Norwegian Ministry
of Labour and Social Affairs

The Norwegian Social Insurance Scheme

January 2017

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This survey is intended for information purposes only, giving a general overview of the Norwegian Social Insurance Scheme. It has no value as a legal document. No rights may be derived from the information given herein. All claims for Social Insurance benefits must be founded on applicable legislation.

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THE NORWEGIAN SOCIAL INSURANCE SCHEME

The main general social insurance schemes in Norway are the National Insurance Scheme, the Family Allowance Scheme and the Scheme for Cash Benefit for Families with Small Children.

Benefits from the National Insurance Scheme are granted according to an act of 28 February 1997.

Family allowances are granted according to an act of 8 March 2002.

Cash benefit for families with small children is granted according to an act of 26 June 1998.

1 PERSONAL SCOPE OF THE NATIONAL INSURANCE SCHEME

As a general rule, all persons who are either resident or working as employees in Norway or on permanent or movable installations on the Norwegian Continental Shelf, are compulsorily insured under the National Insurance Scheme. The same applies to persons living in Svalbard (Spitsbergen), Jan Mayen, and the Antarctic and Sub-Antarctic dependencies (Bouvet Island, Peter I Island and Queen Maud Land), provided that they are employed by a Norwegian employer or were insured under the National Insurance Act prior to their stay in these areas. Compulsorily insured are also certain categories of Norwegian citizens working abroad.

Citizens from EEA countries working on Norwegian ships, except hotel and restaurant staff on cruise ships registered in the Norwegian International Ship's Register, are compulsorily insured. Foreign (not EEA) citizens not resident in Norway or any other Nordic country, who are employed on ships in foreign trade, registered in the regular Norwegian Ship's Register, are compulsorily insured only with regard to entitlement to occupational injury benefits and funeral grants. Persons of the same category, but employed on ships in the Norwegian International Ship's Register, are not compulsorily insured for any contingency.

Excluded from compulsory insurance are foreign citizens who are employees of a foreign state or of an international organisation. Under specified conditions, the same applies to persons with a short-term employment in the Realm and persons exclusively in receipt of pension from abroad etc.

The compulsory insurance coverage is maintained during a temporary stay abroad. A stay abroad of less than one year is regarded as temporary. If the person concerned takes paid work abroad, however, the insurance coverage terminates.

Persons who according to the above mentioned provisions are not insured, but are either staying in Norway or are staying outside Norway and have been insured in Norway for at least three of the last five calendar years preceding the application, and having close connections with the Norwegian society, may apply for voluntary insurance.

2 THE NATIONAL INSURANCE SCHEME'S BENEFITS

Persons insured under the National Insurance Scheme are entitled to old-age pension, survivors' pension, disability benefit, basic benefit and attendance benefit in case of disablement, technical aids etc., work assessment allowance, occupational injury benefits, benefits to single parents, cash benefits in case of sickness, maternity, adoption and unemployment, medical benefits in case of sickness and maternity and funeral grant.

Many benefits from the National Insurance Scheme are determined in relation to a basic amount (B.a). This amount is annually adjusted by the King with effect from 1 May, in accordance with the increase in wages. In 2016, the average B.a. was NOK 91 740 and the B.a. per 1 January 2017 is NOK 92 576.

The rates of benefits given below apply per 1 January 2017.

3 FINANCING OF THE NATIONAL INSURANCE SCHEME

The National Insurance Scheme is financed by contributions from employees, self-employed persons and other members, employers' contributions and contributions from the state. Contribution rates and state grants are decided by the Parliament. Figures given here apply for 2017.

The following benefits are financed by contributions from the state only: Lump sum grants in case of maternity and adoption, grants to improve the functional ability of daily life, basic benefit, attendance benefit, guaranteed supplementary pension for persons disabled at birth or early in life, educational benefits, child care benefits, transitional benefits for survivors and single, divorced and separated supporters, benefits for surviving family nurses, means-tested funeral grants and advance payments of maintenance payment for children that exceed the reimbursement from the parent liable.

Contributions from employees and self-employed persons are calculated on the basis of pensionable income. Contributions on pensionable income are not paid on income less than NOK 54 650. The contributions shall not exceed 25 per cent of income exceeding this threshold amount.

Cash benefits in case of sickness, maternity and unemployment are taken into account as pensionable income. The same applies to work assessment allowance and benefits to single parents.

The contribution rate for employees is 8.2 per cent of the pensionable income (gross wage income). The contribution rate for a self-employed person is 11.4 per cent of the pensionable income (income from self-employment). The contribution rate for other kinds of personal income (pensions etc.) is 5.1 per cent.

The employers' contributions are assessed as a percentage of paid out wages. The employers' contributions are differentiated according to where the enterprises are established. There are regional zones based on geographical situation and level of economic development. The employers' contribution rates in these zones vary from 0.0 per cent to 14.1 per cent.

Total expenses of the National Insurance Scheme in 2016 were NOK 439 658 million. This amount represents approximately 35.9 per cent of the combined State and National Insurance budgets and approximately 13.4 per cent of the Gross Domestic Product. The state grants to the National Insurance Scheme amounted to NOK 127 389 million in 2016, equal to approximately 29.0 per cent of the Scheme's total expenses.

Family allowance, cash benefit for families with small children and supplementary allowance for persons with short residential periods in Norway are financed over the State Budget.

4 OLD-AGE PENSION

As a consequence of the Pension Reform, the possibility of flexible drawing of old-age pensions for persons aged 62 to 75 has been introduced. In order to draw an old-age pension before attaining the age of 67, the pension must, when the person in question attains the age of 67, at least equal the minimum pension level for persons with an insurance period of 40 years.

The pension may be drawn fully or partially. The drawing alternatives are 20, 40, 50, 60, 80 and 100 per cent. Work and pension may be combined, without deductions being made in the pension. If one continues to work, additional pension entitlement is earned, up to and including the year in which one attains the age of 75, even if one has already started drawing the pension.

Pensions drawn with effect from 2011 and later will be subjected to a life expectancy adjustment. Life expectancy adjustment is a mechanism whereby the pensionable age or the pension level is linked with the development in the population's life expectancy. When the life expectancy of the population increases, one will have to work a little longer in order to be entitled to the same annual pension, because the pension entitlement one has earned will have to be divided on a longer life expectancy. The pension is calculated by dividing one's pension capital by an annuity divisor. The divisor is determined on the basis of the remaining life expectancy at the time pension drawing begins. This mechanism entails that the annual pension amount will be higher, the longer pension drawing is deferred. The provisions on pension drawing is designed to be neutral, meaning that the sum of the old-age pension one receives during one's period as a pensioner, shall be independent of when pension drawing starts.

The pension reform has also had an impact on the indexation provisions. Pensions in payment are indexed to wages, and then subtracted 0.75 per cent. The minimum pension level will be indexed to wages, but adjusted according to the effect of the life expectancy adjustment for pensioners who are 67 year of age. Pension rights in the course of acquisition are indexed to the average wage rate.

As a consequence of the pension reform, new provisions have also been introduced for pension calculation for persons born after 1953. For persons born in the years 1954–1962, the old age-pension will consist of proportional parts calculated according to the new and the old earning provisions. Persons born in 1963 or later will have their entire pension calculated according to the new earning provisions. The old provisions are described in Section 4.1, and the new provisions are described in Section 4.2.

4.1 Old-age Pension – old provisions

Old-age pension consists of a basic pension, a supplementary pension and/or a special supplement, and possible supplements for children and spouse (income-tested). For old-age pensions drawn with effect from 2011 or later, for persons born in 1943 or later, a pension supplement is granted instead of the special supplement.

Basic pension, supplementary pension and/or special supplement or pension supplement is divided by the person's annuity divisor at the time of drawing, and then adjusted depending on whether the pension is drawn fully or partially. The pension will be adjusted annually in line with the increase in wages, and then subtracted 0.75 per cent.

4.1.1 Basic Pension and Supplements for Spouse and Children

Persons, who are insured for pension purposes and who have a total insurance period of three years between the age of 16 and the year they become 66, are entitled to a basic pension. The condition of present insurance affiliation, does not apply to persons who have been insured for at least 20 years (on the basis of periods of residence etc.) or are entitled to a supplementary pension, cf. Section 4.1.2.

The basic pension is calculated on the basis of the insurance period, and is independent of previous income and contributions paid. A full basic pension requires an insurance period of minimum 40 years. If the insurance period is shorter, the basic pension will be proportionally reduced. For persons who are not insured for pension purposes and who have less than 20 years of insurance (based on residence periods etc.), the basic pension is calculated on the basis of the same number of years as the supplementary pension.

As a starting point, a full basic pension equals 100 per cent of the B.a. (NOK 92 576). However, the full basic pension will be 90 per cent of the B.a. (NOK 83 318) if the pensioner's spouse (or a cohabitant whom he/she previously was married to, has or has had children together with or has been living with for at least 12 of the last 18 months) receives pension or has an annual income exceeding 2 B.a. (NOK 185 152).

The basic pension is divided by the person's annuity divisor at the time of drawing, and then adjusted depending on whether the pension is drawn fully or partially. The pension will be adjusted annually in line with the increase in wages, and then subtracted 0.75 per cent.

A pensioner, who has attained the age of 67, who is in receipt of a full old-age pension and who is supporting a spouse (or a cohabitant whom he/she was previously married to or has children together with) who is not a pensioner, may be entitled to a supplement of up to 25 per cent of the minimum pension level at the high rate.

An old-age pensioner supporting children under the age of 18, may be entitled to a supplement of up to 20 per cent of the minimum pension level at the high rate for each child.

If the pensioner's income exceeds a set ceiling, the supplement for supported spouse/children will be reduced by 50 per cent of the exceeding income.

If the basic pension is reduced due to insufficient insurance periods, the supplements will be reduced proportionally.

4.1.2 Supplementary Pension

The aim of the scheme is to maintain, to a certain degree, the accustomed standard of living upon retirement.

A person is entitled to a supplementary pension if his/her annual income exceeded the average B.a. of any year for three years after 1966. Full credit (pension points) is given for income up to 6 B.a. (NOK 555 456). Furthermore, 1/3 of income between 6 B.a. and 12 B.a. (NOK 1 110 912) is credited as pensionable income. (Before 1992, income up to 8 B.a. was credited at full rate, and income between 8 B.a. and 12 B.a. at 1/3.) Income exceeding 12 B.a. is disregarded.

The amount of the supplementary pension depends on the number of pension earning years and the annual pension points. A full supplementary pension requires as a general rule 40 pension-earning years. In the case of less than 40 pension-earning years, the pension is reduced proportionally.

Pension points are computed for each calendar year by dividing the pensionable income up to 6 B.a. (before 1992: 8 B.a.) minus one B.a., with the B.a. Income between 6 B.a. (before 1992: 8 B.a.) and 12 B.a. is divided by 3 B.a.

Example: If the pensionable income was six times the average B.a. in 2016:

$$\frac{(6 \text{ x NOK } 91\ 740) - \text{NOK } 91\ 740}{\text{NOK } 91\ 740} = 5 \text{ pension points}$$

The maximal pension point, which can be credited for any one year, is 7. However, from 1971 to 1991, the maximal pension point was 8.33.

A full annual basic supplementary pension is 42 per cent (supplementary pension percentage) of the amount which appears when the current B.a. is multiplied by the average pension point figure for the person's twenty best income years (final pension point). If the person concerned has earned pension points for less than twenty years, the average of all pension point figures credited is used. For years prior to 1992, the supplementary pension percentage is 45. The supplementary pension is then divided by the pensioner's annuity divisor at the time of drawing, and then adjusted depending on whether the pension is drawn fully or partially. The pension will be adjusted annually in line with the increase in wages, and then subtracted 0.75 per cent.

Persons who are taking care of children under 7 years of age and of disabled, sick and elderly persons at home are credited a pension point figure in the supplementary pension scheme up to 3.00 (for the years 1992–2009), or up to 3.50 (for 2010 and later years). This corresponds to pension entitlements based on an income from work of NOK 370 304 and NOK 416 592, respectively.

A surviving spouse etc. (cf. Section 5.1) will at age 67 transfer to old age pension, and receive his/her personally acquired supplementary pension, or 55 per cent of the aggregated supplementary pension of both the survivor and the deceased, if this is more favourable.

4.1.3 Special Supplement/Pension Supplement

Pensioners who have no, or only a small, supplementary pension, are entitled to a special supplement from the National Insurance Scheme.

A full special supplement is payable if the insurance period is at least 40 years. The special supplement is reduced proportionally in the case of a shorter period. A supplementary pension is deducted from the special supplement.

To pensions drawn with effect from 2011 or later, for persons born in 1943 or later, a pension supplement is granted instead of the supplementary pension. The pension supplement equals the difference between the minimum pension level and the pension basis (basic pension and supplementary pension).

The minimum pension level is determined with several rates, depending on marital status and the income of the spouse/cohabitant. A person, with at least 40 years of insurance, is entitled to an unreduced minimum pension level at the age of 67. If the insurance period is shorter (but at least 3 years), the pension supplement is reduced proportionally. An increase in the minimum pension level for single old age pensioners of NOK 4 000 will take effect from 1 September 2017.

4.2 Old-age Pension – new provisions

According to the new provisions, old-age pension consists of an income-based pension, calculated on the basis of previous income, cf. Section 4.2.1. A guaranteed pension will be granted to persons who have earned no, or only a small, income-based pension, cf. Section 4.2.2.

4.2.1 Income-based Pension

All pensionable income earned between the ages of 13 and 75 counts towards the pension.

For each year of pension earning, a pension capital is accumulated. The annual pension earning equals 18.1 per cent of pensionable income. All income up to a ceiling of 7.1 B.a. (NOK 657 290) is included.

The income-based pension is determined on the basis of the pension capital at the time of drawing. The pension capital is then converted to an annual pension by dividing it by the pensioner’s annuity divisor. The annuity divisor reflects the remaining life expectancy at the time of drawing.

4.2.2 Guaranteed Pension

Persons, who are insured for pension purposes and who have a total insurance period of three years between the age of 16 and the year they become 66, are entitled to a guaranteed pension. The condition of present insurance affiliation does not apply to persons who have been insured for at least 20 years (on the basis of periods of residence etc.).

The guaranteed pension is granted at two different rates, depending on marital status and the income of the spouse/cohabitant. The guaranteed pension in determined on the basis of the insurance period, and is independent from both previous income and paid contributions. The guaranteed pension is reduced proportionally in the case of a shorter insurance period than 40 years.

The guaranteed pension is reduced by 80 per cent of the income-based pension.

5 SURVIVORS' BENEFITS

5.1 Benefits to Surviving Spouse

A surviving spouse (or cohabitant who previously has been married to or has children with the deceased) under the age of 67, who has not started drawing old-age pension and who is not entitled to a disability pension, may be entitled to pension benefits if he/she is insured with entitlement to pension benefits and the deceased was insured and able to work for at least three years immediately prior to death. The surviving spouse is also entitled to benefits if the deceased had been drawing a pension for a period of at least three years prior to his/her death. If the deceased had earned a supplementary pension, the surviving spouse is not required to be insured. In these cases, a corresponding basic pension is also granted. Furthermore, the condition that the survivor shall be insured for the granting of a basic pension is waived if either the survivor or the deceased has been a resident in the Realm for at least 20 years.

Survivors’ pension may be granted to a surviving spouse etc. if the marriage lasted for five years or the survivor has or previously had children with the deceased or is taking care of the children of the deceased, and the aggregated duration of the marriage and the period of care after the death is at least five years.

A divorced spouse etc. who has not remarried at the time of the death of the former spouse, is entitled to benefits according to the same rules, provided that the death occurs within five years after the divorce, and the marriage has lasted for at least 25 years, or 15 years if there were children in the marriage. The five-year requirement does not apply if the divorced survivor at the time of the death was receiving alimony from the deceased. The benefits terminate if the beneficiary re-marries.

A full survivors' pension consists of a basic pension equal to the B.a., and 55 per cent of the supplementary pension which the deceased received, or would have been entitled to, as totally disabled. If the deceased was 67 years or older, earning up to the time of death is included, but not longer than the 75th year for persons born in 1943 or later, or longer than the 69th year for persons born in 1942 or earlier.

If the deceased, due to the length of the insurance period, received or would have received a reduced basic pension, the survivor's basic pension is reduced proportionally.

In addition, a surviving spouse may be entitled to a special supplement of 1 B.a. The special supplement is reduced proportionally in the case of a shorter insurance period than 40 years. The amount of any supplementary pension is deducted from the special supplement.

The survivors' pension is income tested. If the surviving spouse etc. in fact has, or may be expected to get, an annual income exceeding 50 per cent of the B.a., the pension will be equal to the difference between a full pension and 40 per cent of the exceeding income. A surviving spouse etc. under the age of 55 is expected to have an annual earned income of at least 2 B.a. (NOK 185 152). For a survivor without earned income, the pension will be reduced by NOK 55 546, unless the person concerned have a reasonable cause for not having any income. Survivors who are not employed at the time of death, are allowed a reasonable transitional period.

A transitional benefit may on certain conditions be granted to a surviving spouse etc. who is not entitled to a survivors' pension. The transitional benefit is determined according to the same rules as a survivors' pension.

A surviving spouse who needs education or vocational training in order to be able to provide for him-/herself, may be granted additional allowances and allowance to cover tuition fees.

Child care benefit may be granted to a surviving spouse etc. who, due to education or work, must leave the necessary care of the children to someone else. The benefit equals 64 per cent of the expenses for child care, but is limited to NOK 46 656 for the first child, NOK 60 888 for two children and NOK 68 988 for three or more children.

If the surviving spouse etc. has income exceeding 6 B.a. (NOK 555 456), he/she is not eligible for child care benefit.

When a surviving spouse etc. must move in order to find work or attend education, grants are made to cover moving expenses.

Child care benefit and allowances to cover tuition fees may be granted to a surviving spouse who is working or studying even if the deceased did not fulfil the requirement of three years of insurance immediately prior to the contingency, provided that the survivor is insured with entitlement to pension benefits. These benefits are, however, only paid as long as the survivor continues to be insured in this respect.

5.2 Children's Pension

Children under 18, insured with entitlement to pension benefits, are entitled to a children's pension if one or both parents are deceased, provided that the deceased was insured with entitlement to pension benefits for three years immediately prior to the death. The surviving child is also entitled to benefits if the deceased had been drawing a pension for a period of at least three years immediately prior to his/her death. If both parents are deceased, children undergoing education are entitled to pension until they reach twenty years of age.

If one parent is dead, the full annual children's pension for the first child equals 40 per cent of the B.a. (NOK 37 030), and to each subsequent child 25 per cent of the B.a. (NOK 23 144).

If both parents are dead, the first child receives a children's pension equal to the survivors' pension which would have been paid to the parent who was entitled to the highest pension. The full children's pension for the second child equals 40 per cent of the B.a., and 25 per cent of the B.a. for each subsequent child.

However, when there are two or more children, the pensions are added together and divided equally among the children.

Children's pension assessed as a percentage of the B.a. is granted at reduced rate in accordance with the reduction a possible basic pension to a surviving spouse is subjected to due to uncompleted insurance periods.

6 DISABILITY BENEFITS

Disability benefits comprise disability benefit, basic benefit and attendance benefit.

6.1 Disability benefit

An insured person between 18 and 67, whose income capacity is permanently reduced by at least 50 per cent due to illness, injury or defect, is entitled to a disability benefit if he/she has been insured for at least three years up to the contingency. For an insured person who is receiving Work Assessment Allowance when the claim for disability benefit is made, it is sufficient that the income capacity is permanently reduced by 40 per cent.

The benefit is payable as long as the person remains insured. This requirement does not apply if the person has been resident in the Realm for at least 20 years.

The disability benefit is calculated on the basis of the average pensionable income of the best three of the previous five years before the onset of disability. Income exceeding 6 B.a. (NOK 555 456) is not taken into account. The disability benefit rate per year is 66 per cent of the calculation basis. The yearly minimum is 2.28 B.a. (NOK 211 073) for persons living with a spouse/cohabitant, but is 2.33 B.a. (NOK 215 702) if the person prior to 31 December 2014 received a recalculated disability pension. For others, the yearly minimum is 2.48 B.a. (NOK 229 588).

Future insurance periods up to and including the year in which the person attains the age of 66 are taken into account. Limitations apply if the person has had periods of some length abroad. If the total of previous and future insurance periods is less than 40 years, the disability benefit is proportionally reduced. A person who has been a resident for less than 20 years, is entitled to a disability benefit solely based upon previous income. However, calendar years with pensionable income less than one B.a. is not included in the calculation of the benefit.

Insured persons born disabled or having become disabled before reaching the age of 26, are entitled to a higher yearly minimum benefit. The yearly minimum is 2.66 B.a. (NOK 246 252) for persons living with spouse/cohabitant and 2.91 B.a. (NOK 269 393 for others. However, the requirements of sickness and documentation are stricter than the requirements that apply for the general determination of disability.

In the case of partial disability, the benefit is reduced proportionally.

A supplement of up to 40 per cent of the B.a. is on certain conditions granted for each supported child under the age of 18. The total amount of disability benefit and children supplement may not exceed 95 per cent of the income prior to the disability. The supplements are income-tested.

When the disability benefit is awarded, a limit for additional income is determined. This limit equals the insured person's expected income after disability (if less than full disability), plus 0.4 B.a. If the person has a pensionable income above this limit, the benefit will be reduced proportionally. However, the degree of disability is not redetermined.

6.2 Basic Benefit and Attendance Benefit

An insured person, who due to permanent illness, injury of defect has certain necessary extra expenses may be entitled to basic benefit.

A basic benefit is granted if the disability (illness, injury or defect) involves extra expenses above the lowest basic benefit rate. There are six basic benefit rates, which are adjusted each year by Parliament. Annual rates in 2017 are: NOK 8 040, NOK 12 276, NOK 16 104, NOK 23 724, NOK 32 148 and NOK 40 152.

An attendance benefit may be granted if the disabled person needs special attention or nursing. There are four attendance benefit rates, which are adjusted by Parliament. Annual rates in 2017 are: NOK 14 412, NOK 28 824, NOK 57 648 and NOK 86 472. The three highest rates are only granted to persons under the age of 18.

Parents providing special attention and nursing for a child which have received attendance benefit for at least three years, are entitled to attendance benefit for three months after the attention and nursing has come to an end due to the death of the child.

The basic benefit and the attendance benefit are reduced accordingly if granted in addition to a National Insurance pension that is reduced due to reduced insurance periods. The basic benefit and the attendance benefit are, however, not reduced due to reduced insurance periods in cases where the benefit is granted independently, i.e. not as an addition to a pension.

7 BENEFITS FOR IMPROVING ABILITY TO WORK AND FUNCTION IN EVERYDAY LIFE (TECHNICAL AIDS)

Insured persons may be entitled to benefits for improving the ability to work and the ability to function in everyday life if residing in Norway and having been insured for at least three years immediately prior to claiming the allowance. An insurance period of one year is sufficient if the claimant has been physically and mentally capable of carrying out ordinary, paid work during that year.

Benefits for improving the ability to work are granted to insured persons who due to illness, injury or defect have a permanently reduction of their ability to work or if the opportunity to choose occupation or work place considerably reduced. Benefits are granted in connection with measures that are necessary and appropriate in order to obtain or keep suitable work.

An insured person whose ability to function in everyday life is considerably and permanently reduced due to illness, injury or defect, is granted benefits in connection with measures necessary in order to improve his or her everyday life-function or in order to able to be nursed in his or her own home.

The benefit may be given as loan of, grant to or monetary loan for the purchase of technical aids, hearing aid, delineator for tailoring, seeing eye dog, reading and secretarial aid for blind and visually impaired persons, interpreter for hearing impaired persons, interpreter and escort assistance for deaf-blind persons, motor vehicle or other means of transport, orthopaedic aids, breast prosthesis, prosthesis for facial defects, eye prosthesis, wigs etc.

8 WORK ASSESSMENT ALLOWANCE

Insured persons may be entitled to Work Assessment Allowance if residing in Norway and having been insured for at least three years immediately prior to claiming the allowance. An insurance period of one year is sufficient if the claimant has been physically and mentally capable of carrying out ordinary, paid work during that year.

Work Assessment Allowance is granted to insured persons between the ages of 18 and 67 whose working capacity is reduced by at least 50 per cent due to illness, injury or defect. Work Assessment Allowance shall cover living expenses and is normally granted when the person in question is undergoing active treatment or vocational measures, or when the person in question has tried such measures and is still considered to have a certain possibility of becoming employed, and is being followed up by the Norwegian Labour and Welfare Service.

Work Assessment Allowance is calculated on the basis of the pensionable income the year before the working capacity was reduced by at least 50 per cent. The Work Assessment Allowance shall, however, be calculated on the basis of the average pensionable income of the last three calendar years prior to the contingency, if this results in a higher basis. The maximal calculation basis is 6 B.a (NOK 555 456). The benefit rate per year is 66 per cent of the calculation basis, and is paid for five days a week. Insured persons who had low, or no, pensionable income before the working capacity was reduced by at least 50 per cent, is guaranteed a minimum annual benefit of 2 B.a. (NOK 185 152). For persons born disabled or having become disabled before attaining the age of 26, the minimum allowance is 2.44 B.a. (NOK 225 885). In addition, a child supplement of NOK 27 is granted for each dependent child under the age of 18. The supplement is paid for five days a week.

Supplementary allowances can be granted to insured persons between the ages of 18 and 67. These allowances shall fully or partially compensate for expenses which they have incurred while undergoing vocational measures.

9 HEALTH CARE BENEFITS

All persons insured in the Norwegian Social Insurance Scheme are granted free accommodation and treatment, including medicines, in hospitals. This follows from the provisions of the Act on Specialist Health Care and the Act on Mental Health Care. In the case of treatment given outside hospitals, the provisions of the Health and Care Services Act and the National Insurance Act apply.

The patient has to pay a share of the cost of treatment by a general practitioner or a specialist outside hospital, for treatment by a psychologist, for prescriptions of important drugs and for transportation expenses in connection with examination or treatment. The municipality, the regional health authority and/or the National Insurance cover the main part of the expenses. As per 1 January 2017 the cost-sharing amount in connection with treatment by a general practitioner is NOK 152 for each consultation, and by a doctor in the specialist health service or a specialist in clinical psychology NOK 345. For important medicaments and nursing items, the cost-sharing amount is 39 per cent of the cost of the prescription (maximum NOK 520 per prescription). For reiterated prescriptions a new cost-sharing amount shall be paid when a supply equal to three months' consumption has been received.

There are exemptions from the cost-sharing provisions for certain diseases and groups of people. Children under the age of 12 are completely exempted from cost-sharing for health services. Children under the age of 16 are exempted from cost-sharing for health services covered by cost-sharing ceiling 1, cf. below. Children under the age of 18 are exempted from cost-sharing for psychotherapy and dental treatment. Necessary medical examinations during pregnancy and after confinement are free. Persons who have attained the age of 67 and who are drawing full old-age pensions, are exempted from cost-sharing for important medicinal products, provided that the pension does not exceed the level of the minimum old-age pension. In addition, old-age pensioners, disability pensioners and persons receiving pensions from the collectively bargained AFP scheme, who receive special supplement from the National Insurance Scheme, are exempted from cost-sharing.

There is a cost-sharing ceiling (ceiling 1) that relates to expenses for treatment by physicians and psychologists, important drugs and transportation expenses related to examination and treatment. After the ceiling has been reached, a card is issued giving entitlement to free treatment and benefits as mentioned, for the rest of the calendar year. The ceiling is set by the Parliament on a yearly basis. For 2017 it is set at NOK 2 205.

Cost sharing ceiling 2 includes expenses regarding certain health care services which are not included in the scheme mentioned above, such as physical therapy, some forms of dental treatment that is subject to reimbursement and accommodation fees at rehabilitation centres and treatment abroad. The ceiling is set by the Parliament on a yearly basis. For 2017 it is set at NOK 1 990.

10 DAILY CASH BENEFITS IN CASE OF SICKNESS AND MATERNITY ETC.

10.1 Daily Cash Benefits in Case of Sickness

An insured person who has an annual income of at least 0.5 B.a. (NOK 46 288) is entitled to daily cash benefits in case of sickness if he/she is incapable of working due to sickness. It is, as a general rule, required that the occupational activity has lasted for at least 4 weeks prior to onset of sickness.

Daily cash benefits for employees equal 100 per cent of pensionable income, and are paid from the first day of sickness for a period of 260 days (52 weeks). Daily cash benefits in case of sickness are paid by the employer for the first 16 calendar days, and thereafter by the National Insurance Scheme. During the period in which daily cash benefits are paid by the employer, no minimum income level is required. Income exceeding 6 B.a. (NOK 555 456) is not taken into account.

Self-employed persons get sickness benefits corresponding to 65 per cent of pensionable income from the 17^{th} day of sickness for a period of 248 days. By voluntarily paying a higher rate of contributions, self-employed persons may receive 65 per cent of pensionable income from the first day of sickness or 100 per cent from the seventeenth day of sickness or the first day of sickness.

Old-age pensioners have no reduction in their pension when maintaining an earned income. Daily cash benefits in case of sickness is granted to insured persons between 62 and 67 years of age, irrespective of whether they have started to draw their pensions. Insured persons between 67 and 70 years of age are entitled to daily cash benefits in case of sickness for up to 60 days if the earned income exceeds 2 B.a (NOK 185 152). Daily cash benefits in case of sickness are not granted to insured persons who have attained the age of 70.

10.2 Daily Cash Benefits in Case of Absence from Work

10.2.1 Due to Care for a Sick Child etc.

An insured employee who is absent from work due to necessary care for a sick child at home or in a health institution, is entitled to daily cash benefits up to ten days per calendar year, or fifteen days if taking care of more than two children,. Parents may receive such benefits up to and including the year of the child's 12th birthday. If the child is chronically ill or disabled, the benefits may be received up to and including the year of the child's 18th birthday.

An employee with disabled or chronically sick child/children may receive such benefits for ten extra days per chronically ill or disabled child. The number of days is doubled for single parents.

When only one of the parents has custody of the child, the period of entitlement to benefits may, under certain conditions, be divided between them.

An insured employee is entitled to daily cash benefits during necessary care for children under 12 years of age, or 18 years of age as described above, if the person providing daily child care is sick, or prevented from taking care of the child because he/she is accompanying another child to treatment or examination. An insured employee is also entitled to daily cash benefits during absence from work when the child due to sickness needs a follow-up doctor's visit etc., even if the child is not sick or in need of care that particular day.

Daily cash benefits in case of absence from work due to care for a child are calculated as daily cash benefits for the person's own sickness and paid by the employer up to ten days during a calendar year. If the employee is entitled to receive benefits for more than ten days, the employer is obliged to pay, but will get a refund from the National Insurance Scheme.

If the employee is taking care of at least one chronically ill or handicapped child, the employer will get the costs refunded in full by the National Insurance Scheme (i.e. from the first day of absence).

Self-employed persons and freelancers are entitled to daily cash benefits from the National Insurance Scheme to the same extent as employed persons. Daily cash benefits in case of absence for work due to care for child are paid by the employer for the first ten calendar days, and thereafter by the National Insurance Scheme. If the self-employed person or the freelancer only has care for a disabled or chronically sick child who has attained the age of 12 years, the National Insurance Scheme covers the daily cash benefits fully (from day one). The daily cash benefit is calculated as daily cash benefits for the person's own sickness, exceptionbut given with 100 per cent of pensionable income up to 6 B.a. (NOK 555 456).

10.2.2 Due to Care for a Hospitalised Child etc. or a Close Relative during the Terminal Phase or during Training Courses

An insured occupationally active parent of a hospitalised child under 12 years of age is entitled to daily cash benefits from the National Insurance Scheme from the eight day of hospitalisation if the child is hospitalised due to a less serious sickness. If the child needs continuous attendance by one of the parents, benefits may be granted also after the discharge from hospital. Benefits are granted to only one of the parents at a time. Benefits are granted for disabled or chronically sick children up to 18 years of age.

An insured occupationally active parent of a hospitalised child under 18 years of age suffering from a serious or potentially fatal disease or injury is entitled to daily cash benefits from the National Insurance Scheme if the parent must stay at the hospital while the child is hospitalised, or has to stay at home because the child needs continuous attendance by one or both of the parents. No upper age limit applies in the case of mentally handicapped children suffering from such serious or potentially fatal disease or injury.

When a supervision or relief arrangement is established for the child for parts of the day or for some days a week, daily cash benefits may be granted at reduced levels, down to 50 per cent.

A person, who has been receiving daily cash benefits for at least three years, is entitled to daily cash benefits for up to three months after the nursing has come to an end due to the death of the child.

An insured occupationally active person taking care of close relatives or friends at home during the terminal phase is entitled to daily cash benefits from the National Insurance Scheme for a period of up to 60 days for each patient.

An insured occupationally active parent is entitled to cash benefits while attending approved training courses in order to improve his/her ability to take care of a child who is disabled or sick over a long period. There is no age limit on these benefits.

Daily cash benefits due to care for a hospitalised child etc. are calculated in accordance with the same provisions as cash benefits in case of sickness. However, for self-employed persons and freelancers, the benefits are granted at 100 per cent of pensionable income up to 6 B.a. (NOK 555 456) and without a waiting period.

10.3 Cash benefits in Case of Maternity and Adoption

10.3.1 Pregnancy benefits

An employee who, according to law, has to refrain from working for a certain period prior to confinement due to hazardous working conditions/environment, is entitled to pregnancy benefits. This applies from the time she stops working and until three weeks prior to birth. Also self-employed persons are entitled to pregnancy benefits.

10.3.2 Parental benefits due to birth and adoption

Insured parents who have been in paid employment etc. for six out of ten months preceding the beginning of the period of paid leave, are entitled to parental benefits in case of birth, or adoption of a child below the age of 15.

Parental benefits are not payable in case of adoption of stepchildren. However, the adoptive parent has the same entitlement as fathers in cases where the adoption takes place during the parental benefit period following the birth of the child. This entitlement applies from the time of adoption and for the remaining part of the benefit period.

The parental benefit period is 49 weeks with 100 per cent compensation or 59 weeks with 80 per cent compensation. In case of adoption, the benefit period is 46 or 56 weeks respectively. Parental benefits are calculated in the same way as cash benefits in case of sickness.

Three weeks immediately prior to birth and six weeks immediately after the birth are reserved for the mother. In case of adoption, this rule does not apply. If both parents are entitled to parental benefits, ten weeks of the benefit period are reserved for the father (the father's quota) and ten weeks are reserved for the mother (the mother's quota, which includes the six weeks immediately after birth). The remaining part of the benefit period of 26 or 36 weeks may be shared between the parents. However, the father can only make use of the common parental benefit period if the mother is occupationally active, takes a publicly approved full-time education, combines work and approved education to give a full time total, is unable to take care of the child because of illness or injury , is admitted to a health institution or takes part in either an introduction programme or a qualification programme on full time basis.

In case of multiple births or adoption of more than one child, the parents are entitled to parental benefits for five more weeks (seven weeks with reduced compensation) for each child more than one.

If the mother receives disability pension, the father may receive parental benefits for a period equivalent to the father's quota even if the mother is not occupationally active or undergoes full-time education etc.

Parental benefits may be combined with reduced working hours. A written agreement with the employer concerning the extent and duration of the part-time work is required. The parental benefit is reduced correspondingly, but the benefit period is extended. Both the mother and the father can make use of this possibility. Only the three weeks prior to and the six weeks after the delivery which are reserved for the mother are excluded.

The parental benefit period may be postponed if the parent works full-time. A written agreement with the employer must be presented to the Labour and Welfare Service before the start of the postponement.

The parental benefit must be used within three years of the birth or adoption.

10.3.3 Lump sum maternity and adoption grants

Women who do not qualify for parental benefit, are entitled to receive a lump sum grant of NOK 61 120 in case of birth or adoption. Fathers who adopt alone or who, under certain circumstances, take over the care for the child, may also be entitled to this grant.

10.3.4 Grants for parents adopting children from abroad

Parents who adopt children from abroad receive a lump sum grant of NOK 92 576.

11 UNEMPLOYMENT BENEFITS

Unemployment benefit partially compensates for loss of income due to unemp1oyment. Working hours must have been reduced by at least 50 per cent compared to previous working hours.

In order to qualify for unemployment benefit, the member must be a genuine jobseeker, i.e. capable of work and registered as an applicant with the Labour and Welfare Service. He or she must also, at short notice and in any part of Norway, be availab1e for any type of part- or full-time work or labour market measure that he or she is physically and mentally capable of doing. The person concerned may be entit1ed to unemployment benefit even if he or she does not fully meet the availability requirement due to circumstances such as age, health or work of caring nature. If a person is considered to be unemployed by his or her own choice, i.e. if he or she has given notice voluntarily, refused to take a suitable job, refused to participate in labour market measures, a prolonged waiting period may be imposed, or benefits may temporarily be suspended.

Previously earned income is a condition for entitlement to unemployment benefit. The person concerned must have had an income from work of at least 1.5 B.a. (NOK 138 864) the preceding calendar year or an income from work of at least 3 B.a. (NOK 277 728) during the three preceding calendar years. Daily cash benefits in case of sickness granted for maternity related illnesses, pregnancy benefits and parental benefits are considered as equal to income from work in this respect.

Unemployment benefit may be paid when the member has been unemployed and has been registered with the Labour and Welfare Service as a genuine jobseeker for at least three of the last fifteen days.

The calculation of unemployment benefit is based on income from work and income from daily cash benefits during unemployment, sickness, maternity and adoption. The calcu1ation basis is the highest of the income of the preceding calendar year or the average over the three preceding calendar years. The maximal calculation basis is 6 B.a. (NOK 555 456). The benefit rate per day is 0.24 per cent of the calculation basis and is paid five days a week. This will normally give an annual compensation of 62.4 per cent of the calculation basis. A supplement of NOK 17 per day is granted for each dependent child under the age of 18.

The benefit period varies depending on earlier income from work. Income from work amounting to at least 2 B.a. (NOK 185 152) gives a benefit period of 104 weeks (2 years). Income amounting to less than 2 B.a. gives a benefit period of 52 weeks (1 year). When the initial benefit period has expired, a subsequent benefit period may immediately be granted, provided that the requirements concerning previous income are met again.

12 FUNERAL GRANT

A means-tested lump-sum of maximum NOK 22 723 may be granted by the National Insurance Scheme in case of death, to cover expenses in connection with the funeral.

13 BENEFITS IN CASE OF OCCUPATIONAL INJURY

Employees and certain other groups, e.g. military personnel and pupils/students are obligatorily covered for occupational injury under the National Insurance Scheme. Self-employed persons and freelancers may take out voluntary insurance.

An insured person who is the victim of an occupational injury is entitled to benefits according to special rules generally more favourable than the ordinary rules. This applies to medical benefit etc. as well as pensions. In addition to any other benefits, a compensation for non economic loss (reduced quality of life) may be granted on the basis of the medical nature and degree of the injury. The maximum compensation from the Social Insurance Scheme is 75 per cent of the B.a. (NOK 69 432) a year.

Injury, sickness or death caused by an accident at work is regarded as occupational injury. Certain diseases are regarded as equal with occupational injury. Fatigue injuries and mental suffering caused by continuous strain are generally not regarded as falling within the scope of the legislation concerning occupational injury.

As a main rule the injury or sickness must occur while working at the place of work during working hours.

Employees are also covered by an occupational injury compensation act outside the framework of the National Insurance legislation.

14 BENEFITS TO SINGLE PARENTS

A single parent who has a clear majority of the daily care for the child than the other parent may be entitled to transitional benefit, childcare benefit, education benefit and grants to cover necessary moving expenses in order to gain employment.

A parent is considered to be single if unmarried, divorced or separated and not living together with a person:
- with whom he/she has children,
- to whom he/she has been married.

A person is not considered to be a single parent if he or she lives with a spousal equivalent and they have a joint household, without having a child together.

If, during the period a person is receiving benefits as a single parent, he or she has a new child with the same partner, none of the parents are considered to be a single parent. The same applies if a mother or father has previously received such benefits for a child the partners have together.

As a main rule, it is required that the single parent has been insured for three years immediately prior to claiming benefits. Both the parent and the child must be resident and staying in Norway.

The transitional benefit is benefit intended to cover subsistence expenses. From the youngest child is one year old, there is a requirement of occupational activity, in the form of:
- education or work for at least 50 per cent of full time,
- establishing a business, or
- reporting to the Norwegian Labour and Welfare Administration as a genuine job seeker.

The education in question must be considered by the Norwegian Labour and Welfare Administration to be necessary and appropriate in order for the person to attain or keep employment.

The maximum annual transitional benefit to a single parent is 2.25 B.a. (NOK 208 296). If the single parent has an annual income from work exceeding 0.5 B.a., the transitional benefit is reduced by 45 per cent of the exceeding income.

As a general rule, transitional benefit may be granted until the child attains the age of 8, but not for more than a total of 3 years. However, after a new child birth, a new transitional benefit may be granted until the child is entitled to a place in a day care centre. Furthermore, the benefit period may be prolonged by two extra years if the parent undergoes education in order to gain employment. Also, for single parents with more than two children or for persons who became a single parent before attaining the age of 18, the benefit period may be prolonged by three years.

Childcare benefit and allowances to cover tuition fees are granted according to the same rules and mainly on the same conditions as for a surviving spouse, cf. Section 5.1. As a general rule, childcare benefit for a working single parent may be granted up to and including the fourth school year, but it may in certain cases be granted for a longer period.

15 ADVANCE PAYMENT OF CHILD MAINTENANCE

Advance payment of child maintenance is granted according to an act of 17 February 1989.

Advance payment of child maintenance is granted for children under the age of 18, resident in Norway, if they are not living with both parents. This ensures a minimum child maintenance, when the child maintenance from the debtor is delayed or remains unpaid. It is a requirement that the maintenance payment from the debtor is to be collected through the Collection Agency of the Labour and Welfare Administration.

The advance payment is income-tested, and is granted as either an increased advance amount, a full advance amount or a reduced advance amount (NOK 1 530, NOK 1 150 and NOK 770, respectively, per month, per child).

The increased advance amount is granted when the recipient's annual income is not in excess of NOK 264 201. The threshold for the full advance amount is NOK 399 100 (singles, one child). The reduced advance amount is granted up to a threshold of NOK 489 600. Persons with income in excess of this amount will not qualify for an advance.

The threshold amounts and the advance amount are adjusted with effect from 1 July each year.

An additional advance amount of NOK 380 per month per child aged 11 or older, is granted when the recipient's annual income is not in excess of NOK 264 201.

16 FAMILY ALLOWANCES

Family allowances are granted for children resident in Norway under the age of 18.

The annual rate is NOK 11 640 for each child, i.e. NOK 970 per month per child.

Single parents are entitled to allowance for one more child than they actually have (extra allowance). Cohabitants who have children together or have been living together for at least 12 of the last 18 months are not entitled to the extra allowance.

Single parents with children under the age of three, who, according to the Family Allowance Act, are entitled to an extra allowance and in addition are entitled to a full transitional benefit according to the National Insurance Act, are entitled to a supplement.

This supplement is granted per provider, regardless of how many children under the age of three he/she has. In 2017, the annual supplement is NOK 7 920, i.e. NOK 660 per month.

17 CASH BENEFIT FOR FAMILIES WITH SMALL CHILDREN

Cash benefit is granted for children resident in Norway between the ages of 13 and 23 months. The most important condition for receiving the full rate of the cash benefit is that the child is not in a day care centre that receives a public grant. If the child according to agreement is in the day care centre less than 20 hours weekly, the family can be entitled to a reduced cash benefit.

The cash benefit is calculated according to the following rates:

Agreed time in day care centre per week	Cash benefit in per cent of full rate	NOK per month for children aged 13–23 months
No use of day care centre	100	6 000
Up to 19 hours	50	3 000
20 hours or more	0	0

From 1 August 2017, the rates will be:

Agreed time in day care centre per week	Cash benefit in per cent of full rate	NOK per month for children aged 13–23 months
No use of day care centre	100	7 500
Up to 19 hours	50	3 750
20 hours or more	0	0

18 TAXATION OF SOCIAL SECURITY BENEFITS

Benefits from the National Insurance Scheme are taxable income, and is as a main rule taxed according to the same provisions as income from work, except for the lump-sum grants and the benefits in kind. However, special tax provisions ensure that pensioners and recipients of some other benefits are paying less tax than wage earners. These provisions ensure that a number of the minimum benefits of the National Insurance Scheme are exempted from income tax. On the other hand, the so-called minimum deduction is slightly lower for pensions than for income from work.

For survivors pensioners, as well as for single parents receiving transitional benefits, a tax limitation provision ensures lower or no taxes for pensioners with low income and low wealth. As a result of this provision, income approximately equal to the level of the minimum pension is exempted from tax. Income in excess of this amount, including a wealth addition, is taxed at a rate of 55 per cent, so that the advantage is scaled down until it becomes more beneficial to be taxed according to the ordinary provisions on taxation of pensioners.

Old-age pensioners are entitled to a special tax deduction. This deduction ensures that pensioners with only a minimum pension are not liable to pay tax. The effect of the deduction is gradually reduced for pensioners with higher pensions. The supplement for pensioners supporting a spouse is tax free. Work assessment allowance is taxed as income from work.

Disabiliy benefit and work assessment allowance are taxed as income from work.

In addition to the special tax provisions, old-age pensioners and recipients of survivors' benefits are liable to pay a lower National Insurance contribution than employees etc., cf. Section 3.

Family allowances and cash benefits for families with small children are not taxable income. The children’s pension is not taxable until the year after the child attains the age of 17 years.

Pensioners who have moved abroad are taxed according to the provisions concerning taxation at source. The tax rate is set to 15 per cent. Some of the bilateral treaties for the avoidance of double taxation and the prevention of fiscal evasion, which Norway has established with other countries, stipulate that pensions may only be taxed in the country of residence. In such cases, the pensioner will not be liable to pay taxes according to the Norwegian provisions concerning taxation at source.

19 SOCIAL SECURITY AGREEMENTS

Norway has ratified bilateral social security agreements with the following countries:

Austria, Australia, Bosnia & Herzegovina, Canada, Chile, Croatia, France, Greece, Hungary (Medical Care), India, Israel, Italy, Luxembourg, Montenegro, the Netherlands, Portugal, Serbia, Slovenia, Switzerland, Turkey, the United Kingdom andthe USA. An agreement with Quebec has also been concluded.

Moreover, there is a social security convention between the Nordic countries.

1 January 1994 the EEA Agreement entered into force. It applies to all EU countries (Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom), and three of the EFTA countries (Iceland, Liechtenstein and Norway).

These agreements may extend or limit the provisions otherwise in force.

20 THE SUPPLEMENTARY ALLOWANCE SCHEME

Supplementary allowance is granted according to an act of 29 April 2005.

The purpose of the supplementary allowance scheme is to guarantee a minimum income for persons who have attained the age of 67 and who do not have sufficient pension or other financial means, due to the fact that they have less than 40 years of residence in Norway.

As a main rule, the National Insurance Scheme covers all residents of Norway, cf. Section 1. However, because 40 years of residence before the age of 67 is required to acquire a full residence based pension, those who have lived in Norway for a shorter period may not qualify for a pension that is adequate to live on. Eligible are persons who have attained the age of 67 and who are permanent residents of Norway. The recipient can not stay abroad for more than 90 days per 12 month period without losing his/her entitlement to the benefit.

The maximum amount of the allowance, set at a level corresponding to a defined minimum pension, is as per 1 January 2017 NOK 179 748 per year for single recipients and recipients with spouse or cohabitant under 67 years of age. For each of the spouses/cohabitants when they both have reached the age of 67 years, and for a recipient who is sharing residence with his or her adult children or other adults, even when the relationship between them is not defined as similar to marriage (shared household), the maximum amount is NOK 170 765.

The allowance is subject to a strict means test and is reduced if the person or his/her spouse or cohabitant has other income from work or capital assets or Norwegian or foreign pensions. In principle, the capital asset itself may also be taken into account.

The allowance is supplementary in relation to the ordinary pension benefits of the general National Insurance Scheme.

The allowance is granted without conditions of qualifying periods or completed periods of insurance. Recipients are required to make a reapplication once a year by personal attendance at the local office of the Labour and Welfare Administration.

The supplementary allowance scheme is neither a part of the comprehensive National Insurance Scheme, nor a part of the Social Assistance Scheme. It is fully financed over the Central Government Budget and it is managed by the Norwegian Labour and Welfare Service.

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