

# Market and Benchmark Insight Report for Uzbekistan — 2022

Competitive benefit norms for mid-market employers in Uzbekistan

## 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.



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# 2022 Market and Benchmark Insight

## 1. Uzbek Benefits Landscape

Employee benefits are important in Uzbekistan as 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.

Moreover, it depends on whether the client is global because most international companies are more likely to protect their employees from risks.

### 1.2 Salary Levels

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

### 1.3 Location

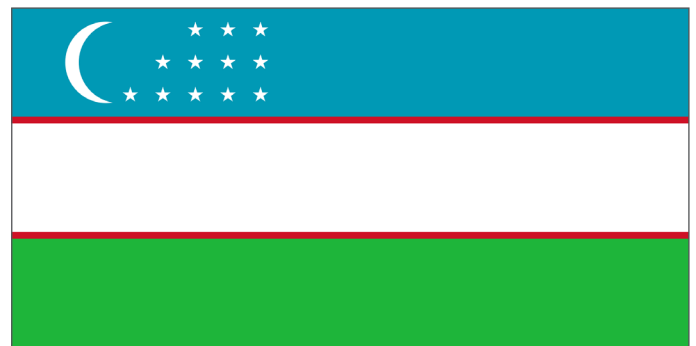
The location of employees can influence benefit provision and salaries. For example, companies based in Tashkent are most interested in offering employee benefits.

## 2. Uzbek Benefits Menu

Uzbekistan 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 is taking measures to strengthen the social protection system, and significant progress to implement social policies is happening.

Mandatory Social Health Insurance began implementation in 2022. Insured people under the system have equal access to a package of services, regardless of the insured's contribution amount. However, most clients prefer to conclude Voluntary Health insurance to expand upon mandatory coverage and support receiving care in private health care facilities.

Compulsory personal accident policies cover employees in cases of accidents at work. In addition, other social benefits are becoming more and more valued, such as company cars and meal plans.





## 3. Mandatory Benefits

Benefit	Comments
<b>Workers' Compensation Insurance / Employer's Liability</b>	<p>All employees are covered for accidents at work through insurance company coverage.</p> <p>There is no waiting period.</p> <p>This is a monthly insurance payment due to the employee as compensation for 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.</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 Law on the republican budget agreement's conclusion date.</p> <p>The amount is less the social payment in the case of loss of capacity from the State social insurance fund.</p> <p>The total amount of insurance payments for 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 Law on the republican budget):</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 employees who:</p> <ul style="list-style-type: none"> <li>• Engaged in heavy work</li> <li>• Work under harmful/hazardous conditions; and</li> <li>• Are categories one and two disabled</li> </ul> <p>For other categories of employees, the provision of additional annual paid leave and the laws of Uzbekistan may establish its minimum duration</p>
<b>Health Insurance</b>	<p>Uzbekistan has moved towards a single-payer, universal health care system that is partially funded through the government's budget and partially by employers and employees.</p>



## 4. Insured Benefits – Design and Typical Costs

The table below highlights Uzbekistan's most popular insured employee benefits 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, so private health care facilities are also covered.  Employees have access to the network of healthcare providers of the insurance company by presenting their respective insurance cards.	Only employees are covered.	Family members (spouse and children) can also be covered at the employee's expense.	All staff and dependents covered at the employer's expense.
<b>Life &amp; Disability Insurance</b>	Typically, group life insurance schemes include lump sum benefits in case of death, accidental death and disability, and 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 covered.  Sum insured equal to 1-2 annual salaries.	All staff covered.  Sum insured equal to 2-3 annual salaries.
<b>Pension Plan</b>	The multi-level pension system consists of a basic, mandatory, and voluntary level.  Also, in Uzbekistan, we have a pension annuity that allows the aged insured to receive their pension before the retirement age. Pension annuity concludes between Insurance companies and individual clients. However, it is not very common in Uzbekistan.	The first level (basic) – the state's basic pension payment.	The second level (mandatory) – pensions from the solidarity system (the republican budget) and the Unified Accumulative third level (voluntary) - payments from voluntary pension contributions.	Contribution is more than 10% of each employee's salary.  Or pension annuity
<b>Personal Accident</b>	Death and disability coverage due to professional or extra-professional accidents. Bodily injuries may also be covered.	Only senior staff covered.	Only senior staff and employees with the most hazardous jobs are covered.	All staff covered.
<b>Critical Diseases</b>	Disease first diagnosed on the ground of objective symptoms after the insurance contract comes into force.  Includes the organization of treatment in Uzbekistan or abroad, payment for treatment, travel, and accommodation costs.	Only senior staff covered.  Only oncological diseases.	All staff covered.  Only oncological diseases.	All staff covered.  May include oncological diseases, cardio surgery, neurosurgery, transplantation, etc.

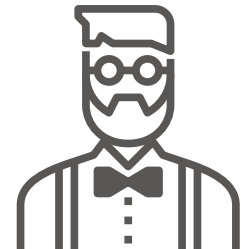
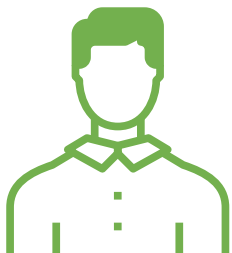


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<b>Workers' Comp Insurance</b>	<p>Mandatory cover by Law, it is nevertheless a benefit for the employees.</p> <p>This is a monthly insurance payment, due to the employee as compensation for damage related to loss of earnings (income) by the employee 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>
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## 5. Wider Benefit Provision (Perks)

Benefit	Comments
<b>Company Cars</b>	A few 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 employees' education or the cost of fitness or gym classes.
<b>Flexible Benefits</b>	Employees can select several types of benefits from a menu, most of them being tax efficient.
<b>Work from Home</b>	An increasing number of employers, especially in the IT and technology sectors, allow telecommuting.





## 6. Setting Up Policies

### 6.1 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.
- Standard models from several insurance companies are available for up to 10 lives. Customized plans are possible for over 10 lives.
- Paperwork
  - o Employers must complete and sign a specific form and fulfill a specific Excel sheet provided by the insurance company with the employees' data (and their dependents, if applicable)

### 6.2 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, not bonuses or other remuneration, is the most common.
- Paperwork
  - The 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 beneficiary(ies).
  - At times, the employee's form completion can be waived.

### 6.3 Pension Annuity

- Definition of the plan's design: amount of the pension savings, insured's DOB, etc.
- Paperwork
  - The employee must complete and sign a specific form with their personal data and identification of their beneficiary(ies) in case of death.
  - At times, the employee's form completion can be waived.

### 6.4 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
  - The employer must complete and sign a specific form.
  - Employees must complete and sign a specific form with their personal data and identification of their beneficiary(ies) in case of death.
  - At times, the employee's form completion can be waived.

### 6.5 Workers' Compensation Insurance

- The level of benefit is pre-determined by Law. All employees must be covered.
- The cost will vary according to the employers' activity (or its main activity, in case there is more than one), staff schedule, and salaries
- Paperwork
  - The employer should provide the Staff schedule and company registration number



## 7. Onboarding and Policy Administration

### Onboarding

The onboarding process usually includes communication with employees.

First, we start with an employee benefits plan to staff and provide every insured with coverage instructions, details of coverage, and basic information on what to do in the case of a claim.

Next, we share their broker's contact information and let employees know this is their primary contact should they have any questions.

### Policy Administration

As advisers, we provide full administrative support for your policies. This service includes answering any raised questions, supporting the claims process, and ensuring that policies are updated.

Administration is based on a proprietary IT platform that gives us the current status of any process anytime.

## 8. MAI CEE Group Team



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