the termination of their employment, such persons shall be

entitled to receive medical care benefits for three months from the last contribution.

If contributions are interrupted due to illness, the 3-month period shall start from the last sickness benefit received. If the insured person is severely ill and is near death, the above conditions shall be extended until such serious sickness is overcome.

Article 24. Medical Care for Retirees, Invalid Persons and Surviving Family Members

Pensioners, invalid persons and surviving family members of deceased insured persons, their spouses and children shall be entitled to medical care similarly to an insured person without limitation of qualifying periods.

Article 25. Medical Care

Insured persons, pensioners, invalid persons and surviving family members are entitled to receive medical care in the following cases:

1. Health examination and medical care;
2. Prevention of diseases;
3. Physical rehabilitation;
4. Pre- and post-natal services;
5. Medical care in case of employment injury or occupational disease.

Medical care shall not cover traffic accidents (when not related to work) or cosmetic treatment or surgery.

Article 26. Conditions in the Use of Medical Care Services

Insured persons, pensioners, invalid persons and surviving family members, in case of health problems, shall have their health examined and be treated by doctors or hospitals designated by SSO. The selection of hospitals shall be confirmed by the Ministry of Public Health.

Article 27. Overseas Medical Care

Insured persons, pensioners, invalid persons and surviving family members may use overseas medical services only in the following conditions:

1. In case of emergency during assignments outside the country where hospitalization in foreign hospitals is necessary;
2. When allowed under bilateral agreements between SSO and foreign social insurance organizations;
3. In case of medical necessity, subject to prior approval from SSO.

Article 28. Payments of Hospital Fees

SSO shall pay fees to hospitals or physicians on the basis of mutually agreed contracts and approved by the Ministry of Public Health. SSO shall pay premiums to hospitals or medical care providers where medical treatment involved higher costs than as determined.

Article 29. Agreements on Fees between the Social Security Organization and Hospitals

SSO shall enter agreements on the payment of medical service fees on an annual basis or as appropriate. Where hospitals under contract with SSO have entered agreements with other hospitals, payments between such hospitals shall be based on the agreement between the contract parties.

Article 30. Additional Payments by Insured Persons

Insured persons shall take in charge any balance outstanding from the treatment service fees in excess of the medical care coverage determined by SSO.

Article 31. Reimbursement in Case of Emergency Treatment

In case of emergency, insured persons, pensioners, invalid persons and surviving family members may use the medical services of nearby and appropriate hospitals, but shall be required to report to the hospitals they have selected within 72 hours.

The hospitals selected by insured persons shall reimburse such medical costs.

Article 32. Selection and Change of Hospital or Medical Care Provider

Insured persons, pensioners, invalid persons and surviving family members shall select and register with a hospital to use its services in case of sickness or accident. Where such persons sustain an accident or are sick, but do not use the services of or fail to report to the selected hospital, the total medical costs shall be at their expenses.

Twelve months after the selection of a hospital, a new hospital may be selected by applying to the SSO for consideration. As a new hospital has been selected, the former hospital shall transfer the concerned persons' files to the newly selected hospital.

Article 33. List of Medical Equipment and Medicines

The list of medicines, prostheses, medical equipment and other instruments used for medical care or health rehabilitation shall be subject to the rules and approval of the Ministry of Public Health. SSO shall not consider any case involving the use of medicines and medical equipment not included in such list.

SSO shall authorize the use of medicines and medical equipment not included in the medicine list of the Ministry of Public Health only when the medicines and equipment mentioned in the list are not available or unusable.

Article 34. Quality Control of Medical Care Services in Hospitals

The SSO Quality Control Unit shall perform a regular quality control of medical care services extended to insured persons. Each year, the Quality Control Unit shall report to the SSO Board of Directors.

CHAPTER 5 SICKNESS BENEFIT

Article 35. Conditions of Benefit

An insured person on temporary leave due to sickness or accident unrelated to work shall be entitled to receive sickness benefit. Where such sickness or accident inhibits the insured persons from performing his/her work full time, SSO shall reimburse the difference between the salary payable for full time work and the period of time where only partial work time could be performed.

Article 36. Additional Benefits during Sickness

An insured person prohibited from working due to health problems or transmittable disease shall be entitled to receive sickness benefit.

Insured women unable to work during pregnancy or within 6 months from childbirth shall receive similar treatment as for sickness benefit under Article 37 of this Decree.

Article 37. Duration of Coverage for Sickness Benefit

An insured person shall receive benefits due to sickness only when contributions have been remitted to the Social Security Fund for no less than 3 months within the last 12 months.

If the insured person has changed jobs, the duration of insurance shall include the time worked for the former and new employers.

Article 38. Calculation of Sickness Benefit

An employer shall pay sickness benefit to an insured person for 30 days as provided under Article 29 of the Labor Law. Thereafter, SSO shall pay the equivalent to 60% of the insured average salary or wages during the previous 6 month-period prior to the leave as reference based on the rules set by SSO.

Article 39. Irregular Work Resumption

Where an employee is in the process of recovering from sickness and is able to resume work, but his/her previous work performance is not attained due to the incomplete recovery, such employee shall receive a benefit equivalent to 60% of the differential between the earnings insured for the old insured salary and the new salary.

The employer is responsible for seeking a work position appropriate with the employee's health status on a temporary basis. If the employee refuses such position without sufficient justification, payment of benefits will be immediately terminated. If SSO assesses that the employee is able to resume his/her initial work and the employer refuses without sufficient justification, SSO will claim the reimbursement of sickness benefits paid to the insured person from the employer.

Article 40. Duration of Sickness Benefit

The sickness benefit will apply for a period of 1 year. If, upon the expiration of the one-year period, the employee's health is expected to normalize, SSO will continue to provide a sickness benefit for a maximum period of 6 months. On the contrary, if within 1 year the employee's health status is not expected to

improve, SSO will provide an invalidity benefit to the employee.

Article 41. Review of Health Status

An insured person will be required to undergo health examination every 3 months. Where health examinations reveal that such person has not yet fully recovered and necessitates health recovery, such person shall then undergo rehabilitation according to the regulations outlined by SSO. Where the insured person refuses to undergo rehabilitation without sufficient justification, SSO will terminate the benefit at once.

Article 42. Resolution of Medical Disputes

Where SSO disagrees with the diagnosis or drug prescriptions and medical equipment used in treatment by physicians selected by an insured party, a third party in the person of a senior physician will be required to resolve such differences. If, at the resolution of such difference, the insured person is not satisfied with the solutions advanced by the third party, an appeal may be made.

CHAPTER 6 MATERNITY BENEFIT

Article 43. Eligibility

An insured woman on maternity leave for pregnancy, childbirth, miscarriage and child adoption is entitled to receive a maternity benefit as provided by the regulations outlined by SSO.

Article 44. Period of Insurance for Maternity Benefit

An insured person, whether male or female, is entitled to a maternity benefit only when contributing to the Social Security Fund for 9 of the last 12 months.

Article 45. Calculation of Maternity Benefit

An insured person will receive a maternity benefit equal to 70% of the insured earnings, which are calculated in the same manner as for sickness benefit and are effective for a period of 3 months only. If, in excess of the 3-month period, the insured person is unable to resume work for medical reasons, he/she will be entitled to a sickness benefit under the conditions described in Chapter 5 of this Decree.

Article 46. Required Contribution Period for Childbirth Grant

An insured person will be entitled to receive a childbirth grant only when such insured person has contributed to the Social Security Fund for 12 in the last 18 months. This period does not apply to persons currently receiving benefits from SSO.

Article 47. Childbirth Grant

A female insured person or wife of an insured person, upon giving birth to or adopting a child of less than 1 year of age, are entitled to a childbirth grant, without distinction of whether such birth took place within or outside the country. However, the payment of such a grant is possible only when the child concerned has not yet previously received such type of benefit. The receivable grant is equal to 60% of the minimum salary per child.

CHAPTER 7 DEATH BENEFIT

Article 48. Death Benefit

In case an insured person dies, SSO will disburse a funeral benefit equal to 6 months of his/her insured earnings. If an insured person's spouse dies, benefits equal to 3 months of the spouse's insured earnings will be paid. If an insured person's child dies, a benefit equal to 2 months of the parent's insured earnings will be paid, provided such child meets the conditions described under Article 93 of this Decree.

An insured person will receive a death benefit only when such person has contributed to the Social Security Fund for 12 of the last 18 months. This period of time will not apply for persons currently receiving benefits from SSO.

Article 49. Eligibility for Death Benefit

SSO will disburse a death benefit towards funeral costs to relatives taking in charge such expenses for the dead person's funeral.

CHAPTER 8 EMPLOYMENT INJURY OR OCCUPATIONAL DISEASE BENEFIT

Article 50. Employment Injury

An employment injury constitutes a potential threat causing injury, disability, invalidity or death of employees during the performance of their work within the work premises, resting premises, canteens or elsewhere under the responsibility of the labor unit and at the assignment of the employer or the labor managing person on behalf of the employer.

Article 51. Occupational Diseases

All types of diseases arising from occupations and affecting the body and mind of employees are considered as occupational diseases.

The list of occupational diseases shall be in line with the ILO Convention. Employees contracting diseases not included in such list, but being given a certificate from the Medical Committee that such diseases truly arose from their occupations will be entitled to receive benefits.

Article 52. Eligibility

An insured person sustaining an employment injury or occupational disease is entitled to receive benefits without any requirement in the contribution period. However, if the insured person has voluntarily caused such employment injury or occupational disease, there will be no entitlement to such benefits.

Article 53. Granting of Benefit without Coverage

In case an employee not targeted by this Decree sustains an employment injury or occupational disease, the employer shall be responsible for providing benefits as provided by this Decree to such employee.

Article 54. Employment Injury and Occupational Disease Benefits

In case an employee sustains an employment injury or occupational disease, the following benefits will apply:

1. Medical care and health recovery benefit;
2. Benefit for temporary loss of working capacity;
3. Caretaker benefit;
4. Benefit for permanent loss of working capacity;
5. Funeral benefit;
6. Survivors' benefit.

Article 55. Medical Care

An employee sustaining an employment injury or occupational disease will be entitled to medical care as provided under Chapter 4 of this Decree. In case the medical costs are paid from other sources, SSO will pay the balance between the payments made from such other sources and the actual costs of medical care.

Article 56. Temporary Loss of Working Capacity

During sick leave following an employment injury or occupational disease, an insured person is entitled to receive a benefit for temporary loss of working capacity until he/she is able to resume work.

Article 57. Calculation of Benefit

An employer will pay a benefit for temporary loss of working capacity to an insured person for a period of 30 days as provided under Article 29 of the Labor Law. Thereafter, SSO will pay the equivalent of 100% of the salary or wage payable to the insured person for a period of 6 months. Upon the expiry of the 6-month period, if the insured person's health status has not improved, such benefit will be reduced to the equivalent of 60% for a period of 18 months. Thereafter, SSO will switch to a benefit for permanent loss of working capacity.

Article 58. Insured Earnings Used to Calculate Benefit

The calculation of the benefit is based on the average earnings in the last 6 months. If the revenue earned in the last month by an employee is less than the normal revenue, the revenue earned during the previous month shall be used as basis for calculation.

Article 59. Partial Return to Work

Upon the expiry of the sick leave, and if the employee's health has improved but has not yet fully normalized, and such employee is unable to resume his/her former work, the employer has the duty to seek another work appropriate with his/her health conditions. In case the employer refuses to comply without sufficient justification, SSO will claim the reimbursement of the benefit paid to that employee from the employer. If the new job assigned to the employee is on a part-time basis with less pay, SSO will pay the difference between the previous and current wages.

In the case of the employee's refusal of the new job without sufficient justification, the benefit will be reduced according to his/her health status.

Article 60. Permanent Loss of Working Capacity

An employee permanently unable to resume work on a permanent basis due to an employment injury or occupational disease may apply for permanent loss of working capacity benefit until he/she reaches the retirement age.

Article 61. Working Capacity Loss Assessment Unit

SSO shall establish a unit to assess and classify the loss of working capacity of employees and report to the Medical Committee of SSO for consideration and decision. Such unit has the duty to cooperate with rehabilitation centers and assist in seeking appropriate jobs to persons sustaining a loss of working capacity. If the decision made by the Medical Committee of the type of working capacity loss is not approved by the employee concerned, an appeal may be lodged.

Article 62. Review of Loss of Working Capacity Classification

Every 3 years, SSO shall review and re-assess the categories of loss of working capacity. In case an employee sustaining a loss of working capacity and his/her health status is deemed as further deteriorating, an application may be submitted to SSO to perform such re-assessment in advance.

Article 63. Calculation of Benefit for Permanent Loss of Working Capacity

The calculation of a benefit for permanent loss of working capacity shall be based on the proportion of lost working capacity multiplied by 67.5% of the average earnings in the last 12 months prior to the accident.

Article 64. Payment of Benefit

The disbursement of a benefit for the loss of working capacity is made on a monthly basis. However, in case a loss of less than 25% of working capacity is sustained, an application may be made to SSO for disbursement in a single lump sum.

Article 65. Calculation of Benefit for Caretakers of Persons Sustaining a Loss of Working Capacity

In case an employee sustaining a loss of working capacity is unable to move alone, SSO will provide benefits to caretakers. Such benefits are assessed on an hourly basis according to the time spent by caretakers in looking after the person sustaining a loss of working capacity based on the minimum salary or wage set by the Government.

Article 66. Death Benefit

In case the death of an insured person is caused by an employment injury or occupational disease, SSO will pay a

funeral benefit equivalent to 6 months of the insured person's insured earnings.

Article 67. Survivors' Benefit

In case an employee dies from an employment injury or occupational disease, his/her dependents are entitled to receive a survivors' benefit. If the insured person has received an adaptation benefit, the survivors' benefit will apply from the day the period of the adaptation benefit expires.

Article 68. Surviving Spouse

A spouse whose marriage was lawfully registered prior to an employee's death will receive a survivors' benefit.

Article 69. Benefits for Surviving Spouse

The spouse of a demised employee will receive a survivors' benefit only when all conditions set under Articles 89 and 90 of this Decree are met.

Article 70. Benefits for Surviving Children

Persons entitled to receive benefits for surviving children include offspring, stepchildren and adopted children of the deceased person.

Children of a deceased person will receive benefits only when all conditions set under Article 93 of this Decree are met.

Article 71. Benefits for Surviving Parents

In case a deceased employee is not married, his/her surviving parents will receive a survivors' benefit only if the deceased took care of his/her parents. Such benefits will apply as described under Article 69 of this Decree.

Article 72. Calculation of Benefit

The survivors' benefit is paid on a monthly basis and is calculated as follows:

- Surviving spouse or parent benefit equal to 50% of the average insured earning over 12 months.
- Surviving children benefits equal to 15% of the average earnings during 12 months of insurance. In case there are no surviving spouse or parents, each child will receive benefits equal to 20%, and in case of several children, such benefits will not exceed 60%.
- The maximum survivors' benefit will not exceed the benefit payable for assumed permanent loss of working capacity.

Article 73. Health Protection and Rehabilitation

A person sustaining temporary or permanent loss of working capacity will receive rehabilitation and occupational training. If such employee refuses to undergo such rehabilitation and occupational training, SSO will terminate the payment of benefits to such employee.

CHAPTER 9 RETIREMENT PENSION

Article 74. Retirement Age

Insured persons entitled to receive pensions must have reached the age of 60. In necessary cases, persons reaching the age of 55 years may receive pensions, but 0.5% will be deducted from the monthly pension in proportion with to the outstanding years before reaching the age of 60. Persons having reached 60 years of age but continuing to work shall not exceed 65 years of age. In this case, the pension will increase 0.5% per month according to the number of years worked beyond the age of 60 years.

Article 75. Insured Years

Insured persons will receive a pension only if contributions were made to the Social Security Fund for a full period of 5 years. If contributions have not been made for a full period of 5 years, the benefit will be paid in a single lump sum.

Article 76. Basis for the Assessment of Pensions

Pensions are assessed as follows:

1. Pension points;
2. Average wage;
3. Set index.

Article 77. Pension Points

The annual pension points of insured persons are obtained from the average contributions made by such persons over a period of 12 months divided by the average contributions made by all insured persons within the same period of time. In case of resulting decimal figure, the pension points will include the 3rd decimal figure.

In case an insured person has omitted to pay contributions due to sickness or other reasons, pension points applicable to such person will be equal to the period prior to such omission.

Article 78. Special Pension Points

Insured persons of 31 years of age or older will be given special pension points. If less than 45 years, pension points are assessed by deducting the concerned person's age from an index of 30, while persons above 45 years of age will receive pension points of 15 years. Special pension points within a year will be equal to 0.8.

Article 79. Qualifying Period

The qualifying period refers to the period of time when contributions are paid to the Social Security Fund. The period

considered as qualifying period shall include the period when pension points are given or when pension points are acquired, whether through compulsory or voluntary contributions.

The period of time where contributions have not been made but included in the qualifying period includes:

1. The period when benefits are received in case of sickness, maternity or temporary loss of working capacity;
2. The period when benefits are received for the permanent loss of working capacity at the proportion of 60% and above;
3. The period when caretaker benefits are received.

Article 80. Average Wages

The average wages result from averaging an insured person's total earnings prior to the disbursement of pensions. The disbursement of pensions will be based on Article 104 of this Decree.

Article 81. Calculation of Pension

The total pensions are paid from pension points received or acquired by insured persons multiplied by the average earnings as described under Article 80 of this Decree, which result is then multiplied by 1.5% (index).

Article 82. Distribution of Benefit after a Divorce

In case an insured person divorces prior to receiving his/her pension, the right to such pension and pension points will be equally divided between spouses provided such spouses are married within the provisions of the Family Law.

CHAPTER 10
SURVIVORS' BENEFIT

Article 83. Eligibility to Survivors' Benefit

If an insured person has contributed to the Fund for 5 years or a pensioner dies, the surviving members of his/her family will be entitled to a survivors' benefit under the conditions provided in this chapter.

Article 84. Types of Benefits

Survivors' benefits are classified into 3 categories:

1. Adaptation benefit;
2. Widow(er) benefit;
3. Orphans' benefit.

Article 85. Targets and Payment of Adaptation Benefit

Persons entitled to receive an adaptation benefit include:

1. Surviving spouse;
2. Children under 18 years of age or children pursuing full-time studies who shall not exceed 25 years of age or disabled children.

The adaptation benefit shall amount to the equivalent of 80% of the insured person's monthly earnings and shall be paid for a maximum period of 12 months.

Article 86. Scope of Adaptation Benefit

Persons receiving an adaptation benefit are not entitled to receive survivors' or orphans' benefits or any similar benefits.

Article 87. Survivors' Benefit

A survivors' benefit will be paid to legal spouses or dependents. Persons entitled to such benefits must be unable to work.

Article 88. Targets of Survivors' Benefit

Surviving spouses from duly registered marriages prior to the death of the other spouse shall be entitled to receive survivors' benefit.

Article 89. Eligibility to Widow(er) Benefits

1. Surviving wife having reached 44 years of age at least;
2. Surviving wife who is disabled or without working capacity.
3. Surviving wife with at least one child under age;
4. Surviving husband who is disabled or unable to work.

Article 90. Re-marriage

SSO will pay a widow(er) benefit only if the person concerned has not re-married. In case such person has re-married and the new marriage ends within one year, the person concerned will be entitled to receive a widow(er) benefit from the former spouse. In case the new marriage ends by the death of the new spouse after one year and if the new spouse is insured, the person concerned is entitled to select receiving benefit entitlements from the previous and new spouses.

Article 91. Calculation of Widow(er) Benefit

In case a pensioner dies, the widow(er) benefit shall be equal to 60% of the pension received. In case an insured person dies before receiving a pension, the widow(er) benefit will be equal to 60% of the assumed invalidity benefit of the deceased spouse.

Article 92. Combination of Widow(er) Benefit with Retirement Pension and Other Benefits

A widow(er) benefit may be combined with retirement pension or similar benefits, which combination shall not

exceed 125% of the pension. An adaptation benefit may not be combined with this type of benefits.

Article 93. Eligibility to Orphans' Benefit

Persons entitled to surviving children benefits include offspring, stepchildren and adopted children of the deceased person.

Surviving children under 18 years of age will receive an orphans' benefit. In case surviving children are undertaking studies on a continuous and full-time basis, such benefit will be payable until they reach the age of 25. If surviving children are disabled and unable to work, such benefit will be permanent.

Article 94. Orphans' Benefit and Other Benefits

Persons entitled to an orphans' benefit shall not be entitled to receive an adaptation benefit or other benefits similar to the orphans' benefit.

Article 95. Assessment of Orphans' Benefit

Each surviving child will be entitled to receive benefits equal to 20% of the pension or assumed invalidity benefit, which shall not exceed 60% of the pension or assumed invalidity benefit of the deceased person.

Surviving spouse and children benefits shall not exceed 80% of the pension or 100% of the assumed invalidity benefit.

CHAPTER 11 INVALIDITY BENEFIT

Article 96. Persons entitled to Invalidity Benefit

An insured person who is unable to perform his work due to poor health or invalidity or, in the opinion of SSO, is unable to work shall be entitled to receive an invalidity benefit.

Article 97. Eligibility to Invalidity Benefit

Insured persons shall be entitled to receive an invalidity benefit only when having contributed to the Social Security Fund for 5 years. Upon reaching 60 years of age, the invalidity benefit shall be commuted into a retirement pension in the same amount.

Persons already receiving an invalidity benefit shall not be entitled to receive a sickness benefit or other benefits for the same purposes.

Article 98. Calculation of Invalidity Benefit

The invalidity benefit shall be assessed in a similar manner as with a retirement pension. However, the number of years of invalidity until the age of retirement shall be considered as the insured years of service. From the start of invalidity to the age of retirement, insured persons shall be given pension points on an annual basis equal to pension points gained for the years prior to the invalidity.

Article 99. Caretaker Benefit

In the case of immobilized invalid persons requiring permanent care, such caretakers shall be entitled to receive a benefit as provided under Article 65 of this Decree.

Article 100. Medical Examination

Before applying for an invalidity benefit, insured persons shall be required to undergo a medical examination with a pre-selected physician. In case hospitalization is necessary for monitoring and examination, SSO shall take in charge the expenses.

Article 101. Medical Care

If a medical treatment may help improve the health status of sick persons, SSO shall disburse the costs for such medical treatment.

Medical treatment may be rejected if such treatment would cause suffering, hazard or high risk to the insured persons' health.

If the insured persons refuse to undergo treatment without justification, their invalidity benefit will be reduced or terminated.

Article 102. Health Rehabilitation

Invalid persons entitled to receive benefits from SSO shall be required to register with and undergo rehabilitation with the rehabilitation center designated by SSO. If the designated center is unable to assist in the insured persons' health rehabilitation, SSO shall send such persons to other rehabilitation centers seen as having the required capacity. All costs shall be subject to the regulations of SSO. In case of refusal to undergo rehabilitation, Article 101 of this Decree shall apply.

CHAPTER 12

GENERAL RULES ON MANAGEMENT AND BENEFITS

Article 103. Ceilings of Earnings for the Calculation of Benefit

The ceiling of insured earnings serving a reference for the calculation of benefits shall be determined from time to time by the Board of Directors of SSO.

Article 104. Adjustment of Benefit Rates

In the case of workers receiving benefits from SSO for one year and over, such benefits shall be adjusted to the fluctuating average earnings contributed to the Social Security Fund.

Article 105. Entitlement to Benefits

The targets described in this Decree shall be entitled to receive only one social security benefit, but shall be entitled to select the highest benefit rate applicable. In addition, they may also receive compensations from other sources (if any).

Article 106. Period and Entitlement to Benefits

Insured persons meeting all conditions described under this Decree shall be entitled to receive benefits immediately. Insured persons may apply for benefits in arrears within a limited timeframe, such as: within a maximum of 3 months for short-term benefits and within a maximum of 1 year for long-term benefits. In excess of such period of time, any request for benefits in arrears shall not be considered.

If a request is submitted with delay due to incomplete or incorrect information provided by SSO or a SSO Branch, SSO shall pay additional interest at the applicable bank loan rate from the day an insured person becomes entitled to benefits. If such delays arose from other reasons or due to the insured persons, no interest will be paid by SSO.

Article 107. Request for Benefit

Claims shall be made by the applicants themselves or may be filed by others in possession of such applications' evidence on their behalf. Upon the submission of a claim, SSO shall certify the documents' appropriateness with the principles.

Article 108. Period of Decision and Advance Benefit

Upon receiving a claim from an insured person, SSO shall consider and make a decision within 1 month. If, within 1 month-time, a decision may not be taken, SSO shall refer to the available documents to make advance disbursements to the applicant.

Article 109. Re-consideration of Applications

As an applicant is of the opinion that the benefit granted by SSO is not appropriate with the actual conditions, an application for re-consideration may be lodged. Upon the receipt of such application, SSO shall re-consider and reach a decision within 1 month.

Article 110. Claim for the Reimbursement of Benefits

In the case SSO has mistakenly disbursed benefits and the beneficiary is not aware that the received benefit is not correct, SSO shall not be entitled to claim the reimbursement of disbursed benefits.

In the case the benefits are mistakenly disbursed by SSO due to the intentional wrongdoing by the beneficiary or the medical care provider, SSO shall claim the reimbursement of excess or mistaken benefit within 2 years.

Article 111. Organization of Inspection Units

SSO shall establish an inspection unit within its organization. Such unit shall have the duty to control and coordinate with the parties concerned in organizing the implementation of this Decree.

Article 112. Rights and Authority of Inspectors

SSO inspectors shall have the right and duty to inspect enterprises at all times, investigate, record, make copies of all

information without removing them, the right to question persons to verify the proper implementation of this Decree. If an enterprise does not allow inspectors to perform their duties, such inspectors shall be entitled to obtain authorization from the authorities concerned.

Article 113. Inspection Measures

Inspectors shall issue warning notices to persons, enterprises or institutes concerned by setting accurate timeframes for the proper implementation of this Decree.

In case such warnings are ignored and not implemented within the set timeframe, or in case of repeated breach, inspectors shall make and submit a formal record of such breach to SSO. If such breach constitutes a criminal offense, SSO shall forward such record to the relevant agency for further process as provided under the legislation and shall simultaneously forward a copy of such record to the breaching party within 7 days.

CHAPTER 13 ARBITRATION

Article 114. Arbitration Procedures

Insured persons in disagreement with SSO's decisions are entitled to submit the matter to the Arbitration Unit, which shall consider the matter within 15 days. In the case either party does not agree to the arbitration, a petition may be lodged to the People's Court.

CHAPTER 14 FINAL PROVISIONS

Article 115. The Ministry of Labor & Social Welfare and the Board of Directors of the Social Security Organization shall be

responsible for recommending and organizing the implementation of this Decree.

Article 116. Ministries, equal ranking agencies, province governors, municipality mayor, enterprises and all entities concerned shall acknowledge and strictly implement this Decree.

Article 117. This Decree is effective from 1 July 2000. Any formerly issued decrees, decisions and regulations inconsistent with this Decree are superseded.

Vientiane, 23 December 1999
SISAVATH KEOBOUNPHAN