

# Market and Benchmark Insight Report for Kazakhstan – 2021

Competitive benefit norms for mid-market employers in Kazakhstan

## Introduction

MAI CEE group was founded in Hungary in 1991, and for 30 years, has provided insurance solutions and employee benefits consulting across Eastern Europe, the Commonwealth of Independent States, and the Caucasus region. With steady growth, MAI CEE now provides insurance advice and services to the 29 countries in the region while having a physical presence in 25.

Today, MAI CEE is the leading insurance broker in the region and enjoys strong and long-lasting ties with its associate Partners. The company prides itself on delivering excellent service with the highest levels of integrity to its clients and partners.

It has specialist divisions to assist multinational businesses as brokers with specific expertise in employee benefits, construction and real estate, cyber, marine and logistics, and claims. MAI-CEE's employee benefits consulting services include:

- A separate Employee Benefits Department Personal Manager for each client
- Significant staff experience ranging from three to 20 plus years in employee benefits management
- Effective resolution of all disputed issues during the insurance period, contract follow-up support, and advocacy for clients' interests
- Complimentary review of clients' existing insurance coverage and recommendations to improve financial and medical efficiencies
- Ongoing contract review to maintain quality and ensure client satisfaction

MAI CEE is proud to be an Asinta Partner and hopes this document is of use to you.



## Inside

Kazakh Benefits Landscape .....	2
Kazakh Benefits Menu .....	2
Insured Benefits – Design and Typical Costs ...	4
Setting Up Policies .....	6
Onboarding and Policy Administration .....	7
MAI CEE Group Team .....	7



## 1. Kazakh Benefits Landscape

Employee benefits are important in Kazakhstan because they help recruit and retain employees and shape an employers' brand. However, they vary substantially based on a company's attraction and retention goals, culture, and industry.

Three other factors influence the definition of the benefits' design

- Industry type
- Salary level
- Location

### 1.1 Industry type

Benefits vary widely according to industry type. For example, we see generous benefits in the financial services, high-tech, and professional services sectors. However, in the retail and hospitality sectors, benefits are far lower.

Global companies are more likely to protect their employees from risks.

### 1.2 Salary Levels

Salary levels will impact benefit provision. In lower-paid industries, you may find only senior managers receive supplemental employee benefits, or the company has only mandatory insurance lines.

### 1.3 Location

The location of employees can influence benefit provision and salaries, mostly in Almaty/Nur-Sultan, the companies are more interested in benefits for employees than in Kokshetau.

## 2. Kazakh Benefits Menu

Kazakhstan adopted the Social Protection Floors Recommendation, 2012 (No. 202) at the 101st session of the International Labor Conference in Geneva (Switzerland). As a result, the government took measures to strengthen the social protection system, and significant progress has been made in implementing social policy.

Also, since 2020 the mandatory social health insurance has started its implementation in Kazakhstan. The basis for the mandatory health insurance system is equal access to a package of services, regardless of the insured contribution amount. However, clients prefer to conclude voluntary health insurance to expand the mandatory coverage in private health care facilities.

Compulsory personal accident policy covers employees in case of accidents at work while protecting the employer. In addition, other social benefits are being more and more valued, such as company cars and meal plans.

The table below outlines the range of benefits typically available to employees in Kazakhstan.

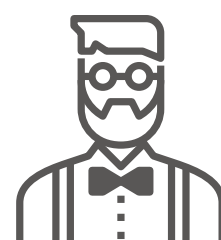
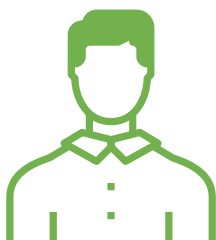




# 2021 Market and Benchmark Insight

## 2.1 Mandatory Benefits

Benefit	Comments
<b>Workers' Compensation Insurance/ Employer's Liability</b>	<p>All employees are covered for accidents at work through coverage with an insurance company. There is no waiting period.</p> <p>This is a monthly insurance payment, due to the employee as compensation of damage, related to loss of earnings (income) by the employee in connection with the degree of loss of occupational capacity from 30% to 100% inclusively shall be carried out by the insurer.</p> <p>The amount of average monthly earnings (income), considered for calculation of lost earnings (income), subjected to compensation shall not exceed ten-fold the amount of minimum earnings, established on the relevant financial year by the republican budget law, on the date of conclusion of the agreement of compulsory insurance of an employee from accidents.</p> <p>The amount of insurance payment shall be carried out less of the social payment in the case of loss of capacity from the State fund of social insurance.</p> <p>The total amount of insurance payments on the compensation of additional expenses caused by injury to health shall not exceed the following amounts (in the monthly calculation indices, established on the relevant financial year by the republican budget law):</p> <ol style="list-style-type: none"> <li>1) Upon establishment of the degree of loss of occupational capacity from 30%-59% inclusively – 500</li> <li>2) Upon establishment of the degree of loss of occupational capacity from 60%-89% inclusively – 750</li> <li>3) Upon establishment of the degree of loss of occupational capacity from 90%-100% inclusively – 1000</li> </ol>
<b>Annual Leave</b>	<p>Employees are entitled to at least 24 calendar days of paid leave each calendar year, two weeks of which must be consecutive. An additional paid annual leave of at least 6 calendar days should be given to certain employees:</p> <ul style="list-style-type: none"> <li>• Engaged in heavy work</li> <li>• Work under harmful/hazardous conditions</li> <li>• Category one and two disabled</li> <li>• For other categories of employees, the provision of additional annual paid leave and its minimum duration may be established by the laws of Kazakhstan</li> </ul>
<b>Health Insurance</b>	<p>Kazakhstan has moved towards a single-payer, universal health care system partially funded through the government's budget and partially by employers and employees.</p> <p>As of 2020, employers must contribute 2% of payroll. In addition, employees must contribute 2% of their wages as of 2021.</p>





# 2021 Market and Benchmark Insight

## 2.2 Wider Benefit Provision

In addition to the mandatory benefits, employers will often provide a range of benefits to help recruit and retain employees. The most common perks are shown below.

Benefit	Comments
<b>Company Cars</b>	A small number of employees receive company-financed cars and/or fuel.
<b>Meal Allowance Cards</b>	Usually meal vouchers for employees.
<b>Housing Allowance</b>	Includes 2 types of allowance: <ul style="list-style-type: none"> <li>• Employer's contribution to rent</li> <li>• Cost of utilities</li> </ul>
<b>Sports activities, education reimbursement</b>	Some employers contribute to the cost of employee education or fitness/gym classes.
<b>Flexible Benefits</b>	Employees select several types of benefits from a menu, most of them being tax efficient.
<b>Work from Home</b>	More employers are offering this, especially in the technology sector.

## 3. Insured Benefits – Design and Typical Costs

This table highlights the most popular insured employee benefits in Kazakhstan and their typical levels of cover.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
<b>Medical Insurance</b>	Includes mandatory and voluntary medical insurance. Mandatory insurance is provided by the government and is funded by contributions from salary. Voluntary medical insurance expands the mandatory coverage in private health care facilities. Employees have access to a network of healthcare providers organized by the insurance company with the respective insurance card.	Only employees are covered.	Family members (spouse and children) can also be covered at employee's expenses.	All staff and dependents are covered at the employer's expense.
<b>Life &amp; Disability Insurance</b>	Typically, group life insurance schemes include lump sum benefits in death, accidental death and disability, accidental injuries and usually amount to a multiple of each employee's salary.	Only senior staff are covered. Sum insured equal to 1 annual salary.	All staff is covered. Sum insured equal to 1-2 annual salaries.	All staff is covered. Sum insured equal to 2-3 annual salaries.



# 2021 Market and Benchmark Insight

<b>Pension Plan</b>	<p>The multi-level pension system, consisting of basic, mandatory and voluntary levels.</p> <p>Also, there is a pension annuity in Kazakhstan that allows the aged insureds to receive their pension before the retirement age. A pension annuity concludes between the insurance company and individual clients. However, it is not very common in Kazakhstan.</p>	<p>The first level (basic) is the state's basic pension payment.</p>	<p>The second level (mandatory) – pensions from the solidarity system (the republican budget) and the Unified Accumulative Pension Fund at the expense of mandatory pension contributions.</p> <p>Contribution equals 10% of each employee's salary.</p>	<p>The third level (voluntary) – payments from voluntary pension contributions.</p> <p>Contribution is more than 10% of each employee's salary.</p> <p>Or pension annuity.</p>
<b>Personal Accident</b>	<p>Death and disability coverage due to professional or extra-professional accidents. Also, bodily injuries may be covered.</p>	<p>Only senior staff is covered.</p>	<p>Only senior staff and employees with the most hazardous jobs are covered.</p>	<p>All staff is covered.</p>
<b>Critical Diseases</b>	<p>Disease first diagnosed on the ground of objective symptoms after the insurance contract has come into force.</p> <p>It also includes the organization of treatment in Kazakhstan or abroad, payment for treatment, travel and accommodation costs.</p>	<p>Only senior staff is covered.</p> <p>Only oncological diseases.</p>	<p>All staff is covered.</p> <p>Only oncological diseases.</p>	<p>All staff is covered.</p> <p>May include oncological diseases, cardio surgery, neurosurgery, transplantation, etc.</p>
<b>Workers' Comp Insurance</b>	<p>Mandatory cover by law, it is nevertheless a benefit for the employees.</p> <p>This is a monthly insurance payment, due to the employee as compensation of damage, related to loss of earnings (income) by the employee in connection with the degree of loss of occupational capacity from 30% to 100% inclusively shall be carried out by the insurer.</p>	<p>All staff must be covered, and the level of coverage is identical to all and determined by the applicable legislation.</p>		



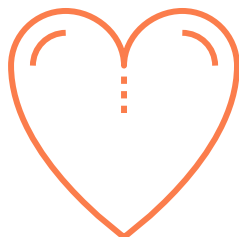
## 4. Setting Up Policies

### 4.1 Medical Insurance

- Definition of the plan's design – selection of covers (in-hospital, outpatient, dental, medicines, and other secondary supplemental covers), its respective annual limits per person, and eligibility
- Up to 10 lives, the available options are standard modules for several insurance companies. Over 10 lives, it is possible to go for a tailor-made plan.
- Paperwork
  - Employer must complete and sign a specific form and fulfill a specific Excel sheet provided by the insurance company with employees' data (and dependents if applicable)

### 4.2 Life & Disability Insurance

- Definition of the plan's design – selection of covers (death, disability, accidental death, accidental disability, bodily injuries, and other secondary supplemental covers), sum insured per person (a multiple of salary), and eligibility.
- Insuring base salary, and not bonuses or other remuneration, is the most common.
- Paperwork
  - Employer must complete and sign a specific form
  - Employees must complete and sign a specific form with their personal data, a health questionnaire, and identification of their beneficiaries
  - Waiving employee completion of these forms is possible under some circumstances on a case-by-case basis



### 4.3 Pension Annuity

- Definition of the plan's design – amount of the pension savings, insured's DOB, etc.
- Paperwork
  - Employees must complete and sign a specific form with their personal data and identification of their beneficiaries in case of death
  - Waiving employee completion of these forms is possible under some circumstances on a case-by-case basis

### 4.4 Personal Accident

- Definition of the plan's design – selection of covers (accidental death, accidental disability, treatment expenses, funeral expenses, and other secondary supplemental covers), sum insured per person a multiple of salary and eligibility
- Paperwork
  - Employer must complete and sign a specific form
  - Employees must complete and sign a specific form with their personal data and identification of their beneficiaries in case of death
  - Waiving employee completion of these forms is possible under some circumstances on a case-by-case basis

### 4.5 Workers' Compensation Insurance

- Benefit levels are pre-determined by law. All employees must be covered
- Costs vary according to the employers' activity (or its main activity, in case there is more than one), staff schedule, and salaries
- Paperwork
  - Employer should provide the staff schedule and company registration number



## 5. Onboarding and Policy Administration

### Onboarding

The onboarding process usually includes communications with employees. MAI CEE starts with presenting the employee benefits plan to the staff and provides every insured with instructions, coverage details, and what to do with claims. Next, employees receive the contact information for their MAI CEE broker, who can answer their questions directly.

### Policy Administration

As advisers, MAI CEE provides full policy administration support, including answering queries, ensuring policies are up to date, and claims support.

Benefits are administered on an in-house developed IT platform, which gives your broker the updated status of your benefit information at a given moment.

## 7. MAI CEE Contact



### Natalia Zaborovska

Group Network Director  
MAI CEE

M:+ 61 44 777 9001

M: +371 292 595 81

[n.zaborovska@mai-cee.com](mailto:n.zaborovska@mai-cee.com)



Asinta delivers legislative alerts and updates from across the world, weekly. Follow us to stay current.