REPUBLIC OF LITHUANIA

LAW

ON STATE SOCIAL INSURANCE

CHAPTER I

General Provisions

Article 1. State Social Insurance

State Social Insurance shall be the system of social economic means established by the State, which shall provide insured residents of the Republic of Lithuania, as well as their family members in cases established by law, with finances and services necessary for living if, for reasons established by law, they are unable to subsist on their earned income or other income, or for valid reasons established by law, they have additional expenditures. State Social Insurance policy shall be implemented by organizations concerned with the interests of the insurers and the insured.

Article 2. State Social Insurance Regulations

In addition to this and other laws, State Social Insurance shall be controlled by Government-approved State Social Insurance benefit Regulations, Regulations of social insurance institutions, and Regulations for the drafting and implementation of the State Social Insurance budget.

Article 3. State Social Insurance Payments

The following payments shall be made from the State Social Insurance budget:
1) State pensions, according to the Law on Pensions of the Republic of Lithuania;
2) sickness allowances, maternity and child birth benefits, child care benefits, and funeral grants;
3) payments to the employment fund for unemployment insurance;
4) payments to defray the expenses of medical treatment and prevention.

Article 4. Persons Insured by the State Social Insurance

State Social Insurance shall be obligatory for:
1) persons working under employment;
2) deputies who are paid for work in their respective councils;
3) persons who work for organizations of a military nature (firefighters, rescuers, signalers, etc.) if they are not eligible for special social provisions under other laws;
4) members of partnerships including agricultural partnerships receiving in them income from work;
5) shareholders who receive income for their work in a stock corporation;
6) members of the College of Barristers;
7) sole proprietors;
8) farmers and members of their families who are over 18 years of age and who work on the farm.

Persons specified in items 1-6 shall be obligatory insured by all branches of State Social Insurance specified in Article 3.
Other persons enumerated in this Article shall be compulsorily insured by State pension insurance and by other branches of insurance provided for in this law. They may be insured by other branches of State Social Insurance on a voluntary basis.

Persons specified in items 1-6 shall be insured by the enterprises, institutions, or organizations of which they are employees or members, also they may be insured by themselves.

Persons who are not enumerated in this Article shall be insured by the branches of insurance provided for in this law on a voluntary basis either individually or through organizations which unite them.

Article 5. Period of State Social Insurance

The period of State Social Insurance shall be the period when a person's contributions are being paid by the person himself or are being paid for him, as well as any other period which is equaled by law to the period of State Social Insurance coverage.

CHAPTER 2

State Social Insurance Benefits

1. Sickness Allowances

Article 6. Eligibility for Sickness Allowances

Sickness allowances shall be paid:
1) in the case of incapacity for work as a result of sickness or injury;
2) in the case a family member sickness requiring nursing;
3) in the case of an epidemic;
4) during treatment at a prosthetic-orthopedic hospital;
5) in the case where a person is temporarily transferred to another workplace because he or she has contracted an occupational disease, tuberculosis, or virus.

Sickness allowances shall also be rewarded to persons who must undergo treatment in rehabilitation institutions for tuberculosis or other serious diseases which are enumerated on the list approved by the Ministries of Health Care and Social Security (part 3 of Article 24).

Article 7. The Right to Sickness Allowances

Insured persons specified in items 1-6 of Article 4 of this law shall be eligible for sickness allowances, provided that they are released from work for reasons set forth in Article 6 of this law and therefore have no income from work. This right to obtain allowances shall begin from the first day of employment (insurance).

Allowances shall be paid according to the general procedure, provided that the right to receive such allowances is acquired in the period of employment (including the probation period and the day of dismissal), and within 3 calendar days of leaving the job voluntarily or being dismissed from job with the right to discharge gratuity.

Persons who are insured pursuant to items 1-6 of Article 4 of this law and who loose their job shall be eligible for sickness allowances due to disease or injury (item 1 of Article 6), provided that they become incapable of work during the period when, pursuant to law, discharge gratuity, all wage, or a part thereof is payable, and they are incapable of work when this period ends.
Sickness allowances shall be paid on the basis of a sickness certificate which shall be issued according to the established procedure.

Article 8. The Length of Sickness Allowance Payments

Sickness allowances shall be paid to insured persons who become sick as a result of disease or injury (item 1 of Article 6) in the periods set forth in Article 7, beginning with the first day that they become unable to work (not including the days for which discharge gratuities or wages were paid), and ending with their recovery from disability or when they acquire invalid status.

Sickness allowances for part-time and seasonal workers who become sick during the period of employment contract shall be payable for no more than 30 calendar days after the employment contract expires.

Allowances for persons who are injured at work or who contract occupational disease or tuberculosis, and who are employed as part-time or seasonal workers shall be paid in the manner established in part 1 of this Article.

The length of sickness allowance payments to invalids who are still employed shall be established by the State Social Insurance Benefit Regulations.

Article 9. Sickness Allowance Payments during the Period of Vacation

If a person becomes sick as a result of disease or injury during an annual paid vacation, allowance shall be payable for all sick days from work which are authorized by a sickness certificate.

If a person becomes sick during an unpaid vacation, allowance shall be payable beginning with the day the person is to resume working.

Article 10. The Amount of Sickness Allowance

Sickness allowance shall be payable in the amount of 80 percent of the sick person's compensatory wage.

If sickness lasts for more than 30 calendar days, allowance in the full amount of the compensatory wage shall be payable from the 31st day of sickness.

A person who is injured in the workplace or who contracts an occupational disease shall be eligible for sickness allowance in the amount of his or her full compensatory wage.

Sickness allowances payable under items 1-4 of Article 6 may not be lower than the minimum wage established by the laws of the Republic of Lithuania, and calculated pro rata to the period of insured person's service or the work done.

Article 11. Calculation of Compensatory Wage

Wages which are compensated by sickness allowances shall comprise the sum of all average earnings in all places of employment wherein the person is insured, not exceeding 5 minimum wages as established by the laws of the Republic of Lithuania. The payment subject to compensation shall be calculated in compliance with State Social Insurance Benefit Regulations.

In the event of injury in the workplace or the contraction of an occupational disease, all average wage in the place of employment wherein the incident occurred shall be compensated for, regardless of earnings in other places of employment.

Article 12. Conditions Under Which Allowances Shall not be Payable
Sickness allowances shall not be payable to:
1) incapable of work persons who were injured while committing an offense;
2) persons who damage their own health or the health of their dependents, or who feign sickness, in order to avoid work or other employment;
3) persons whose sickness is the result of alcoholism, drug addiction, or the use of toxic substances.

In cases where a person voluntarily undergoes inpatient treatment for alcoholism, drug addiction, or toxicomania, sickness allowances shall be payable for no longer than 14 calendar days of a calendar year.

Persons who violate the treatment or nursing regime administered by a physician, or who, without a valid reason, fail to report to a physician or to a lawfully established examination of working-capacity, shall either not be paid their allowances, or shall have their allowances terminated, according to the procedure established by the State Social Insurance Benefit Regulations.

Article 13. Sickness Allowances for Nursing Family Members

Allowances for nursing sick family members shall be payable only upon certification from a physician that the person must be nursed.
Allowances shall be paid for nursing family members for no longer than 7 calendar days.
Allowances shall be paid for nursing sick children under 14 years of age for no longer than 14 calendar days.
Allowances shall be paid for nursing inpatient sick children under 5 years of age for the entire period of nursing.

Article 14. Sickness Allowances During Epidemic

If a quarantine is being enforced in the nidus of a particularly dangerous infection, allowances shall be payable to employees who are removed from work.

Insured persons who are temporarily removed from work by a State hygienist because they are carrying an infection, and who cannot be transferred to another place of employment, shall be paid sickness allowances during the entire period of removal from work; these payments shall be calculated only on the basis of the compensatory wages which they received in the place of employment from which they were removed.

When State hygienists enforce regimes in order to confine the spread of an infection in children's institutions, and a need for child care arises as a result, allowances shall be payable in the same manner as for nursing family members, pursuant to part 2 of Article 13.

Article 15. Allowances Payable to Inpatients of Prosthetic-Orthopedic Hospitals

When an insured person undergoes treatment in a prosthetic-orthopedic hospital, allowances shall be payable for the entire period of hospitalization, as well as for travel to and from hospital.

Article 16. Allowances Payable upon Job Transferral

Insured persons who are temporarily unable to perform their work as the result of occupational diseases, tuberculosis, or because they are carriers of an infectious disease (item 5 of Article 6), but who can perform other work without violating the
prescribed treatment and thus, pursuant to medical findings, may be transferred to another job, shall be paid allowances for the entire period of employment in the temporary place of work, but for no longer than two months, and in such an amount that the sum of the benefit and the wage at the temporary place of work does not exceed the average wage at the original place of work.

CHAPTER 2

2. Maternity Allowance

Article 17. Maternity Allowance

Maternity allowance shall be payable to women insured pursuant to items 1-6 of this Article from the State Social Insurance resources.

Maternity allowance shall also be payable to women on child-care leave.

Women who go through child-birth after 28 weeks or more of pregnancy shall receive allowances for 70 calendar days preceding delivery and 56 calendar days after delivery. In cases of complicated deliveries or if more than one child is born, allowance shall be payable for 70 calendar days after delivery. Women who go through child-birth after 22 weeks of pregnancy shall be paid allowance for 28 calendar days after delivery (if the child is living, allowance shall be payable for 56 days after delivery).

Maternity allowance shall be paid in the amount of the recipient's full compensatory wage.

Women who are dismissed from work as the result of the liquidation of an enterprise, office, or organization during pregnancy or maternity leave shall be paid maternity allowances in the manner established in parts 2 and 3 of this Article, provided that discharge gratuities or wages are not being paid at that time.

3. Child Care Benefits

Article 18. Child Care Benefits

Child care benefits from State Social Insurance resources shall be payable:

1) if at least one of the parents is insured by State Social Insurance pursuant to items 1-6 of Article 4 of this law;
2) if a mother is insured pursuant to items 1-6 of Article 4 of this law, and is dismissed from work as the result of the liquidation of her place of employment while she is pregnant or while she is on child-care leave for a child under 3 years of age.

Article 19. The Length and Amount of Child Care Benefit Payments

Child care benefits for children under 18 months of age shall be paid for each child in the amount of the minimum standard of living.

Child care benefits for children between the 18 months and 3 years of age shall be paid for each child in the amount of half of the minimum standard of living. Child care benefits shall also be payable if the recipient is employed.

Article 20. The Right to Funeral Grant
Funeral grant shall be payable upon the death of the insured person (Article 4) or his or her dependent.

Upon the death of the insured person, funeral grant shall be payable to his or her family members or to the persons who defray funeral expenses.

Upon the death of an insured person's family member, benefits shall be payable to the insured person.

Funeral grant shall not be payable if funeral expenses are defrayed by the State or local authorities.

Article 21. The Amount of Funeral Grants

Funeral grant shall be payable in the amount of 3 times the minimum standard of living.

Article 22. The Payment of Benefits Upon the Death of the Eligible Recipient

Sickness allowance and maternity allowance which are not received by the day of death of the recipient shall be payable to the recipient's family members as well as to sick persons who are dependents of the recipient.

Child care benefits for children under 3 years of age which are not received by reason of death of the eligible recipient shall be payable to the living parent or to the guardian of the child.

Such benefits shall not be ascribed to property subject to inheritance.

CHAPTER 3

Payments to defray medical treatment and prevention expenses

Article 23. Reimbursement of Medical Treatment and Prevention Expenses

Children under 1 year of age of insured persons specified in Article 4 of this law, as well as insured persons who lose their jobs with the right to discharge gratuity or unemployment benefits, shall be reimbursed for the cost of all necessary medicine and medical treatment (according to an approved list) used during out-patient treatment from State Social Insurance resources.

80 percent of the cost of all necessary medicine and medical treatment (according to an approved list) used during out-patient treatment shall be reimbursed from State Social Insurance resources to:

1) children between the ages of 1 and 7 of persons specified in Article 4 of this law, as well as to children of said age of insured persons who lose their jobs with the right to discharge gratuity or unemployment benefits;

2) not working pensioners who receive State Social Insurance pensions and who are 65 years of age or older;

3) Group I and II invalids who are eligible for State Social Insurance pension.

In case of an illness enumerated in the official list of diseases approved by the Ministries of Health Care and Social Security, the insured persons specified in Article 4 of this law as well as disabled and dependent members of their families shall be reimbursed for the cost of all necessary medicine and medical treatment from State Social Insurance resources.

The list of necessary medicine and medical treatment shall be approved by the Ministry of Health Care and the Ministry of
Social Security.

Article 24. Sanatorium Vouchers

Expenses for sanatorium vouchers shall be reimbursed according to standard daily prices for sanatorium treatment. These prices shall be approved in the manner established by the Government of the Republic of Lithuania.

Sick children under the age of 7 and invalid children under the age of 16 of insured persons who are specified in Article 4 of this law shall be reimbursed from State Social Insurance resources for the total standard cost of the entire period of treatment in a sanatorium, provided that they go to a sanatorium with a separate voucher. If they go to a sanatorium with a joint voucher (for the child and the insured person), 90 percent of the total cost shall be reimbursed.

After being sent for final treatment for a disease enumerated in the official list of diseases of the Ministries of Health Care and Social Security, the following persons shall be fully compensated for the standard price of sanatorium treatment from State Social Insurance resources:

1) insured persons specified in items 1-6 of Article 4;
2) persons who were insured under items 1-6 of Article 4 of this law and who have lost their job, if they are medical treatment was administered while receiving discharge gratuity or sickness allowance granted during the period of employment;
3) persons receiving State Social Insurance pension;
4) dependents of persons specified in items 1-3 of this Article.

In other cases, persons specified in items 1-6 of Article 4 shall be eligible for reimbursement of 50 percent of the standard daily cost of sanatorium treatment from the resources of State Social Insurance, whereas persons receiving State Social Insurance pensions shall be eligible for reimbursement of 80 percent of the standard cost.

Article 25. Reimbursement for Unpaid Vacations of Blood-Donors

Blood-donors who give blood gratuitously shall be compensated in the amount of the average wage of 3 days from the resources of the State Social Insurance. Blood-donors who are paid to give blood shall be compensated for an average 2-day wage.

Article 26. Reimbursement for Transportation Expenses

Insured persons specified in items 1-6 of Article 4 who are entitled to acquiring a special car by the appropriate invalidity examination commissions, shall be compensated for transportation expenses in the amount of 75 percent of the minimum monthly standard of living, regardless of whether they have acquired such a car or not.

Article 27. Conditions Under Which Medical Treatment and Prevention Shall not be Reimbursed

Insured persons shall lose the right to compensation from the resources of the State Social Insurance, specified in Articles 23-26 in cases defined in Article 12.
Article 28. The State Social Insurance Budget

State Social Insurance finances of the Republic of Lithuania shall chiefly be based on the independent State Social Insurance budget of the Republic of Lithuania, which is included in neither the State Budget nor local government budgets. The budget of State Social Insurance of the Republic of Lithuania and its annual statement shall be approved by the Government of the Republic of Lithuania.

The State Social Insurance budget of the Republic of Lithuania shall be drafted for a calendar year. The budget as well as its annual statement shall be made public according to the procedure established by the Government of the Republic of Lithuania.


Article 29. The Relationship Between the State Social Insurance Budget and the State Budget of the Republic of Lithuania

Appropriations from the State Budget shall be allocated for State Social Insurance if, as a result of laws adopted by the Supreme Council of the Republic of Lithuania, or for other unforeseen reasons, the State Social Insurance expenditures either increase or its revenue decreases, while social insurance contribution rates remain unchanged.

Article 30. The State Social Insurance Budget Revenue

The revenue of the State Social Insurance budget shall consist of:
1) compulsory State Social Insurance contributions paid by legal and natural persons;
2) the revenue of the State Social Insurance Board activities;
3) appropriations from the State Budget, allocated pursuant to Article 29 of this law.

Article 31. State Social Insurance Budget Outlays

State Social Insurance budget outlays shall consist of:
1) State Social Insurance pensions;
2) State Social Insurance benefits;
3) deductions to the employment fund in the amount established by the Government;
4) compensations for medical treatment and prevention (Articles 23-26); and
5) expenditures for the maintenance of State Social Insurance institutions.

Article 32. The State Social Insurance Reserve Fund

The State Social Insurance reserve fund shall be formed within the State Social Insurance budget, and shall consist of an amount established while approving the State Social Insurance budget. Its resources, upon the decision of the State Social Insurance Board, shall be used to defray unforeseen expenditures, excepting administrative expenditures.

Article 33. Working Cash Assets
Working cash assets shall be created within the State Social Insurance budget. It shall comprise the budget surplus, and if that is insufficient, the planned revenue as well. The amount of working cash assets shall be established while approving the State Social Insurance budget.

Working cash assets shall be used to defray temporary cash income deficiencies and must be restored by the end of the budget year.

Article 34. State Social Insurance Contributions

Persons specified in items 1-6 of Article 4 shall pay a part of their State Social Insurance contribution from their personal income, while the remainder of the contribution shall be met by the resources of the enterprise, office, or organization wherein the person is employed. Contributions shall be based on the wage, salary or other income of the person, and shall be calculated according to the Regulations for the drafting and execution of the State Social Insurance budget.

Persons specified in items 7 and 8 of Article 4 shall pay State Social Insurance contributions based on the sum of State Social Insurance which they have declared. This sum may not be less than the minimum wage established by the laws of the Republic of Lithuania.

Persons specified in items 7 and 8 of Article 4 shall not be obliged to pay State Social Insurance contributions if their income subject to taxation under the laws of the Republic of Lithuania (calculated before deducting State Social Insurance contributions) is less than the minimum wage established by the laws of the Republic of Lithuania, or if their income is tax exempt according to the lawfully established procedure.

Periods during which a person does not pay State Social Insurance contributions shall not be included in State Social Insurance periods.

Article 35. State Social Insurance Contribution Rates

The rates of the compulsory State Social Insurance contributions shall be established by the Government of the Republic of Lithuania.

The rates of State Social Insurance contributions which are paid by persons specified in Article 4 of this law from their personal income shall be established by the Supreme Council of the Republic of Lithuania.

Article 36. Procedure for the Payment of State Social Insurance Contributions

State Social Insurance contributions shall be calculated and paid to the State Social Insurance budget by the payer (the insurer).

Insurers -- enterprises, institutions, and organisations wherein insured persons specified in items 1-6 of Article 4 are employed, shall calculate, deduct, and pay contributions to the State Social Insurance budget from the income of said insured persons.

The procedures and deadlines for the payment of contributions shall be provided for in the Regulations for the drafting and execution of the State Social Insurance budget.

Article 37. Responsibility to State Social Insurance

Legal or natural persons through whose fault State Social Insurance institutions must make certain insurance payments, or whose actions harm State Social Insurance property, must
compensate for this damage in the manner established by law.

Article 38. Liability for the Fair Payment of Contributions

Persons who fail to pay contributions to the State Social Insurance budget by the due date shall be liable for 0.5 percent daily interest until the contributions are paid.

If the contributions of the insurer and persons insured by them are not transferred into the State Social Insurance budget on time, State Social Insurance institutions shall recover the premiums from legal persons without suing for claims, and from natural persons, in court.

If contributions are reduced unlawfully, the total sum by which the contributions were reduced and the penalty equal to this sum doubled shall be recovered into the State Social Insurance budget. The unpaid sum and the penalty shall be sought from legal persons without suing for claims, and from natural persons in court, but only for a period not exceeding the preceding 2 years.

CHAPTER 5

Administration of state social insurance

Article 39. The Administrative System of State Social Insurance

The administrative system of State Social Insurance in the Republic of Lithuania shall consist of:
1) the Ministry of Social Security of the Republic of Lithuania;
2) institutions authorised to implement State Social Insurance;
3) the insurers.

Article 40. The State Social Insurance Council

The State Social Insurance Council shall be established under the Ministry of Social Security.

The Council shall comprise the Minister of Social Security, one representative of the Ministry of Health Care, one representative of the Ministry of Finance, two representatives of institutions authorised to implement State Social Insurance, and no more than three representatives of associations supporting the interests of the insured and the insurers.

The members of the Council shall be appointed by the Government, on the recommendation of the Minister of Social Security.

The State Social Insurance Council shall:
1) establish the prospective and current objectives of State Social Insurance;
2) submit proposals to the Government concerning the rates of State Social Insurance contributions;
3) draft the State Social Insurance budget and submit it to the Government for approval;
4) approve the norms of State Social Insurance institution personnel;
5) resolve other issues prescribed by the Regulations of social insurance institutions.

Article 41. Institutions Authorised to Implement State Social Insurance

The Ministry of Social Security shall authorise:
1) the State Social Insurance Board to organise and conduct State Social Insurance throughout the Republic of Lithuania;
2) other institutions to implement State Social Insurance.

Article 42. The State Social Insurance Board

The State Social Insurance Board shall be a nonprofit State institution which shall:
1) implement the State Social Insurance budget of the Republic of Lithuania;
2) delegate the execution of State Social Insurance to the insurers;
3) conclude agreements with other institutions which are authorised to implement State Social Insurance;
4) be responsible for timely provision of insurance protection prescribed by this law;
5) carry out other activities provided for in the Regulations of social insurance institutions.

The Board shall be directed by the State Social Insurance Council.
The director of the Board shall be appointed by the State Social Insurance Council.
The Board shall function according to the Regulations of the State Social Insurance institutions.

Article 43. Local Institutions of the State Social Insurance Board

Local departments of the State Social Insurance Board shall be established in rural areas and towns, which shall be directly responsible for:
1) the collection of State Social Insurance contributions;
2) timely and accurate pension payment;
3) executing other functions provided by the Regulations of State Social Insurance institutions.

The State Social Insurance Board and the local departments thereof are legal persons and shall have the seal with the State emblem of the Republic of Lithuania.

Article 44. The Duties of the Insurers

Insurers who have to pay State Social Insurance contributions on behalf of insured persons specified in items 1-6 of Article 4 of this law, as well as persons enumerated in items 7 and 8 of Article 4, must register themselves with the local departments of the State Social Insurance Board.
The insurers shall be responsible for the timely and accurate calculation and payment of contributions into the State Social Insurance budget.
The insurers shall pay the State Social Insurance benefits to the insured according to the procedures provided by the State Social Insurance Benefit Regulations.

Article 45. The Right of State Social Insurance Institutions to Exert Control

State Social Insurance institutions authorised to implement State Social Insurance shall have the right to check the documents on which the contributions and payments administered by them are based.

While exercising State Social Insurance control, officers of State Social Insurance institutions shall have the rights provided for in Article 4 of the Law of the Republic of Lithuania on the State Tax Inspectorate.

Claims of the insurers and of the insured concerning the actions of officers of State Social Insurance institutions who
are exerting control shall be resolved by head (or deputy head) of the appropriate institution, while claims concerning the actions of the latter officers shall be resolved by the State Social Insurance Board. Applicant who disagree with the decision of the Board shall have the right to appeal to court within 10 days.

Article 46. The Settlement of Disputes Arising from Legal Relations of State Social Insurance

Disputes between insurers and State Social Insurance institutions shall be settled by the State Social Insurance Board, the State Arbitration, or the court.

Disputes between the insured and the insurers or State Social Insurance institutions concerning pensions, benefits, or other means of insurance protection shall be settled pursuant to the law on pensions as well as other laws, and in accordance with the procedures provided for in the State Social Insurance Benefit Regulations.

Vytautas Landsbergis
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