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SOCIAL INSURANCE
GENERAL OFFICE

HOW CAN SMALL-SCALE MINERS JOIN THE SOCIAL INSURANCE SYSTEM IN MONGOLIA?



Social Insurance Agreement

20... /year/

No...

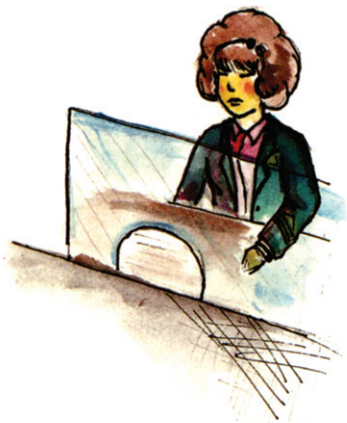
Sustainable Artisanal Mining Project
Ulaanbaatar
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This is Mr Suren, a 50-year-old small-scale miner.

Having learned about social insurance from a newspaper, Suren thinks: "I worked for eight years in state service prior to 1991. I was then self-employed for 20 years, the past five years working as a small-scale miner. In another 10 years, I will be 60 years old." Realising it was important to be insured, he rushed to the soum administration office to meet with a social insurance officer.





This is Ms Dulmaa, a soum social insurance officer.

Mr Suren meets with soum social insurance officer Ms Dulmaa.



Suren: I want to have social insurance. What are the benefits? I'm currently engaged in small-scale mining work.

Dulmaa: You can join social insurance on a voluntary basis; however, joining health insurance is mandatory. By joining social insurance:

- You are entitled to receive a pension at the age of 60.
- Also, if you are unable to work due to an injury or illness incurred while working, you can access an invalid pension or temporary disability benefits.
- In the event of death, any dependents below working age will receive survivors' welfare benefits.
- If you receive hospital treatment due to illness, the costs will be paid from the health insurance fund.



Suren: So it seems to be beneficial both for the person insured and his or her children.

Dulmaa: You're right. Would you like to be insured?

Suren: Of course. What documents do I need to apply for insurance?

Dulmaa: Only your personal identity card. How much is your monthly income?

Suren: I have an identity card. My monthly income is not fixed. It's around MNT 250,000 a month, on average.

Dulmaa: Have you ever had a social insurance book?

Suren: No.

Dulmaa: Then you need two copies of a photo.

Now, let's conclude the social insurance agreement. Based on your declared monthly income of MNT 250,000, you have to pay 12 percent or MNT 30,000 every month during the period of the agreement.

Suren: What is the 12 percent for?

Dulmaa: You will be insured in three types of volunteer social insurance. The sum of the premium rates of these three types of insurances totals 12 percent. In other words, you will pay 10 percent of your income to pension funds, 1 percent to welfare funds and 1 percent to industrial accident and occupational disease funds. Once you have been insured and paid insurance premiums for three months, you'll be entitled to receive temporary disability benefits.

Since you work in the small-scale mining, I will explain to you how disability benefit works.

Disability benefits are based on the average wage earned for the last three months of full-time employment and the payment of insurance premiums. The amount of the benefit is determined at **50 percent** of the above income if you have worked up to **5 years**, at **55 percent** if you have worked between **5 to 14 years**, and at **75 percent** if you have worked more than **15 years**.



If you have worked for eight years and three months, it is estimated at **55 percent** of the above income.

The disability benefits are estimated by the number of working days. First, let's estimate your wage or income for one working day. Your total income for three months is MNT 750,000 (250,000+250,000+250,000) and your total working days are **64** (21+21+22) days, so your income per working day would be calculated at MNT **11,718.75** (750,000 divided by 64). Your benefits for one working day would then be MNT **6,445** (11, 718.75, 55 percent). If you received hospital treatment for 20 working days, your total allowance would be MNT **128,900** as a result of multiplying the number of working days by MNT **6,445**. This is what you receive as temporary disability benefits.

Suren: Thank you very much. Social security is indeed useful. I understand that the amount of benefits is based on the number of years worked. The more years you work, the more benefits you receive. Can I ask a question, please?

Dulmaa: Of course.

Suren: One of my co-workers asked me a question about pension entitlements. What are the conditions for receiving pensions? What documents do we need to bring in order to join pension insurance?

Dulmaa: Men who have paid social insurance premiums for at least 20 years and have reached the age of 60 are entitled to receive a pension. Women who have paid premiums for at least 20 years and have reached the age of 55 are also entitled to receive a pension if they want.

Also, women who gave birth to or adopted four or more children under the age of three, brought them up to the age of six, paid social insurance for more than 20 years and have reached the age of fifty are entitled to receive a pension if they wish.

However, men and women who have reached the legal age of retirement and have paid insurance premiums for 10 to 20 years can only receive a proportional pension.

Moreover, a person who has paid premiums for more than 20 years and has worked under severe (unhealthy, extreme hot, extreme cold etc.) working conditions from seven years and six months to twelve years and six months is entitled to receive a pension between the ages of 45 and 55.

Now, let me tell you about the documents you need to bring in order to apply for pension entitlements.

- ✓ A social insurance book
- ✓ An employment record book if you worked before

1995

- ✓ A salary statement for a selected five consecutive years out of the last 20 years premiums paid
- ✓ A personal identity card
- ✓ Your children's birth certificates
- ✓ Two copies of a photo
- ✓ If your employment record book is not available, or if employment decisions or orders look corrected, you are required to bring an archival reference or court decision for a proof
- ✓ An application for a pension entitlement

Suren: Who can receive invalid benefits in terms of years worked and other eligibility criteria?

Dulmaa: A person who has paid premiums for at least 20 years or has paid premiums for three years out of five years of work before invalidity, and lost more than 50 percent of their working ability due to disease or accident, or lost the ability to work long term or became invalid, is entitled to receive invalid benefits.

If the insurance payment requirement is not met but the person has paid premiums for more than three years, he or she may receive proportional invalid benefits.

The degree and length of disability will be determined by a medical commission with labour accreditation.

Suren: Is a person who has paid welfare insurance

premiums on a voluntary basis entitled to receive maternity benefits?

Dulmaa: Yes, but the person who has paid welfare insurance premiums for more than 12 months before her pregnancy, and has paid the premium for six months without interruption, is entitled to receive maternity benefits.

Mothers who have paid premiums on a voluntary basis can also receive maternity benefits for four months at the rate of 70 percent of the average wage or income earned for the last 12 months.



Suren: What benefits can one receive if a person becomes an invalid due to an industrial accident or occupational disease?

Dulmaa: If someone who has paid premiums on a voluntary basis loses their ability to work temporarily, becomes an invalid or dies due to an industrial accident or occupational disease, he or she is entitled to receive the following pension, benefits and paid services:

- ✓ Invalid pension
- ✓ Survivors' pension
- ✓ Temporary disability benefits
- ✓ Payment of prosthesis and orthopedics from the Industrial Accident and Occupational Disease

Insurance Fund

- ✓ Payment of variable costs of nursing services for the invalid's stay in a nursing home
- ✓ The costs of transportation to and from resorts and recreation centres for patients with occupational diseases can be granted in accordance with the train and bus ticket prices effective at the time



Also, the degree and length of disability will be determined by a medical commission with labour accreditation.

Suren: What cases are considered to be industrial accidents? Who should we inform if such accidents happen?

Dulmaa: A person is entitled to receive a pension and benefits under the following conditions related to industrial accidents:

- ✓ Occurred while performing job-related duties at work or in other places,
- ✓ Occurred while fixing a work station or tools before the commencement of work or after the completion of work,
- ✓ Occurred while going to or coming from work.

In case of an industrial accident, the victim or someone who first saw the accident should inform the employer (or the soum Governor's Office).

However, the person is not entitled to receive benefits if it was proven that he or she had an accident or injury when he or she was away from their workplace without permission, if the accident occurred due to use of alcohol or drugs and the deliberate breach of safety procedures, as well as if he or she was committing a crime.

Suren: How do small-scale miners pay their health insurance premiums?

Dulmaa: Small-scale miners are classified as “self-employed citizens” who pay health insurance premiums equal to 1 percent of the income declared to the tax administration. So if your monthly income is MNT 250,000, you can pay MNT 2,500 a month or MNT 30,000 a year to the health insurance fund, and then you will be eligible to apply for medical expenses up to MNT 1,328,000 from the health insurance fund.

Suren: Ok, thank you very much. We conduct small-scale mining together with our family members and relatives. I will explain the benefits of social insurance to them and let them join. I understand very well indeed that social insurance is very beneficial when you experience unpredictable problems that come without notice.

Dulmaa: Yes, you're right. Social insurance is a social guarantee for your and our future. See you!

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