Italy

Exchange rate: U.S.$1.00 equals 1.12 euros (€).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1919.

Current laws: 1952, 1965, 1968, 1974, 1975, 1978, 1980, 1981, 1984, 1992, 1995, and 1997.

Type of program: Social insurance system.

Coverage

Employed persons (including domestic employees).

Special systems for public-sector workers and the self-employed.

Source of Funds

Insured person: 8.89% of earnings.

Employer: 23.81% of payroll. In addition, employers in certain industries pay a special contribution. Employers in certain economically distressed areas are relieved of part of the contribution.

Government: Full cost of income-tested allowances and any overall deficit.

Minimum earnings for contribution purposes are •152.94 a week for workers in industry or, if higher, the minimum wage.

The minimum wage is established by sector and by category through collective bargaining.

No maximum earnings for contribution or benefit purposes except for the newly insured. The ceiling for newly insured persons entering the system after January 1, 1996, was •76,442.90 per year in 2001.

Qualifying Conditions

Old-age pension: The old-age pension is divided into three categories of entitlement:

Category 1: New entrants to the labor force as of 1996. Age 57 with 5 years of contributions. Retirement is necessary. The pension benefit must not be less than the social allowance plus 20%. There is no entitlement to a pension below this level, unless the insured is aged 65 or older or has 40 years of contributions.

Category 2: Insured persons with less than 18 years of contributions as of December 31, 1995. As of January 1, 2001, age 65 (men) and age 60 (women) with 20 years of contributions in 2001. Retirement is necessary.

Category 3: Insured persons with more than 18 years of contributions as of December 31, 1995. Same conditions as Category 2 except that 15 years of contributions are necessary prior to 1992.

Income-tested old-age allowance: Age 70. Payable for a single person or a couple.

Seniority pension: As of January 1, 2002, age 57 with 35 years of contributions, or regardless of age with 37 years of contributions. The contribution period will rise gradually to 40 years by 2008.

Social allowance: Age 65. An Italian citizen or a citizen of a member state of the EU resident in Italy. Income, including that of a partner, must be below a government-set level.

Disability pension: Total and permanent inability to perform any work. Five years of contributions, including at least 3 years in the 5 years preceding the claim. Entitlement is based on the absence of all other forms of income, including earnings from self-employment and unemployment benefits.

Disability allowance: Loss of 2/3 of working capacity. Contribution requirements are the same as for the disability pension. The disability allowance is awarded in the first instance for a period of 3 years but can be extended for additional 3-year periods. After the allowance has been extended for a second consecutive time, the award becomes permanent. At retirement age, entitlement to the disability allowance ceases and the old-age pension is awarded if the insured person satisfies the qualifying conditions for the old-age pension and has ceased all paid employment. The allowance is means-tested. The disability allowance is reduced by 25% if the insured person has income four times greater than the minimum income (•19,882.66 in 2001) and by 50% if income is five times greater than the minimum income (•24,853.32 in 2001).

Survivor pension: There are two categories of a survivor pension:

Category 1: If the insured was receiving an old-age or disability pension.

Category 2: If the insured was not receiving an old-age or disability pension but had 5 years of contributions of which 3 years were in the previous 5 years.

For both categories, entitlement is awarded to eligible survivors: a spouse, a separated spouse, dependent children, children who were students or disabled at the time of the insured's death, and nephews, nieces, or grandchildren who were dependent on the deceased.

Other eligible survivors, in the absence of the above: Parents older than age 65 who are not receiving a pension and who were dependent on the deceased.

If the deceased insured was not receiving a pension, 5 years of contributions are required including 3 years during the 5 years preceding death.

Old-Age Benefits

Old-age pension: The calculation for benefit entitlement varies according to the starting date of the insurance period.

Category 1: For newly insured persons whose insurance period commenced on or after January 1, 1996, benefit entitlement is calculated from 33% (20% for the self-employed) of taxable base income, reevaluated on an annual basis, multiplied by a variable coefficient (4.72 at age 57 or 6.136 at age 65).

Category 2: For insured persons with less than 18 years of contributions as of December 31, 1995, benefit entitlement for the contribution period prior to January 1, 1996, is based on a progressive percentage (0.9% to 2%) of salary times the number of years of contributions. Benefit entitlement for the contribution period commencing January 1, 1996, is the same as for newly insured persons under Category 1 (above).

Category 3: For insured persons with more than 18 years of contributions as of December 31, 1995, benefit is based on a progressive percentage (0.9% to 2%) of salary times the number of years of contributions.

The minimum pension is •392.69 a month; the minimum pension is •516.46 a month for pensioners aged 70 with income lower than a predetermined level (•6,714 for a single person and •11,271.39 for a couple).

Schedule of payments: Paid monthly, with a 13th payment in December.

Benefit adjustment: Annual adjustment according to the average change in the cost of living.

Seniority pension: Benefit is based on a progressive percentage (0.9% to 2%) of salary times the number years of contributions.

Social allowance: The pension is •3,775.83 a year; the social allowance may be increased to •516.46 a month for pensioners aged 70 with income lower than a predetermined level (•6,714 for a single person and •11,271.39 for a couple).

Benefit adjustment: Adjusted annually according to a government-set income ceiling.

Permanent Disability Benefits

Disability pension: Same as for the three categories of old-age pension plus an increment based on the anticipated number of years between the date of the onset of disability and normal pension age.

The minimum pension is •392.69; •526.46 for an insured person aged 60 with income below a predetermined level (•6,714 for a single person and •11,271.39 for a couple).

Constant-attendance supplement: •369.27 a month.

Disability allowance: The minimum allowance is •392.69 a month.

Schedule of payments: Paid monthly, with a 13th payment in December.

Benefit adjustment: Annual adjustment of pensions based on the average increase in the cost of living.

Survivor Benefits

Survivor pension: 60% of the pension paid or accrued to the insured for the spouse and 80% for a spouse and one child; 100% for a spouse and two or more children. If only orphans are entitled, the pension is paid as follows: 70% for one orphan, 80% for two orphans, and 100% for three or more orphans. In cases where the eligible survivors are parents, brothers, and sisters, the pension is paid as follows: 15% for each parent, brother, or sister.

Income test: For survivor pensions awarded after September 1, 1995, the pension is reduced by between 25% and 50% if the eligible survivor has income above certain limits.

Maximum survivor pension: 100% of the pension of insured.

Death grant: A variable lump-sum award of between •22.31 and •66.93 if the qualifying conditions for the survivor pension are not met. The deceased must have paid at least 1 year's contributions in the previous 5 years.

Administrative Organization

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers the mandatory national program through its branch offices as well as administering a number of special programs for certain categories of insured workers.

Sickness and Maternity

Regulatory Framework

First laws: 1912 (maternity), 1927 (tuberculosis), and 1943 (sickness).

Current laws: 2001 (maternity); 1978, 1983, 1999, and 2001 (sickness); 1970, 1975, and 1998 (tuberculosis).

Type of program: Dual social insurance (cash benefits) and universal (medical care) systems.

Coverage

Sickness benefit: Employed persons.

Maternity benefit: Employed persons.

Tuberculosis benefits: Employed persons; some self-employed categories are covered.

Medical benefits: All residents.

Source of Funds

Insured person

Sickness: None; some categories of contract workers make variable contributions.

Maternity: None; self-employed contribute. Some categories of contract workers make variable contributions.

Tuberculosis: None.

Employer

Sickness and maternity: Total cost for employed persons. Variable contributions are made on behalf of some categories of contract workers.

Tuberculosis: None.

Government (sickness, maternity, and tuberculosis): Total costs of maternity for certain categories of worker and the total cost of tuberculosis benefits.

Qualifying Conditions

Sickness and maternity benefits: Currently covered; self-employed and contract workers must meet contribution conditions.

Tuberculosis benefits: One year of coverage.

Medical benefits: No minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: 50% of average earnings for the first 20 days and 2/3 thereafter. Benefit is payable after a 3-day waiting period for up to 180 days (longer in special cases).

For contract workers, the daily benefit is awarded only for days of hospitalization, and the amount is variable and calculated according to percentages of the value of the contributions made in the 12 months prior to hospitalization. Benefit is payable for 180 days of hospitalization per year.

Maternity benefit: Employees are entitled to 80% of earnings, payable from 2 months (or 1 month) before the expected date of childbirth and for 3 months (or 4 months) after childbirth. The self-employed are entitled to 80% of earnings, payable from 2 months before the expected date of childbirth and for 3 months after childbirth.

Supplementary parental leave (employees): Six months' leave for either parent. The allowance is 30% of earnings and must be taken before the child is age 3. Parents are entitled to an additional 6 months' leave before the child is age 8. The allowance is 30% of earnings if the parent's income is less than 2.5 times the value of the minimum pension. If the parent's income is above this level, the parent is entitled to parental leave but without the payment of the allowance.

Supplementary parental leave (self-employed): Three months' leave. The allowance is 30% of earnings and must be taken before the child is 1 year old.

Different rules for maternity benefits apply in cases of adoption, for contract workers, and for part-time workers.

Tuberculosis benefits

Daily benefit: A fixed daily benefit provided while receiving institutional care and payable for up to 180 days.

Post-sanatorium benefit: A fixed benefit awarded after leaving institutional care and payable for 2 years.

Care and support allowance: A fixed allowance awarded for a 2-year period. The award is renewable.

Christmas allowance: A supplementary allowance paid in addition to the benefits already received.

Workers' Medical Benefits

Services are provided by doctors and pharmacists under contract with, and paid directly by, the National Health Service. Benefits are paid for by the Health Service or by hospitals, most of which are public. Benefits include general and specialist care, hospitalization, prescribed medicines, dental care, the attendance of midwife or doctor at childbirth, specified appliances, and spa treatment. Tuberculosis care includes curative and convalescent care in sanatorium, post-sanatorium care, and rehabilitation.

Copayment by patients is required for certain prescribed medicines and hospital tests; copayments are waived for certain categories of insured persons and for persons with certain medical conditions. There is no limit to duration.

Dependents' Medical Benefits

Same as for the insured worker (see above).

Administrative Organization

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers cash sickness, maternity, and tuberculosis benefits.

Twenty regional health authorities and their respective local health authorities administer National Health Service.

Work Injury

Regulatory Framework

First law: 1898.

Current laws: 1965, 1998, and 2000.

Type of program: Social insurance system.

Coverage

Manual workers, nonmanual employees in dangerous work, the self-employed in agriculture, and domestic workers. A special system for seamen.

Source of Funds

Insured person: None.

Employer: 0.5% to 16% of payroll, according to the assessed degree of risk. The average basic rate for industrial workers is 3.0%.

Government: None.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Temporary Disability Benefits

60% of the average daily wage for the first 90 days of disability; 75% thereafter. The average daily wage is calculated on the 15-day period preceding the accident or the onset of the occupational disease. Benefit is payable after a 3-day waiting period (during which the employer must pay the benefit).

Permanent Disability Benefits

Permanent disability pension (for incidents prior to July 25, 2000): The pension is awarded only for an assessed disability of 11% or more. The benefit is calculated on wages received during the year preceding the date of the accident or the onset of the occupational disease and on the assessed degree of disability. The amount of wages used to calculate the benefit is set within recognized minimum and maximum established limits. The amount of the pension may be revised according to changes in the assessed level of disability. The pension cannot be combined with old-age, disability, and survivors pensions.

Dependents' supplements: 5% of the pension for the wife and for each child under age 18 (age 26 if a student, no age limit if the child is disabled).

Benefit adjustment: The benefit is revalued annually according to changes in consumer prices.

Constant-attendance supplement: •369.40 a month to those with a permanent disability of 100%.

Benefit adjustment: The benefit is revalued annually according to changes in consumer prices.

Permanent disability pension (for incidents from July 25, 2000): If the assessed disability is 6% to 15%, a lump-sum payment is awarded based on disability and biological damage indemnity tables. If the disability is 16% or greater, an annuity is paid according to the degree of disability plus a cash supplement calculated according to wages (ceiling) and a coefficient table.

Benefit adjustment: The benefit is revalued annually according to changes in consumer prices.

Constant-attendance supplement: •369.40 a month to those with a permanent disability of 100%.

Benefit adjustment: The benefit is revalued annually according to changes in consumer prices.

Transitional compensation for silicosis and asbestosis: Benefit is payable for 1 year to compensate insured workers who are forced to abandon a harmful work position in order to avoid aggravation of a diagnosed disease. In cases where the insured has become unemployed, the amount payable is equal to 2/3 of the average daily wage received in the 30 days preceding the abandonment of a harmful work position. In cases where the insured has changed employment, the amount is equal to 2/3 of the difference between the average daily wage received in the period of 30 days preceding the actual abandonment of the former harmful work position and the remuneration received in the new employment.

Unemployability pension: A monthly payment of •186.96 is provided in cases where the assessed degree of disability is not less than 34%. The insured must be under age 65 and certified as unemployed.

Benefit adjustment: The benefit is revalued annually according to changes in consumer prices.

Workers' Medical Benefits

Benefits include medical, surgical, and hospital care; appliances; and rehabilitation.

Survivor Benefits

Survivor pension: 50% of earnings of the insured, payable to the surviving spouse.

Orphan's pension: 20% of earnings for each orphan under age 18 (age 26 if a student and dependent) or disabled, or 40% if a full orphan.

Other eligible survivors (in absence of the above): 20% of earnings of the insured for each parent, brother, or sister of the deceased.

Maximum survivor pensions: 100% of earnings of the insured.

Funeral grant: A lump sum is awarded to survivors or to the individual who paid the funeral expenses.

Administrative Organization

Ministry of Labor and Social Welfare provides general supervision.

National Accident Insurance Institute administers the program through provincial offices.

National Health Service administers medical benefits.

Unemployment

Regulatory Framework

First law: 1919.

Current laws: 1924, 1935, 1957, 1972, 1975, 1977, 1988, 1991, 1994, 1996, 1997, 1998, and 2000.

Type of program: Compulsory insurance system.

Coverage

Employees in private-sector employment. Workers in construction are also covered for special supplementary benefit.

Source of Funds

Insured person: None.

Employer: 1.61% (industrial managers) or 1.91% (industry and commerce) of payroll. Industrial employers also pay 0.3% (0.8% in construction) of payroll to a special unemployment fund and 2.2% of payroll (1.9% for firms with fewer than 50 workers) for wage supplement funds.

Government: Administrative costs plus subsidies for agricultural workers.

Qualifying Conditions

Unemployment benefit: Two years of coverage with 52 weeks of contributions in the last 2 years; construction workers must have 43 weeks of contributions during 2 years of employment in the sector.

Mobility allowance: Industrial workers with at least 1 year of insurance and 6 months of employment. Workers must be registered at an employment office and capable of, and available for, work.

Unemployment is not due to voluntary leaving, dismissal for misconduct, or refusals of suitable offers of employment or prescribed training (disqualification for 30 days).

Unemployment Benefits

Private-sector employees are entitled to 40% of salary. The maximum duration of benefit is 180 days; 270 days for workers over age 50. Construction workers receive 80% of salary for a period of between 18 months and 27 months depending on the location of the employing firm.

Mobility allowance: For the first 12 months, 100% of benefit from the special unemployment fund, thereafter the allowance is 80%. The maximum duration of the allowance is dependent on the age of the worker and the location of the place of employment but can be no more than 48 months.

Administrative Organization

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers the program through its branch offices.

Family Allowances

Regulatory Framework

First law: 1937.

Current laws: 1955, 1986, 1988, 1994, 1995, 1996, and 1997.

Type of program: Income-tested system.

Coverage

Employees and social insurance, welfare, and unemployment beneficiaries with one or more children or other dependents.

Special family benefit systems for the self-employed and for pensioners of the special systems.

Source of Funds

Insured person: None.

Employer: 2.48% of payroll.

Government: Subsidies, including 0.8% of the employer contribution.

Minimum earnings for contribution purposes are •36.32 a day or, if higher, the minimum wage.

Qualifying Conditions

Family allowances: A dependent spouse; children under age 18 (no age limit if disabled); brothers, sisters, nieces, and nephews must be orphans or dependent, under age 18 (no limit if disabled), and not eligible for a survivor pension.

Separate provisions for self-employed persons and formerly self-employed old-age pensioners.

Family Allowance Benefits

The amount varies in relation to the size and income of the family from •10.33 to •965.26 for up to seven children.

Supplements for larger families: An extra 10% and •53.72 for each additional child.

Income ceilings are increased for single-parent families and for families with at least one totally disabled family member.

Separate provisions for self-employed agricultural workers, the self-employed, and formerly self-employed old-age pensioners.

Benefit adjustment: Annual adjustment of allowances according to a government index.

Administrative Organization

Ministry of Labor and Social Welfare and Ministry of Economy and Finance provide general supervision.

National Social Insurance Institute administers the program through the Central Family Allowances Fund. Individual employers pay allowances directly to their own employees (except in agriculture) and domestic workers and settle the surplus or deficit of contributions due with the local branch office of the Institute.