

Panama

Exchange rate: U.S.\$1.00 equals 1 balboa.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1941.

Current laws: 1954 and 1991.

Type of program: Social insurance system.

Coverage

Employees and domestic workers.

Voluntary coverage for the self-employed.

All foreign workers are covered except for those working in Panama for less than 2 months under a foreign employment contract.

Public-sector employees are covered under the general system as well as a special system.

Exclusions: Agricultural workers employed for less than 3 months annually and family members working for a family business.

Occasional and seasonal workers are to be covered under subsequent regulation.

Source of Funds

Insured person: 6.75% of earnings.

Employer: 2.75% of payroll.

Government: A percentage of contributions (1.04% of payroll for the administration of old-age, disability, and survivor benefits; sickness and maternity benefits; and work injury benefits) and the proceeds of an earmarked tax on alcohol, plus no less than 20.5 million balboas a year.

Qualifying Conditions

Old-age pension: Age 62 (men) or age 57 (women) with 180 months of contributions. Retirement is necessary.

Disability pension: A loss of 2/3 of earning capacity, with 36 months of contributions including 18 months during the last 3 years; a total of 180 months of contributions.

Disability grant: The insured does not meet the qualifying conditions for a full pension but has at least 12 months of contributions, including 6 contributions in the year prior to the onset of disability.

Survivor pension: The insured met the qualifying conditions for the disability pension or was a pensioner at the time of death.

Old-Age Benefits

Old-age pension: 60% of average earnings during the best 7 years of earnings, plus 1.25% of earnings for every 12-month period of contributions in excess of 180 months.

Deferred pension: An additional 2% of earnings for every 12-month period of contributions after the retirement age.

Dependents' supplements (at the normal retirement age): Twenty balboas a month for a wife, 10 balboas for each child under age 18 (no limit if disabled); up to a maximum of 100 balboas.

The minimum monthly pension is 175 balboas.

The maximum monthly pension with 25 years of coverage and average earnings of 1,500 balboas a month is 1,500 balboas.

The pension plus dependents' supplements cannot exceed 100% of average earnings used for the pension calculation.

Benefit adjustment: Pensions are adjusted on an ad hoc basis depending on economic conditions.

Permanent Disability Benefits

Disability pension: 60% of average earnings during the best 7 years of earnings, plus 1.25% of earnings for every 12-month period of contributions in excess of 180 months. If total coverage is less than 7 years, the pension is based on 60% of average earnings during the period credited.

Dependents' supplements: Twenty balboas a month for a wife, 10 balboas for each child under age 18 (no limit if disabled); up to a maximum of 100 balboas.

The minimum monthly pension is 175 balboas.

Disability grant: A lump sum is paid equal to 1 month's pension for every 6-month period of contributions.

Benefit adjustment: Pensions are adjusted on an ad hoc basis depending on economic conditions.

Survivor Benefits

Survivor pension: 50% of the pension paid or accrued to the insured is paid to a widow age 57 or disabled or caring for a child. A limited pension is paid to other widows for 5 years only. The pension is also payable to a dependent disabled widower.

Orphan's pension: 20% of the insured's pension for each orphan under age 14 (age 18 if a student; no limit if disabled); 50% if a full orphan.

Other dependents (in absence of above): The insured's mother or aged or disabled father receives 30% of the insured's pension; eligible brothers and sisters receive 20% of the insured's pension until age 14.

The maximum survivor pension is 100% of the insured's pension.

Funeral grant: 300 balboas.

Benefit adjustment: Pensions are adjusted on an ad hoc basis depending on economic conditions.

Administrative Organization

Ministry of Health is responsible for national health policy.

Managed by a board of directors with tripartite representation and a director general with an advisory board for technical advice, the Social Insurance Fund administers the program.

Sickness and Maternity

Regulatory Framework

First law: 1941.

Current law: 1954.

Type of program: Social insurance system. Cash and medical benefits.

Coverage

Employees in private and public employment and domestic workers.

Voluntary coverage for the self-employed.

Pensioners are covered for medical benefits.

Exclusions: Agricultural workers employed for less than 3 months annually and family members working for a family business.

Temporary workers and seasonal workers will be covered by subsequent regulations.

Source of Funds

Insured person: 0.5% of earnings. Pensioners contribute 6.75% of the pension.

Employer: 8% of payroll.

Government: A percentage of contributions (1.04% of payroll for the administration of old-age, disability, and survivor benefits; sickness and maternity benefits; and work injury benefits) and the proceeds of an earmarked tax on alcohol.

Qualifying Conditions

Cash sickness benefits: Six months of contributions during the last 9 months.

Cash maternity benefits: Nine months of contributions during the 24 months preceding the seventh month of pregnancy.

Medical benefits: Currently covered or a pensioner. In case of unemployment, coverage continues for 3 months after the end of employment (24 months for those with 180 months of contributions).

Sickness and Maternity Benefits

Sickness benefit: 70% of average earnings during the previous 2 months. The benefit is payable after a 3-day waiting period for up to 52 weeks for one illness.

Maternity benefit: 100% of average earnings in the last 9 months, payable for up to 6 weeks before and 8 weeks after the expected date of childbirth.

Workers' Medical Benefits

Benefits include general and specialist care, surgery, hospitalization, laboratory services, medicines, dental care, and maternity care.

Medical services are normally provided directly through the facilities of the Social Insurance Fund or are provided by the Ministry of Health, with the cost reimbursed. In special cases, including those in which the Fund or Ministry have no facilities, the cost of private care obtained in the country or abroad may be reimbursed in part or in full, with the authorization of the Fund.

There is no limit to duration if the medical service is necessary.

Dependents' Medical Benefits

Benefits include general and specialist care, surgery, hospitalization, laboratory services, medicines, and dental care. Benefits are provided to the insured's wife and children under age 18 (age 25 if a student or disabled), a dependent mother, a disabled father, or parents over age 60.

Administrative Organization

Ministry of Health is responsible for national health policy.

Managed by a board of directors with tripartite representation and a director general with an advisory board for technical advice, the Social Insurance Fund administers the program.

Social Insurance Fund operates its own hospitals and other medical facilities in larger cities.

Work Injury

Regulatory Framework

First law: 1916.

Current law: 1970.

Type of program: Employer-liability system, involving compulsory insurance with a public carrier.

Coverage

Employees in private and public employment.

Source of Funds

Insured person: None.

Employer: Total cost met through the payment of insurance premiums. The cost of premiums varies with the assessed degree of risk. The average premium is 1.7% of payroll.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Permanent Disability Benefits

Permanent disability pension: 60% of earnings, if 100% disabled.

The minimum monthly pension is 175 balboas.

The maximum monthly pension is 1,000 balboas.

Partial disability: The pension is in proportion to the assessed degree of disability. The pension may be increased if the assessed degree of disability is greater than 35%; may be paid as a lump sum if the assessed degree of disability is 35% or less.

Benefit adjustment: Benefits are reviewed every 2 years.

Workers' Medical Benefits

General and specialist care, surgery, medicines, hospitalization, and appliances.

Survivor Benefits

Survivor pension: A widow or a disabled widower receives 25% of the insured's earnings for life; 30% if the survivor is the sole beneficiary or is disabled.

Orphan's pension: 15% of the insured's earnings for one orphan, 25% for two, 35% for three, and 40% for four or more orphans under age 18. Full orphans receive 15% each for two or more children under age 18.

Other dependents (in order of priority): The insured's mother may receive between 20% and 30% of the insured's earnings in the absence of a surviving wife or children. The pension is payable for 10 years. Brothers or sisters under age 18 (no limit if disabled) and other aged or disabled or older relatives up to great grandparents receive 10% each, up to a maximum of 30%. The pension is payable for 6 years.

The maximum total survivor pension is 75% of the insured's earnings. Pensions that take the total above the maximum are reduced proportionately.

Funeral grant: 300 balboas.

Administrative Organization

Managed by a board of directors with tripartite representation and a director general with an advisory board for technical advice, the Social Insurance Fund administers the program.

Ministry of Health is responsible for national health policy.

Unemployment

Regulatory Framework

No statutory benefits are provided. (Under the 1972 Labor Code, workers are entitled to a severance payment at the end of the labor contract.)