



# IGP Country Profile

## 2021

# Ukraine

Prepared by:  
TAS Life





## Preface

This Country Profile has been prepared by **TAS Life** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 70 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston, our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is part of John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

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**John Hancock Financial Services**  
P.O. Box 111, Boston, Massachusetts 02117  
United States  
T+ 1 617-572-8677  
E [igpinfo@jhancock.com](mailto:igpinfo@jhancock.com)  
W [www.igpinfo.com](http://www.igpinfo.com)

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## Your Local Link to IGP in Ukraine: TAS Life

### TAS Life The IGP Network Partner in Ukraine

**TAS Life Insurance Company** is one of the leading insurance companies in Ukraine and offers a wide range of innovative products and high-quality services to meet the needs of individuals and corporations for life insurance, pensions and asset management.

It has a comprehensive portfolio of insurance products including term life, long-term endowment, accident and disability plans, credit life, critical illness and pension insurance.

TAS Life is part of the TAS Group, the largest financial and investment group in Ukraine. The member companies of the TAS Group are present in almost all aspects of the financial, industrial, agriculture sectors, etc. in Ukraine, including banking, life and risk insurance, leasing, stock brokerage, asset management, pharmacy, etc.

TAS Life became the IGP Network Partner in Ukraine when it acquired AEGON Life Ukraine PJSC in 2016.

#### Principles

- ✓ Partnership: TAS considers each client a partner, whose needs are their priority.
- ✓ Long term strategy: The company is consistent in its decisions and actions and seeks to establish long-term relationships with customers, employees and business partners.
- ✓ Innovations: In order to achieve maximum results in its activities, the company applies the acquired knowledge and practical experience, constantly introduces the latest technologies and is always ready for change.
- ✓ Reliability: The company reacts responsibly to all tasks and decisions, executing agreements and commitments in a qualitative and timely manner.
- ✓ Building a strong team: The company provides each employee with the opportunity to realize their personal potential and promotes the development of professional knowledge and skills.

#### Objectives

To be a highly qualified financial planning consultant and a reliable life safety partner for every client.

#### Development of Branch Network

Since 2007, the company has started building its own network of agents and continues to expand to the entire territory of Ukraine.

#### Memberships

League of Insurance Organizations of Ukraine, Life Insurance Marketing Research Association.

## Your Local Link to IGP in Ukraine: TAS Life

### Facts & Figures

Market Ranking in Life insurance (2020):

Pension Insurance:	No. 1
Income from Insurance:	No. 2
Assets:	No. 3
Insurance Reserves:	No. 2
Insurance Claims:	No. 2
Insurance Premiums:	No. 2
Own Capital	No. 5
Number of Insureds:	No. 3

Financial Strength Ratings: Credit-Rating Agency (12/22/20): **uaAins**

### Key Products

#### Life

- Death from any cause
- Accidental Death
- Traffic Accident Death

#### Disability

- Temporary Accident (Bodily injury) and Sickness Disability
- Permanent Total or Partial Disability
- Hospitalization due to Accidents or Sickness
- Rehabilitation after Hospitalization
- Surgery due to Accidents or Sickness
- Ambulance call

#### Critical Illness

- Lump sum indemnity (31 illnesses)
- Treatment in Ukraine or abroad (5 illnesses)

#### Pensions

- Classical Endowment Plan
- Pension Endowment Plan

#### Additional Services

- Service "DOCTOR TAS" - DIAGNOSTIC AND TREATMENT OF CRITICAL DISEASES from the best medical specialists in Ukraine or abroad.
- Service "Diagnose.me" (Second opinion) provides access to leading medical professionals from all over the world, so clients have the opportunity to receive a personalized and qualified medical opinion within a short time frame and free of charge.
- Telemedicine
- Loyalty program "THE CLUB OF SUCCESSFUL CHILDREN" – service to enhance child development, to support with preparation and admission to the best universities in Ukraine and in the world.
- Wellness programs – Lectures (HEALTHY EATING, SPORT, EMERGENCY ASSISTANCE, DISEASE PREVENTION), FIT-BREAK, YOGA-BREAK, CONFEBREAK, MASSAGEBREAK, TEAM BUILDING, MEDICAL CHECK-UPS

## Social Security Benefits and Customary Private Employee Benefits

### Introduction:

The current Social Security system covers employed residents, self-employed persons and independent farmers and includes special provisions for professional athletes, the military, family members of deceased soldiers, war veterans, disabled veterans, disabled minors, insufficiently supported families, people helping with the demolition of Chernobyl following the nuclear disaster, public prosecutors, judges and other specified groups.

The main benefits provided are:

- Medical Benefits
- Sick Leave Benefits
- Occupational Accident and Disease Benefits
- Survivor's Pension
- Long Term / Permanent Disability Pensions
- Old Age Pensions
- Unemployment Benefits
- Child Care Allowances

Ukrainian legislation dictates the establishment of Compulsory Insurance covers as well as the conditions (insured limits, risks, rates etc.)

The main compulsory lines related to Employee Benefit insurance are:

- Insurance for medical and pharmaceutical staff in case of AIDS infection caught while on duty;
- Personal insurance for firemen;
- Insurance for professional sportsmen;
- Life and Health Insurance for veterinary medicine specialists;
- Motor Accident insurance;
- Insurance for employees providing psychiatric help to and care of persons suffering from mental diseases;
- Insurance for medical and other staff working at health protection and state scientific institutions in case of infectious diseases caught while on duty;
- Life and Health Insurance for Volunteers on duty.

Group Life, Accident, Disability and Critical Illness are the most popular private Employee Benefit plans that corporate clients request to a Life Insurance Company.

Usually an insurance broker is involved. The broker's commission is part of the insurance premium.

Besides the Group schemes, a reputable insurance provider can offer employees individual products as well (work-site marketing). The WSM model is becoming known and popular in the multinational market segment. It allows for significant improvement of the social package to the mutual benefit of the Insured and the Insurer at no extra cost for the employer.

### Social Security Contributions:

Employers are liable to pay Unified Social Security Contributions. In Ukraine, the Social Security contribution is 22% of gross earnings (salaries and benefits paid to employees). This percentage is applied to salaries, which are less than 15 times the minimum wage (UAH 90,000 or USD 3,400). If the salary is higher, then only the amount up to 15 times the minimum wage is taxable, while the rest is tax-exempt. The minimum wage in Ukraine is UAH 6,000 (approx. USD 225) starting January 1, 2021. The contribution is divided between different funds (the unemployment fund, the accident fund, the pension fund and the temporary disability fund).

<b>DEATH AND DISABILITY BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Survivor's Benefits</b> For more information on Survivor's Pension, please see the Appendix on page 24.</p> <p><b>Sick Leave Benefits</b> The total working population is covered by this benefit. The benefit is payable to an employee unable to work due to accident or illness. The first 5 days of disability of an employee are paid by the employer; all subsequent days are paid by the government fund.</p> <p>The average benefit amount is calculated based on the income of the previous 12 months but limited to the maximum amount from which unified social tax is paid (this amount is changed quarterly), divided by the number of working days for this period and multiplied by the seniority coefficient (till 3 years – 50%, from 3 till 5 years – 60%, from 5 till 8 years – 70%, above 8 years – 100%). Then this amount is multiplied by the number of days worked during which the employee is absent due to illness.</p> <p><b>Disability (Invalidity) Pension</b> In Ukraine, if a person becomes permanently disabled due to any cause, he or she can request the disability to be officially recognized (certified). The official State Medical Social Experts Commission (SMSEC) thoroughly examines the claimant's state of health and ability to work. The examination results in the issuance of a disability category certificate.</p> <p><b>There are Three Categories Envisaged by Law:</b></p> <p><b>Disability Category I:</b> includes individuals who are totally unable to work and in need of day-to-day assistance. In some cases, a disabled person of category I is required to undergo an SMSEC examination once every 1-3 years.</p> <p><b>Disability Category II:</b> includes individuals who are totally unable to work or seriously restricted in their respective occupations but not in need of day-to-day medical assistance. In some cases, a disabled person of category II can be required to undergo an SMSEC examination once every 1-3 years.</p> <p><b>Disability Category III:</b> includes individuals who are partially unable to work (as they need special working conditions or a change of occupation). A disabled person in category III must undergo an SMSEC examination once every 1-3 years.</p> <p>According to Art. 33 of Ukrainian Legislation on " Compulsory State Pension Insurance", a Disability Pension is granted, depending on the disability category, equal to: For disabled persons:</p> <ul style="list-style-type: none"> <li>• category I - 100% of their old-age pension;</li> <li>• category II - 90% of their old-age pension;</li> <li>• category III - 50% of their old-age pension.</li> </ul> <p>For more info on Disability Pensions, please see Appendix on page 24.</p>	<p>Normally Group Life &amp; Disability Plans are concluded for one year but they can also be concluded for a longer period (i.e. 2-3 years with fixed rates; the conditions can be altered during the Policy period through an addendum). The insurance rates vary depending on age, state of health and occupation of the Insured persons. The sum insured for the Life or Disability coverage is either a fixed amount or based on the insured person's annual income (for example, one or two times the annual salary).</p> <p>Insurance companies may impose limits on the sum insured for the risk of Death and Permanent Disability Cover and virtually always impose a maximum sum insured for Injury Cover (for example, 1 x annual salary, but not more than UAH 500,000 (USD 20,000) or a fixed sub-limit per risk type).</p>

<b>MEDICAL BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p>On April 1, 2018, the first stage of the Healthcare Reform in Ukraine began. The reform should be completed in three years and is expected to be fully operational in 2020. Until the beginning of 2019, the State will only guarantee patients first-aid treatment:</p> <ul style="list-style-type: none"> <li>• DIAGNOSIS AND TREATMENT</li> <li>• ANALYSIS AND RESEARCH</li> <li>• CARE FOR PREGNANCY AND CHILDREN UP TO 3 YEARS</li> <li>• VACCINATION (incl. COVID-19)</li> <li>• PREVENTION REVIEWS</li> <li>• MEDICINE</li> <li>• EMERGENCY AID</li> <li>• PALLIATIVE HELP</li> </ul> <p>In 2021, the medical reform continued, in particular on secondary (specialized) and tertiary (highly specialized) levels of healthcare: highly specialized (high-tech) medical care provided in case of a complex or severe disease that requires particularly complex methods of diagnosis and treatment</p>	<p>Voluntary Health Insurance may be purchased to receive high quality services (e.g. those rendered by special high quality medical facilities) and services such as improved hospital accommodations, extended post hospital and extended rehabilitation programs (i.e. services in addition to those covered by social security). The premium is set by the insurance company and it varies from region to region.</p> <p>Additional Voluntary Health Insurance is typically one of the most requested benefits in Ukraine despite the fact that the entire population is covered by social security. It is generally viewed as a way to get access to better medical facilities and better quality of services in both out-patient and in-patient care beyond the levels covered by state clinics. One of the reasons for this is the low standard of the medical service offered by the State.</p> <p>According to the “Insurance Law” in Ukraine and other legislative acts, health insurance is to be provided in the form of services and not as financial benefits. So, individual expenses for medical treatment are reimbursed by the insurance company directly to the medical facility. If the employee is consulting clinics other than those on the insurer’s list, the reimbursement will be paid directly to the insured person’s account.</p> <p>This is the best way to arrange medical treatment for employees from a fiscal point of view. These medical facilities are otherwise hardly accessible, as they are in the governmental or departmental range of polyclinics and clinics that provide a higher level of quality medical services. Thus, the Voluntary Health Insurance system assumes a direct agreement between the insurance company and the facilities rendering medical services to insured persons.</p> <p>Otherwise, it would be impossible for the insurer to carry out direct payments to the medical facilities. It should be pointed out here that insured persons may attend one or more polyclinics of choice and specified in the voluntary medical contract signed with the insurance company.</p> <p>Voluntary Health Insurance has become popular despite the fact that buying such insurance does not affect contributions paid by companies to the mandatory health insurance funds. However, there are a few tax reliefs on voluntary medical insurance.</p>



## Social Security Benefits and Customary Private Employee Benefits

### Customary Private Medical Employee Benefits – Additional Information:

A typical VHI Policy would include:

**Out-Patient Services:**

An out-patient services program assumes an out-patient treatment arrangement and coverage rendered in better quality polyclinics and includes a full range of medical services, diagnostics, laboratory tests, massage, acupuncture, manual therapy and exercise therapy, home visits by medical indications, temporary disability examinations, house calls etc.

This may include Out-Patient Services in a specified polyclinic, network of polyclinics (access to all of them provided) or via a Service Medical Company. A Service Medical Company (SMC) normally has its own call-center for home visits (physicians, specialists of certain profiles) and offices in the same polyclinics. Patients are to be seen by the SMC doctor first. The SMC doctor (General Practitioner) refers patients to the specialists in the polyclinics, as one cannot make direct appointments with these specialists. Sometimes, this type of service is marketed as “an exclusive program”.

**In-Patient Services:**

All types of hospitalization in better quality hospitals, including doctor's consultations, diagnostics, laboratory tests, surgery, anesthesia, intensive care, standard two-bed room, board, nurse services, drugs, etc.

**Ambulance Care:**

Ambulance team visits (this would include the range of urgent medical interventions and the necessary express diagnosis). Medical transportation to a medical facility and back, if there are no indications for hospitalization.

**Dental Care:**

Normally therapeutic and surgical dentistry (including prostheses) is covered in the standard package. Dental service may be rendered either in polyclinics or in dedicated dental clinics. Usually a sub-limit is established.

**Medicines:**

Normally covered within the maximum sum insured, but sometimes either a sub-limit or a deductible can be established. Delivery to home/office is covered. Homeopathic medicines are covered as well.

**Special Programs:**

Pregnancy monitoring is not normally included in a standard package. Delivery and respective pregnancy monitoring and pre-natal care is a prerogative of dedicated medical facilities (maternity hospitals and medical service companies) offering “delivery and pre-natal packages”.

In some cases, the “pregnancy package” (pregnancy monitoring, pre-natal care and delivery) may be included in the group medical benefit as a valuable addition to make the social benefit package more attractive for employees.

Vaccination: provided with a maximum of 1 time per year.

Vitamins: quite popular option as preventive measure. It is provided 1 or 2 times per year. Limit per person can be established.

Office first-aid kit: is not normally included in a standard package. It is a quite popular option.

Medical screening: is not normally included in a standard package. It can be provided 1 or 2 times per year. Certain lists of medical services and doctors are established. It can be conducted individually.

Critical diseases (Cancer; Heart Attack; Stroke): a sub-limit is applicable; Analysis, treatment and medicines are covered as well as one accident during the period of agreement.

Sexually transmitted diseases: can be limited in amount or number per person; diagnosis, treatment and medicines are covered.

Health-improving procedures: swimming pool and/or training hall; can be limited in amount and/or number of procedures per person.

Travel expenses: policy for travelling abroad covering all medical expenses; a sub-limit as well as a daily limit is applicable.

Computer's syndrome preventive measures and eyesight correction: doctor's consultation; medicines and vitamins; Lens; Laser correction.

Derma cosmetology: normally not included in a standard package. A sub-limit is

## Social Security Benefits and Customary Private Employee Benefits

applicable; warts, papilloma, scar removal; blackhead treatment covered.

An Office Doctor may be added (for example, 2 hours, twice a week) at the client's convenience and to reduce the number of out-patient visits to the polyclinic.

Patronage of children: the services are only provided in private clinics and usually offered to children up to 1 year old. The list of procedures/doctors/vaccinations is set by the Ministry of Health.

## Social Security Benefits and Customary Private Employee Benefits

<b>RETIREMENT BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p>Normal Retirement Age (NRA) is 60 years for men and for women in case of a sufficient working career (25-35 years). Otherwise, the Retirement Age is increased till 63-65 years.</p> <p>According to the official statistics, there is 1 employee for every 1 pensioner. The present system includes an important provision that has kept many pensioners above the poverty line: it allows workers to draw pensions while continuing to work.</p> <p>For more info on the Old Age Pension, please see Appendix on page 24.</p>	<p><b>Voluntary Pension Plans</b>            According to Ukrainian legislation, insurance companies are financial institutions authorised to provide individual and corporate pension plans.</p> <p>Insurance companies operate under the Insurance Law and the Civil Code. They are strictly regulated by the Insurance Regulator (Insurance Supervision Service). For example, insurance companies must receive the Regulator's approval every time they want to introduce a new product on the market or to change an existing product (i.e. issue of new insurance rules or extend the existing ones, etc.). The Regulator does an actuarial evaluation of the insurance rates used by the insurance companies; quarterly assesses their solvency and licenses their business.</p> <p>Most of the insurance companies are registered as Private Joint-stock Companies.</p> <p>Effective January 1, 2015, the Tax Code has changed. Taxation of employer's voluntary contributions motivates companies to establish their own pension schemes (independent of the State). Recent research revealed that less than 5% of employers from multinational companies include voluntary pension plans in their benefit package.</p> <p><b>Corporate insurance program opportunities.</b>            Contributions can be made solely by the employer or solely by the employee, or can be shared between employer and employee.</p> <p>Vesting: either immediate (i.e. one single payment) or a life-long annuity, fixed terms.</p> <p>In case of termination: the redemption sum can be either paid to the beneficiary(ies) or transferred to another employer's policy.</p> <p>All contributions placed in the Pension Fund result in an endowment (contributions + investment income).</p> <p><b>Main conditions for a corporate Pension program:</b></p> <ul style="list-style-type: none"> <li>➤ Eligibility: employees;</li> <li>➤ Insured risks: Endowment, Death (optional);</li> <li>➤ Insurance contributions are paid until normal retirement age;</li> <li>➤ Contribution amounts are a fixed percentage of the employees' salaries, throughout their respective careers.</li> </ul>

## Social Security Benefits and Customary Private Employee Benefits

### Additional Information

#### Pension system:

Pension system in Ukraine is based on the solidarity principle, i.e. the younger (working) population contributes to the social welfare of the older population.

Under this system, the total contributions paid by the employer are used to pay pensions to current pensioners. The aim of this system is to provide elderly people an adequate share of the national income in a given period and to secure a standard of living for them.

One possible type of scheme under this pillar is the wage-based pension scheme: the pension of the retiree is based on a formula taking into account salary and service years, regardless of the paid contributions.

Pension legislation defines the minimum pension and describes the basis of the pension calculation taking into account the length of employment and the level of income. State pensions are payable from the State Pension Fund of Ukraine.

Under this pillar, the minimum pension amount is UAH 1,854 (approximately USD 70) per month. More than 80 % of pensioners obtain the minimum pension.

The average pension amount is UAH 3,866.84 (approximately USD 145). The maximum pension amount in this pillar is UAH 18,540 (approximately USD 700).

#### *Trends among Multinationals*

The introduction of Corporate Pension Plans in the market is led by large international companies (they have the standards and the budget for pension plans), that run their own corporate pension funds and often offer Defined Benefit (DB) plans.

Pension plans are not very popular in the Ukrainian insurance market. But it is expected by both clients and insurers that a Pension Reform will take place.

#### *Providers and Tax Incentives*

There are two different type of pension arrangements available for companies (or individuals) in the market; both offer certain tax incentives for employers.

One is a Pension insurance agreement with an insurance company licensed for third pillar pensions. Under this option, the retirement plan is often combined with a life insurance component.

Another option is a Pension provision with a non-state Pension Fund. Until recently the taxation of employer contributions for employees was different, but since January 1, 2015 a single tax regime has been established: employer contributions are NOT included in the employee's taxable income but 60% of subsequent employer-sponsored benefits will be taxed as Personal income tax - 18% and Military tax – 1.5%.

#### *How Much to Contribute to Close the Gap in the Replacement Rate?*

A 30 percent replacement rate at retirement can be achieved with pension contributions up to 15 percent of salary. Employer contributions are tax deductible. TAS' surveys show a prevalence of 5-10 percent employer contribution among multinational companies and reveal that employee contributions are usually not strongly required. However, so-called 'matching contributions' are often used as a tool for raising the employees' contribution ratio.

There are two approaches with regards to contributions:

- The employer fully finances the benefits from the company budget (premiums are thus 100% employer paid);
- 50% is paid by employer and 50% is paid by the employee.

## Social Security Benefits and Customary Private Employee Benefits

### Other Social Security Benefits

#### Occupational Accident and Disease:

Law No 1105-XIV on obligatory social insurance for work-related injury or disease was passed in 1999. Short-term sickness benefits are paid at the rate of 100% of the employee's average earnings prior to disability. There is no minimum qualifying period of employment and the benefit is payable until the insured is fully recovered or declared disabled.

#### Maternity Benefits:

Payable to all females during the period of statutory maternity leave.

Duration of Maternity Leave:

Days Before Baby Delivery	Days After Baby Delivery	Comment
70	56	Uncomplicated delivery
70	70	Complicated delivery
70	70	2 or more children are born
90	90	Women who have disability category I-III or suffered from Chernobyl

The maternity benefit is 100% of average monthly income (living allowance, cash benefit, unemployment benefit, etc.) of the woman, but no less than 25% of the living wage amount (UAH 2,294 starting July 2021) established by Ukrainian legislation.

#### Childbirth Benefit:

Payable to the mother or father of the newborn. Total benefit is equal to UAH 41,280.

The amount of compensation is established in the following way:

- 1) Benefit equal to UAH 10,320 is paid after the childbirth;
- 2) The remainder of the benefit equal to UAH 30,960 is paid during the next 36 months, in equal parts (UAH 860/month).

#### Unemployment Compensation:

The amount of benefit is different for different categories of citizens.

The minimum amount of unemployment benefits is UAH 1,800 (USD 68) the maximum amount – UAH 9,396 (USD 350) and is payable to:

- those who were dismissed by the Employer;
- Ukrainians who have just graduated from an educational institution and have no work experience;
- men demobilized from the ranks of the Ukrainian army;
- those who have less than 6 months' work experience.

For those who have worked for more than 6 months during the past 12 months as well as individuals who stopped working with a good reason (conscription, taking care of a disabled person, etc.), the payment is directly linked to the average income and work experience. Also, this amount depends on the insurance seniority:

- Up to 2 years – 50%;
- From 2 till 6 years – 55%;
- From 6 till 10 years – 60%;
- More than 10 years – 70%.

Other categories of citizens can receive benefits based on the level of the minimum wage. Maximum pay-out is defined as 4 living wages.

Unemployment benefits are based on last year's average earnings. The benefit is:

- 100% of earnings (first 3 months)
- 80% of earnings (next 3 months)
- 70% of earnings (the remaining 6 months)

but can never be less than the Minimum Salary.

**Tax benefits are applicable if the following conditions are met:**

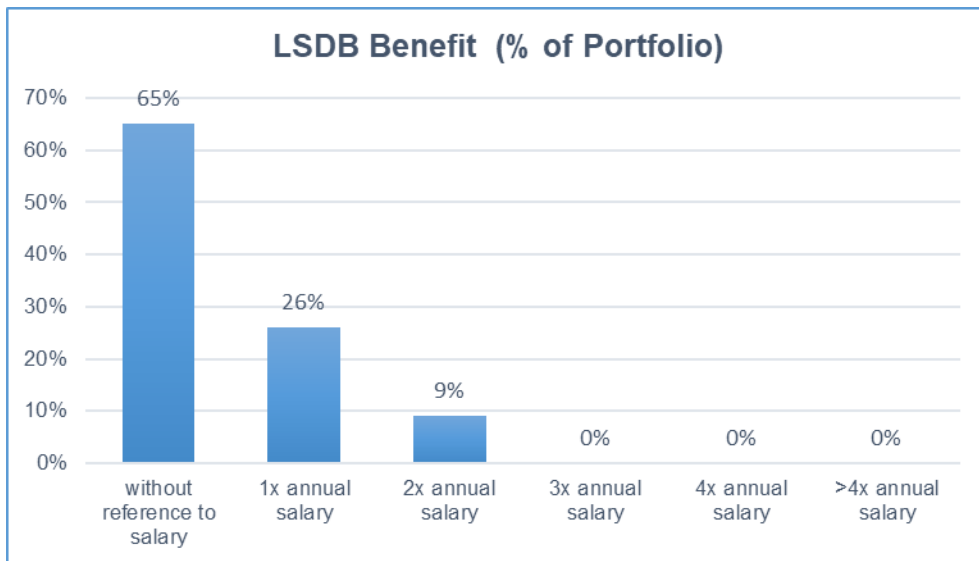
- Pension must be paid not earlier than 10 years before retirement age;
- No insurance reimbursements are made (except death) during period of insurance;
- The beneficiary –is either the employee or, relatives of employee (in case of death);
- The maximum insurance contributions are within 15% of the employee's salary.

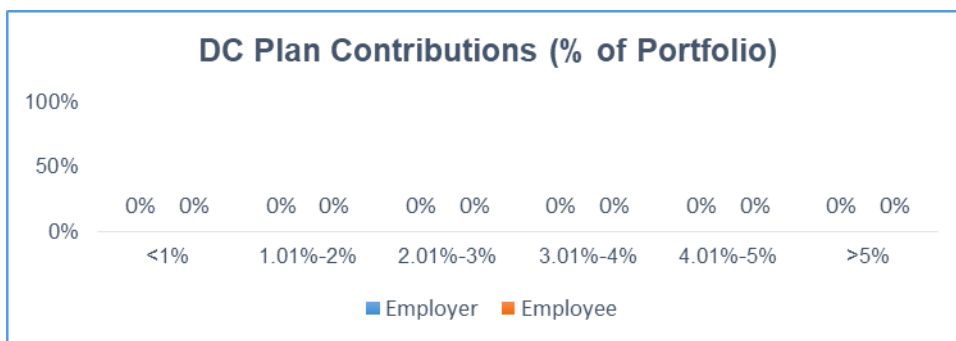
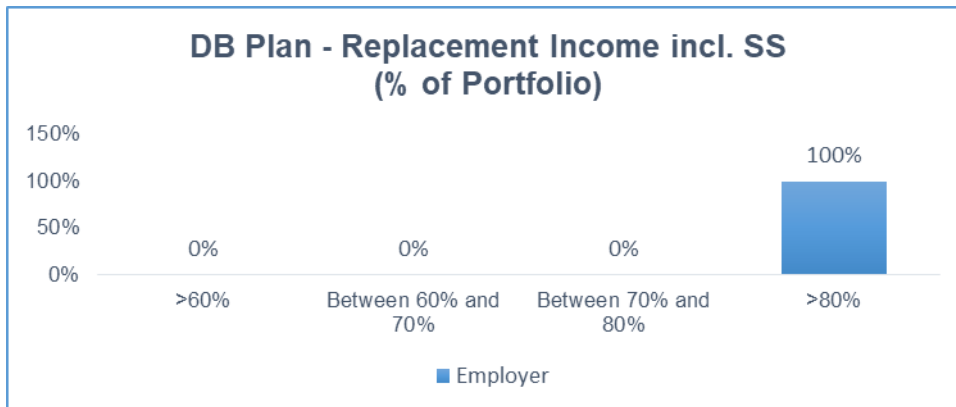
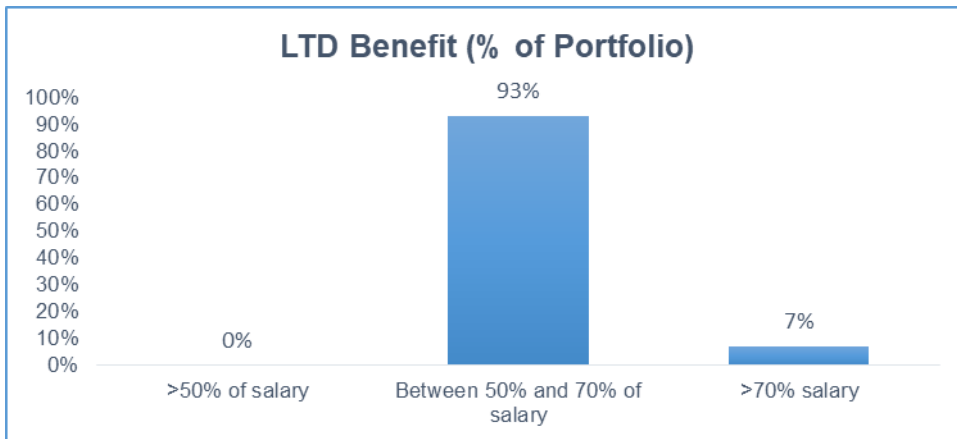
This tax benefit allows the companies to release from charging Personal Income Tax, Social Security Tax, Military Tax and replace the contributions to costs of employer.

Type of Insurance	Contributions	Benefits
Group Life, Accident, Disability and Critical Illness	<i>Employer: 22%</i>	0%
	<i>Employee: 19.5%</i>	
Voluntary Pension plan	<i>Employer: 0%</i>	19.5% from 60% of Benefits. 0% for person aged over 70 or disabled
	<i>Employee: 0% (up to 15% of the salary)</i>	
Voluntary Health Insurance (VHI)	<i>Employer: 0%</i>	0%
	<i>Employee: 19.5%</i>	

## Benchmarking Information (based on Network Partner’s portfolio)

	%
<b>Group Life Coverage</b>	
Death benefit	5%
AD&D	21%
Survivor’s benefits	1%
Employer contribution only	100%
<b>Disability Coverage</b>	
Long term disability	25%
Short term disability	9%
Employer contribution only	100%
<b>Healthcare Coverage</b>	
Hospitalization	1%
Dental	0%
Vision	0%
Critical Illness	40%
Employee Assistance Program	0%
Employer contribution only	100%
<b>Retirement Plans</b>	
Defined Contribution (DC)	0%
DC - Employer contribution only	0%
Defined Benefit (DB)	100%
DB - Employer contribution only	100%
<b>Other</b>	
Wellness& Wellbeing Programs	1%
Flex benefits	0%





### Medical Inflation Trend Projection

Year	Expected Medical Inflation %
2019	11%
2020	11%
2021	10%



### Trends

Ukraine currently has 180 registered insurance companies (June 30, 2021): including life insurance companies – 19; non-life insurers - 161.

The long-term potential for Ukraine is significant with the outlook for growth of the insurance market being stronger than its counterparts in the more established markets. Primary drivers to increasing insurance penetration are improvement of legislation and expected improvements in the overall insurance culture.

As of July 2020 the supervision of the insurance market significantly improved - the National Bank of Ukraine started to control insurers. The market believes that this change will be accompanied by changes in management technologies, reinsurance, marketing and investment policies and will positively influence the insurance market.

Life insurance remains the most promising retail class of insurance. Ukrainian general insurance penetration is relatively sufficient, but the life insurance penetration is low leaving a good challenge. Life insurance is on the 3<sup>rd</sup> place on the structure of all insurance premiums with 13.0% of total premiums on December 31, 2020. Gross life insurance premiums for 2020 were increased by 11% in comparison with 2019.

The insurance market awaits:

- adoption of a new insurance law
- the start-up of activity of the insurance fund for life insurance companies which will protect customers from bankruptcy.
- the start-up of the 2<sup>nd</sup> pillar of Pension system where citizens (or their employers) will be obliged to do pension savings in non-government pension funds. In the opinion of many experts it can help in the popularization of the Voluntary level of Pension system where Life insurance companies are operational now.

### **The current trends in Group Life, Accident and Disability segment are driven by the following:**

- The employers in “the modern economy” are offering a social benefit package as a motivation and retention tool and continue full sponsorship of Voluntary Life and Medical plans.
- In light of imposed budget cuts, employers prefer to retain the scope of cover and use specific tools to stay within budget limits (like optimizing eligibility criteria, the amount of coverage or Sum Assured, using the International pooling advantages and local discount agreements, tightening the tender requirements, etc.),

### General overview – Typical Coverage

Typical coverage is presented in the table below. Pure Accident Insurance is topped-up with Health cover; pure Life cover is topped-up with Critical Illness cover, etc. Riders such as Permanent Total and Partial Disability and Injury covers are quite common and even standard for the majority of the companies. Also, Life insurance is recognised as a tax-efficient mechanism of financial aid to families of employees in trouble.

<b>Main Cover:</b>	(1) Death due to any cause <i>or</i> Accidental Death <i>or</i> Death due to any cause with double indemnity in case of Accidental Death <i>or</i> Death due to any cause with double indemnity in case of Accidental Death or triple indemnity in case of death due to a road accident	100%  100%  100% or 200%   100% or 200% or 300%	Of the Sum Insured is payable in full to the Beneficiary (the Insured Person's legal beneficiary).
<b>Optional Covers:</b>	(2) Permanent (Total or Partial) Disability due to any cause/due to an accident	100 % of the Sum Insured is payable to the Insured Person for invalidity group I, 75-100 % of the Sum Insured is payable to the Insured Person for invalidity group II, 50-80% of the Sum Insured is payable to the Insured Person for invalidity group III.	
	(3) Temporary Disability due to an accident (bodily injury)	In case of Accidental Temporary Disability, the Insured Person receives a % of the Sum Insured specified in the Policy. The percentage is determined by the Insurer's Table of Indemnities depending on the severity of injury (from 1-100%).	
	(4) Surgical Intervention	Benefits are paid in accordance with the "Table of Surgical Interventions Benefits". The benefit amount shall be calculated as a percentage (from 1-100%) of the sum insured for surgical operation of the Insured Person.	
	(5) Hospitalization Indemnity	A certain percentage of the Sum Insured (0.1-0.5%) is payable to the Insured Person as a Cash Daily Allowance. Maximum 90 days per policy period.	
	(6) Critical Illness	Option 1: Insurance benefit under the Critical Illness cover is payable in accordance with the List of Critical Illnesses. 100% of the Sum insured. Option 2: Treatment in Ukraine or abroad (for Cancer, Cardio surgery, Transplantation, Neurosurgery, Rehabilitation only).	
	(7) Temporary Disability due to any cause (sick leave)	In case of Temporary Disability due to any cause (sick leave) the Insured Person receives the sum insured per each day of incapacity (maximum 90 days per period of Policy).	

### Group Life, Accident, Disability and Critical Illness – Consulting company with 25 employees

- Insurance term is one year; insurance covers the whole world and is valid 24 hours/day.
- Insurance premium can be paid quarterly, semi-annually or on an annual basis.

INSURABLE RISK	INSURANCE BENEFIT	INDIVIDUAL SUM ASSURED, UAH
Death resulting from an illness or an accident (due to any cause)	100 % of the Sum Assured is payable to the legal beneficiaries as stipulated by civil legislation or to formally designated beneficiaries	2 x annual salary
Permanent Disability* category I, II due to any cause	100% of the Sum Assured for disability category I 80% of the Sum Assured for disability category II	1 x annual salary
<b>OPTION 1:</b> Temporary Disability (Bodily Injury) resulting from an accident	Insurance benefit under the temporary disability (bodily injury) cover is payable in accordance with <b>the broadest Table of benefits</b> available in the market which includes: <ul style="list-style-type: none"> <li>Fractures</li> <li>Burns of i-iv categories</li> <li>Dislocations</li> <li>Wounds including shot wounds</li> <li>Internal injuries</li> <li>Brain concussion and hematoma</li> <li>Hearing impairment, deficiency of sight</li> <li>Traumatic shock</li> <li>Poisoning, stings, tick-borne encephalitis, tetanus, botulism etc.</li> </ul>	1 x annual salary (with a maximum of UAH 500,000)
<b>OPTION 2:</b> Critical illness (11 insured illnesses) If the sum insured under this rider has been paid, the amount of the sum insured under the life contract shall not be decreased by the amount paid	100% of the Sum Assured under the critical illnesses cover is payable if the Insured suffers from or undergoes one of the following diagnoses or operations: <ul style="list-style-type: none"> <li>Cancer</li> <li>Heart Attack</li> <li>Stroke</li> <li>Aorta (Surgery of Aorta)</li> <li>Kidney Failure (End Stage Renal Disease)</li> <li>Major Organ Transplantation</li> <li>Paralysis</li> <li>Coronary Artery (Bypass) Surgery</li> <li>Heart Valve Replacement</li> <li>Blindness (Loss of Sight)</li> <li>Multiple Sclerosis</li> </ul>	1x annual salary  (with a maximum of UAH 500,000)

\*In Ukraine, if a person becomes permanently disabled due to any cause, he or she can claim invalidity to be officially recognized (certified). The official State Medical Social Experts Commission (SMSEC) thoroughly examines the claimant's state of health and ability to work. The examination results in the issuance of an invalidity category certificate.

### Group Life, Accident, Disability and Critical Illness – Company in cosmetic sector with 51 employees

- Insurance term is one year; insurance covers the whole world and is valid 24 hours/day.
- Insurance premium can be paid quarterly, semi-annually or on an annual basis.

INSURABLE RISK	INSURANCE BENEFIT	INDIVIDUAL SUM ASSURED, UAH
Death resulting from an illness or an accident (due to any cause)	100 % of the Sum Assured is payable to the legal beneficiaries as stipulated by civil legislation or to formally designated beneficiaries	2 x annual base salary
Permanent Disability* category I due to any cause	100% of the Sum Assured for disability category I	2 x annual base salary
Permanent Disability* category II due to any cause	80% of the Sum Assured for disability category II	2 x annual base salary
Permanent Disability* category III resulting from an accident	60% of the Sum Assured for disability category III	2 x annual base salary
<b>Temporary Disablement resulting from an accident (Bodily Injury)</b> – If the sum insured under this cover has been paid, the amount of the sum insured under Permanent Disability shall not decrease by the amount paid	From 1% to 100% of relevant sum assured is payable in accordance with <b>the broadest Table of</b> available in the market that includes: <ul style="list-style-type: none"> <li>Fractures / broken bones</li> <li>Burns of i-iv categories</li> <li>Dislocations</li> <li>Wounds including shot wounds</li> <li>Internal injury</li> <li>Brain concussion and hematoma</li> <li>Hearing impairment</li> <li>Deficiency of sight</li> <li>Traumatic shock</li> <li>Poisoning, stings, tick-borne encephalitis, tetanus, botulism etc.</li> </ul>	Sub-limit: UAH 200,000

\*In Ukraine, if a person becomes permanently disabled due to any cause, he or she can claim invalidity to be officially recognized (certified). The official State Medical Social Experts Commission (SMSEC) thoroughly examines the claimant's state of health and ability to work. The examination results in the issuance of an invalidity category certificate.

INSURABLE RISK	INSURANCE BENEFIT	INDIVIDUAL SUM ASSURED, UAH
<p>Critical illnesses (31 insured illnesses) If the sum insured under this rider has been paid, the amount of the sum insured under the life contract will not be decreased by the amount paid</p>	<p>100% of relevant sum assured is payable to the Insured in case of a Critical Illness diagnosis or serious operation listed below:</p> <ul style="list-style-type: none"> <li>▪ Cancer</li> <li>▪ Heart Attack (Myocardial Infarction)</li> <li>▪ Stroke</li> <li>▪ Coronary Artery (Bypass) Surgery</li> <li>▪ Kidney Failure (End Stage Renal Disease)</li> <li>▪ Major Organ Transplantation (heart, lungs, liver, pancreas, small bowel, kidney or bone marrow)</li> <li>▪ Paralysis</li> <li>▪ Aorta (Surgery of Aorta)</li> <li>▪ Heart Valve Replacement</li> <li>▪ Blindness (Loss of Sight)</li> <li>▪ Multiple Sclerosis</li> <li>▪ Aplastic anemia</li> <li>▪ Terminal stage of lung disease</li> <li>▪ Terminal stage of Renal Disease</li> <li>▪ Coma</li> <li>▪ Deafness</li> <li>▪ Speechlessness</li> <li>▪ Massive burns</li> <li>▪ Lateral amyotrophic Sclerosis</li> <li>▪ Alzheimer's disease</li> <li>▪ Fulminate hepatitis</li> <li>▪ Extremities loss</li> <li>▪ Non-cancerous growth of brain</li> <li>▪ Encephalitis</li> <li>▪ Disease of motive neurons</li> <li>▪ Bacterial meningitis</li> <li>▪ Permanent injury</li> <li>▪ HIV-infection resulting from a blood transfusion</li> <li>▪ HIV-infection resulting from professional activities</li> <li>▪ Parkinson's disease</li> <li>▪ Poliomyelitis</li> </ul>	<p>Sub-limit: UAH 300,000</p>

### Group Life, Accident, Disability and Critical Illness – Company in retail trade (sport goods) sector with 60 employees

- Insurance term is one year; insurance covers the whole world and is valid 24 hours/day.
- Insurance premium can be paid quarterly, semi-annually or on an annual basis.

INSURABLE RISK	INSURANCE BENEFIT	INDIVIDUAL SUM ASSURED, UAH
Death as a result of a Personal Accident	100 % of the sum assured is payable to the heirs under the civil legislation or to formally designated Beneficiaries	Sub-limit: UAH 100,000
Permanent Disability* category I, II due to any cause	100% of the sum assured for disability category I 80% of the sum assured for disability category II	Sub-limit: UAH 100,000
Permanent Disability* category III resulting from an accident	60% of the Sum Assured for disability category III	Sub-limit: UAH 100,000
Hospitalization	UAH 555 per day, but no more than the sum insured	Sub-limit: UAH 100,000
Critical illnesses ( <b>11</b> insured illnesses)	100% of relevant sum assured is payable to the Insured in case of a Critical Illness diagnosis or serious operation listed below: <ul style="list-style-type: none"> <li>• Cancer</li> <li>• Heart Attack (Myocardial Infarction)</li> <li>• Stroke</li> <li>• Coronary Artery (Bypass) Surgery</li> <li>• Kidney Failure (End Stage Renal Disease)</li> <li>• Major Organ Transplantation (heart, lungs, liver, pancreas, small bowel, kidney or bone marrow)</li> <li>• Paralysis</li> <li>• Aorta (Surgery of Aorta)</li> <li>• Heart Valve Replacement</li> <li>• Blindness (Loss of Sight)</li> <li>• Multiple Sclerosis</li> </ul>	Sub-limit: UAH 100,000
Temporary Disability resulting from an accident (Bodily Injury) – if the sum insured under this cover has been paid, the amount of the sum insured for Permanent Disability shall not be decreased by the amount paid	From 1% to 100% of relevant sum assured is payable in accordance with <b>the broadest Table of</b> available in the market that includes: <ul style="list-style-type: none"> <li>• Fractures / broken bones</li> <li>• Burns of i-iv categories</li> <li>• Dislocations</li> <li>• Wounds including shot wounds</li> <li>• Internal injury</li> <li>• Brain concussion and hematoma</li> <li>• Hearing impairment</li> <li>• Deficiency of sight</li> <li>• Traumatic shock</li> <li>• Poisoning, stings, tick-borne encephalitis, tetanus, botulism etc.</li> </ul>	Sub-limit: UAH 50 000
Sick Leave	0.3% of insured amount per day, but no more than 30% of insured sum per case	Sub-limit: UAH 13,500

\* In Ukraine, if a person becomes permanently disabled due to any cause, he or she can claim the invalidity to be officially recognized (certified). The official State Medical Social Experts Commission (SMSEC) thoroughly examines the claimant's state of health and ability to work. The examination results in the issuance of an invalidity category certificate.

Demographic information & Macro-Economic indicators:

[CIA World Factbook](#) (please select the country to review)

<https://www.economy.com/ukraine/indicators>

Financial Data – National Bank of Ukraine:

<https://bank.gov.ua>

More information on the IGP Network Partner:

[IGP – Your Local Link in Ukraine](#)

### Social Security Benefits: Old Age Pension / Disability (Invalidity) Pension / Survivor's Pension

Type of Pension	Old Age Pension	Disability (Invalidity) Pension	Survivor's Pension
Participant	<p>Males upon reaching 60 years of age</p> <p>Females upon reaching 60 years of age</p> <p>Early retirement is allowed for certain occupations</p>	Any person in Disability Category I, II, III.	<p>Dependents who are not gainfully employed, in case of the employee's death:</p> <ul style="list-style-type: none"> <li>• Children and relatives below 18 (below 23 for full time students);</li> <li>• Disabled dependents;</li> <li>• Parents/spouses over 60 or disabled;</li> <li>• Grandparents over 60 or disabled.</li> </ul>
Length of employment required to get the benefit	25-35 years	Any length of employment	N/A
Base Pension amount per month (UAH)	UAH 1,497 (minimum pension effective January 2019)	<p>For each person the amount is calculated individually. The following aspects are taken into consideration:</p> <ul style="list-style-type: none"> <li>➤ Insurance service;</li> <li>➤ Period of disability till retirement age;</li> <li>➤ Salary amount before pension</li> </ul>	N/A
Savings Pension amount	Accumulated part based on the value of individual contributions and investment income		N/A





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