

## Croatia

Exchange rate: US\$1.00 equals 5 kunas.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1922.

**Current laws:** 1998 (pension insurance), implemented in 1999; 1998 (maximum pension); 1998 (disability); 1998 (occupational diseases); 1998 (medical reports); 1999 (pension funds); 1999 (pension insurance companies and savings); 1999 (insurance); 1999 (medical assessment); 2002 (contributions); 2004 (contribution collection); and 2006 (compulsory insurance).

**Type of program:** Social insurance and mandatory individual account system.

#### Coverage

**Social insurance:** Employed persons in industry, commerce, or services; apprentices; civil servants and public-sector employees; military and police personnel; judiciary officers; temporary contract workers; and self-employed persons.

**Mandatory individual account:** All persons who were younger than age 40 on January 1, 1999, who are covered by social insurance. Those between ages 40 and 50 who were already insured under the social insurance system could voluntarily join the two-pillar system until June 30, 2002.

#### Source of Funds

##### Insured person

**Social insurance:** 20% of covered earnings if insured under social insurance only; 15% of covered earnings if insured under the social insurance and mandatory individual account system.

The minimum monthly earnings used to calculate contributions are 2,611 kunas.

The maximum monthly earnings used to calculate contributions are 44,760 kunas.

The insured's contributions also finance disability and survivors benefits and work injury and occupational disease benefits.

**Mandatory individual account:** 5% of gross earnings plus administrative fees.

##### Self-employed person

**Social insurance:** 20% of covered earnings if insured under social insurance only; 15% of the insurance base if insured under the social insurance and mandatory individual account system.

Self-employed farmers who are not required to pay income taxes contribute 10% of covered earnings if insured under social insurance only; 5% of the insurance base if insured under the social insurance and mandatory individual account system.

The insurance base is defined as a percentage of the gross average wage of all employed persons (from 50% to 110%, from 7,460 kunas), depending on the category of self-employment and the individual's level of education.

The self-employed person's contributions also finance disability and survivor benefits and work injury and occupational disease benefits.

The minimum monthly earnings used to calculate contributions are 2,611 kunas.

The maximum monthly earnings used to calculate contributions are 44,760 kunas.

**Mandatory individual account:** 5% of covered earnings plus administrative fees.

The minimum monthly earnings used to calculate contributions are 2,611 kunas.

##### Employer

**Social insurance:** None, except for employees in arduous or unhealthy occupations.

**Mandatory individual account:** None, except for employees in arduous or unhealthy occupations.

##### Government

**Social insurance:** Covers all or part of the cost of social insurance for military and police personnel, judiciary officials, parliamentary deputies, members of government, and war veterans with disabilities.

**Mandatory individual account:** None.

#### Qualifying Conditions

##### Old-age pension

**Social insurance:** Age 65 with at least 15 years of coverage (men) or age 60 with at least 15 years of coverage (women).

Early pension: Age 60 with at least 35 years of coverage (men) or age 55 with at least 30 years of coverage (women).

A pensioner who receives a social insurance pension must cease work.

**Mandatory individual account (old-age):** The insured must meet the qualifying conditions for a social insurance pension.

## Disability benefits

Paid for a permanent reduction in, or loss of, the ability to work resulting from an occupational or nonoccupational injury or disease.

*General disability pension:* The insured must be assessed with a permanent loss of working capacity resulting from permanent changes in health occurring before age 65 (men and women). The insured must have coverage during at least 33.3% of the working life after age 20 (age 23 for insured persons with postsecondary education; age 26 for insured persons with a university degree). There is no minimum qualifying period if the general (full) disability is the result of a work injury or an occupational disease.

The insured must cease employment.

*Occupational (partial) disability pension:* The insured must be younger than age 66 (men and women); no limit if there is no likelihood of rehabilitation for work. If the disability began after age 50, must have a permanent reduction in working capacity greater than 50%; if the disability began before age 50, must have a reduced capacity to work that is not likely to be improved by occupational rehabilitation. The insured must have coverage during at least 33.3% of the working life. There is no minimum qualifying period if the disability is the result of a work injury or an occupational disease.

*Occupational rehabilitation and salary compensation:* Paid if the disability began before age 50 and it is likely that the person will regain the capacity to work full time (40 hours a week). The insured is eligible during the rehabilitation process, until employment begins in another job with the same employer; if no other job is available or acceptable, the insured is eligible for the benefit for up to 12 months of unemployment after the completion of occupational rehabilitation (24 months if the disability is the result of a work injury or an occupational disease). Other jobs offered in writing must require the same level of education as was required for the job performed before the disability began; if none is available, the job must require the next lower degree of education.

Medical experts of the Croatian Pension Insurance Institute and senior medical experts assess the degree of disability. The assessment is subject to review by a special medical committee composed of appointed members of the Croatian Pension Insurance Institute.

*Compensation allowance for a physical injury:* Paid for organ or body part loss or damage that is the result of a work injury or an occupational disease. The insured's injury must be assessed as at least 30%. The allowance is paid regardless of whether the physical injury led to an assessed disability.

*Mandatory individual account (disability):* Paid if the insured meets the qualifying conditions for a social insurance pension and the value of the mandatory individual account

pension combined with the social insurance disability pension is greater than the regular disability pension. (Persons insured under the insurance system only receive a regular disability pension.)

## Survivor pension

*Social insurance:* The deceased was a pensioner, an occupational rehabilitation beneficiary, or had completed 5 years of coverage, a 10-year qualifying period, or met the qualifying period conditions for a disability pension. There is no minimum qualifying period if the death resulted from a work injury or an occupational disease.

Eligible survivors are a widow(er) aged 50 or older, caring for eligible children, or disabled (a woman who is widowed at age 45 becomes eligible on reaching age 50); and children up to age 15 (age 18 if unemployed, age 26 if a student, no limit if disabled).

If the widow(er) remarries and is younger than age 50 or disabled, the pension ceases.

*Mandatory individual account (survivors):* Paid if the deceased met the qualifying conditions for a social insurance pension and the value of the mandatory individual account pension, combined with the social insurance survivor pension is greater than the regular survivor pension. (Survivors of a deceased person insured under the social insurance system only receive a regular survivor pension.)

## Old-Age Benefits

**Old-age pension (social insurance only):** The pension is calculated based on the insured's earnings, according to the average wage of all employed persons and the length of the insured's coverage period (including the period before 2002).

The minimum pension is calculated as 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For insured persons retiring in 2009, the value of the minimum pension is 56.59 kunas for each year of coverage.

The maximum pension depends on the length of the insured's coverage period and previous earnings, up to a maximum.

**Early pension:** The pension is reduced by 0.15% for each month the pension is taken before the normal retirement age. This reduction is permanent and continues after the recipient reaches the normal retirement age.

Benefits are payable abroad.

**Benefit adjustment:** Benefits are adjusted every 6 months according to changes in the cost of living and national average gross earnings.

**Old-age pension (social insurance with mandatory individual account):** For periods of coverage under the social insurance system since 2002, the pension is based on the average gross salary of all employed persons in the

preceding year, the insured's number of years of coverage under the new system, and previous earnings up to a ceiling.

Benefits are payable abroad.

Benefit adjustment: Benefits are adjusted every 6 months according to an index based on changes in the cost of living and national average gross earnings.

**Old-age pension (mandatory individual account):** The pension is based on the accumulated assets in the mandatory individual account and average life expectancy at retirement.

Benefits are payable abroad.

### **Permanent Disability Benefits**

**General disability pension (social insurance):** The full amount is paid for a general disability.

The minimum pension is calculated as 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For 2009, the value of the minimum pension is 56.69 kunas for each year of coverage.

The maximum pension depends on the length of the insured's coverage period and previous earnings, up to a maximum.

**Occupational (partial) disability pension (social insurance):** The pension is 80% of the general disability pension; 50% if the pensioner is still employed.

The minimum pension is calculated as 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For 2009, the value of the minimum pension is 56.69 kunas for each year of coverage.

The maximum pension depends on the length of the insured's coverage period and previous earnings, up to a maximum.

Benefits are payable abroad.

**Occupational rehabilitation and salary compensation (social insurance):** The benefit is the same as the occupational disability pension unless the disability was caused by a work injury or an occupational disease, in which case it is the same amount as the general disability pension based on 40 years of coverage.

**Compensation allowance for a physical injury (social insurance):** The allowance depends on the assessed degree of physical injury resulting from a work injury or an occupational disease. There is no minimum qualifying period. The allowance is paid to employed and self-employed persons for life.

Benefit adjustment: Benefits are adjusted every 6 months according to changes in the cost of living and national average gross earnings.

**Disability pension (mandatory individual account):** The pension is based on the accumulated assets in the mandatory individual account. If the value of the mandatory individual account pension combined with the social disability pension is less than the regular disability pension, the funds in the mandatory individual account are transferred to the Croatian Pension Insurance Institute and the social insurance disability pension is paid at a higher rate. (Persons insured under the social insurance system only receive a regular disability pension.)

### **Survivor Benefits**

**Survivor pension (social insurance):** The amount is based on the old-age or disability pension that the deceased received or was entitled to receive and the number of survivors. The minimum number of years of coverage used to calculate the pension is 21; if the insured's death was the result of a work injury or an occupational disease, the minimum number of years of coverage used to calculate the pension is 40.

In most cases, benefits are paid under social insurance.

The minimum pension is calculated as 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For insured persons who died in 2009, the value of the minimum pension is 56.69 kunas for each year of coverage.

The maximum pension depends on the length of the deceased's coverage period, the deceased's previous earnings (up to a maximum), and on the number of survivors; 100% of the deceased's pension is paid for four survivors or more.

Benefits are payable abroad.

Benefit adjustment: Benefits are adjusted every 6 months according to changes in the cost of living and national average gross earnings.

**Survivor pension (mandatory individual account):**

The pension is based on the accumulated assets in the mandatory individual account. If the value of the mandatory individual account pension combined with the social insurance survivor pension is not greater than the regular survivor pension, the funds in the mandatory individual account are transferred to the Croatian Pension Insurance Institute and the social insurance survivor pension is paid at a higher rate. (Survivors of a deceased person insured under the social insurance system only receive a regular survivor pension.)

### **Administrative Organization**

#### **Social insurance**

Ministry of Economy, Labor, and Entrepreneurship (<http://www.mingo.hr>) and the Ministry of Finance (<http://www.mfin.hr>) provide general supervision.

Croatian Pension Insurance Institute (<http://www.mirovinsko.hr>) administers benefits.

### **Mandatory individual account**

Ministry of Economy, Labor, and Entrepreneurship (<http://www.mingo.hr>) and the Ministry of Finance (<http://www.mfin.hr>) provide general supervision.

Agency for the Supervision of Pension Funds and Insurance provides legal supervision.

Central Registry, pension companies, and pension insurance companies provide general administrative services and administer benefits.

## **Sickness and Maternity**

### **Regulatory Framework**

**First law:** 1954.

**Current laws:** 1997 (health care of foreigners); 2004 (patients rights); 2006 (voluntary health insurance); 2008 (health care), implemented in 2009; 2008 (maternity), implemented in 2009; 2008 (compulsory health insurance), implemented in 2009; and 2008 (social insurance contributions), implemented in 2009.

**Type of program:** Social insurance system.

### **Coverage**

**Cash sickness and medical benefits:** Employed persons, public-sector employees, civil servants, self-employed persons, salaried full-time apprentices, temporary contract workers, military personnel, and persons employed by a foreign employer if they are not covered under the employer's country provisions.

**Maternity benefits:** All employed and unemployed persons.

**Medical benefits only:** Farmers, pensioners, unemployed persons, children up to age 18 (age 26 if a student), and dependents of an insured person.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 15% of income; non-taxpaying farmers contribute 7.5%.

The minimum monthly earnings used to calculate contributions are 2,700.60 kunas.

The maximum monthly earnings used to calculate contributions are 46,296 kunas.

**Employer:** 15% of covered payroll.

The minimum monthly earnings used to calculate contributions are 2,700.60 kunas.

The maximum monthly earnings used to calculate contributions are 46,296 kunas.

**Government:** The cost of parental leave, maternity benefits for unemployed persons, and newborn child assistance.

### **Qualifying Conditions**

**Cash sickness and medical benefits:** There is no minimum qualifying period. Entitlement to cash sickness benefits is determined by a designated doctor in a primary health care institution for the first period of incapacity (the duration depends on the nature of the incapacity); additional periods are determined by the decision of the medical commission of the Croatian Institute for Health Insurance.

Benefits are provided for up to 6 months; thereafter, the disability commission of the Croatian Pension Insurance Institute decides whether the insured should receive a disability pension.

**Cash maternity and parental leave benefits:** A designated doctor in a primary health care institution must certify the pregnancy. Adoptive parents qualify for some benefits.

**Newborn child assistance:** Paid on the birth of a child.

### **Sickness and Maternity Benefits**

**Sickness benefit:** Benefits vary between 70% and 100% of the insured's average monthly earnings in the previous 6-month period; 100% for an incapacity that is the result of a work injury or an occupational disease, participation in the Homeland War, pregnancy, childbirth, or the donation of transplantation tissues or organs, if nursing a sick child up to age 3, or due to quarantine.

The employer pays the first 42 days of sick leave (except for pregnancy, maternity leave, or participation in Homeland War); thereafter, the Croatian Institute for Health Insurance.

The minimum monthly benefit is 831.50 kunas.

The maximum monthly benefit is 4,257.28 kunas.

**Maternity benefit:** The monthly benefit is 100% of the insured's monthly earnings and is paid by the Croatian Institute for Health until the child is age 6 months. Mandatory parental leave for the mother begins 28 days before the expected date of childbirth (45 days in case of complications resulting from the pregnancy) and lasts up to 42 days after childbirth (after the 42nd day the father can opt to take the parental leave in place of the mother, below).

**Parental leave benefit:** After the maternity benefit has ceased, between 1,663 kunas and 2,666.80 a month is paid for 6 months; thereafter, 1,663 kunas a month is paid for 24 months for the third and subsequent children only.

Parental leave can be used by the father or mother in consecutive or nonconsecutive periods until the child reaches age 8.

**Unemployed parents' assistance:** Unemployed parents receive 1,663 kunas a month for the first 12 months for a first and second child; 36 months for the third and subsequent children.

**Newborn child assistance:** A lump sum of 2,328.20 kunas is paid.

### **Workers' Medical Benefits**

Benefits are provided by public and private health institutions contracted with the Croatian Institute for Health Insurance. Benefits include primary and specialist treatment, hospitalization, orthopedic and other aids, dental care, approved pharmaceuticals, laboratory services, maternity care, preventive care services, emergency aid, rehabilitation services, appliances, and transportation.

**Cost sharing:** The insured with no complementary health insurance pays 20% of the actual cost of health care and no less than the minimum according to a schedule in law. Up to 3,000 kunas is paid by the Croatian Institute for Health for each service. Medical services are free for children younger than age 18, persons with low income, persons with disabilities and in need of constant assistance, Homeland War veterans with disabilities, persons registered as unemployed at the Croatian Institute for Health Insurance, and voluntary blood donors who have made 35 donations (men) or 25 donations (women).

### **Dependents' Medical Benefits**

Benefits are provided by public and private health institutions contracted with the Croatian Institute for Health Insurance. Benefits include primary and specialist treatment, hospitalization, orthopedic and other aids, dental care, approved pharmaceuticals, laboratory services, maternity care, preventive care services, emergency aid, rehabilitation services, appliances, and transportation.

**Cost sharing:** The insured with no complementary health insurance pays 20% of the actual cost of health care and no less than the minimum according to a schedule in law. Up to 3,000 kunas is paid by the Croatian Institute for Health for each service. Medical services are free for children younger than age 18, persons with low income, persons with disabilities and in need of constant assistance, Homeland War veterans with disabilities, persons registered as unemployed at the Croatian Institute for Health Insurance, and voluntary blood donors who have made 35 donations (men) or 25 donations (women).

### **Administrative Organization**

Ministry of Health and Social Welfare (<http://www.mzss.hr>) provides general supervision.

Croatian Institute for Health Insurance (<http://www.hzzo-net.hr>), with 20 district offices and 91 branch offices, administers benefits.

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## **Work Injury**

### **Regulatory Framework**

Under the 2006 Health Insurance Act, benefits for an assessed incapacity or disability that are paid as the result of a work injury or an occupational disease are provided under more favorable conditions and at higher rates than general sickness and disability benefits (see Old Age, Disability, and Survivors, and Sickness and Maternity). Supervised by the Ministry of Health and Social Welfare (<http://www.mzss.hr>), the Croatian Institute for Health Insurance of Health Protection at Work oversees prevention measures and the detection of occupational diseases.

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## **Unemployment**

### **Regulatory Framework**

**First law:** 1952.

**Current laws:** 2002 (occupational rehabilitation), 2008 (contributions), 2008 (unemployment), and 2009 (compulsory insurance).

**Type of program:** Social insurance system.

### **Coverage**

All employed persons with insurance coverage based on an employment contract, including public-sector employees, civil servants, military and police personnel, and judiciary officers.

**Exclusions:** Self-employed persons and farmers.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** 1.7% of covered payroll.

The minimum monthly earnings used to calculate contributions are 2,611 kunas (contributions for employees with lower earnings are paid as though they earned 2,611 kunas).

The maximum monthly earnings used to calculate contributions are 44,760 kunas.

**Government:** Provides periodic subsidies and the total or partial cost of benefits for certain categories of persons.

### **Qualifying Conditions**

**Unemployment benefit:** The insured must be between ages 15 and 65 with at least 9 months of employment in the last 24 months. The insured must register with the Employment Service in the first 30 days of unemployment. There is no qualifying period for unemployed mothers caring for children younger than age 1.

Persons whose employment ceased as a result of willful misconduct or by agreement with the employer are not entitled to unemployment benefits.

Unemployed workers with at least 32 years of coverage are covered until they are reemployed.

Unemployed persons who are of retirement age but are missing up to 5 years of coverage to meet the minimum coverage period for the old-age pension are entitled to unemployment benefits.

**Unemployment assistance:** Paid to unemployed persons who participate in vocational training.

**Reimbursement of traveling and removal costs:** Paid for the cost of finding new employment and relocating.

### Unemployment Benefits

**Unemployment benefit:** The benefit is the insured's average wage in the last 3 months. The benefit is paid for a period between 78 and 450 days, depending on the duration of previous employment.

For the first 3 months, 70% of the base salary is paid, up to 2,251.20 kunas a month; thereafter, 50%, up to 1,800.96 kunas a month. For unemployed workers with at least 32 years of coverage, 40% of the base salary is paid after 12 months, up to 1,350.72 kunas a month.

**Unemployment assistance:** 1,600 kunas a month is paid.

**Reimbursement of traveling and removal costs:** A lump sum is paid.

### Administrative Organization

Ministry of the Economy, Labor, and Entrepreneurship (<http://www.mingo.hr>) is responsible for general supervision.

Croatian Employment Service (<http://www.hzz.hr>), managed by a tripartite nine-member committee through its central office and 22 regional and 95 local offices, administers the program.

### Family Allowances

#### Regulatory Framework

**First law:** 1949.

**Current laws:** 2001 (children allowances), implemented in 2002; and 2004 (income tax), implemented in 2005.

**Type of program:** Social assistance system.

#### Coverage

Parents or guardians who are Croatian citizens or hold a permit for permanent settlement, who have resided in Croatia for at least 3 years; foreign citizens with temporary residence who are eligible under a bilateral international social

security agreement or the European Union's coordination instruments; parents of children who reside abroad for more than 3 consecutive months, except if otherwise covered by a bilateral international social security agreement or the European Union's coordination instruments.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Family allowances (income-tested):** Children younger than age 15 (younger than age 19 if a full-time student, until age 21 if incapacitated, or until age 27 if severely disabled). No allowances are paid if the child resides permanently in a specialized institution.

**Income test:** The total household income in the year before the year of the claim must not exceed 50% of the state budget base.

The state budget base is 3,326 kunas (2008).

There is no minimum qualifying period or an employment requirement for parents.

### Family Allowance Benefits

**Family allowances (income-tested):** Households whose income is between 33.67% and 50% of the state budget base receive at least 199.56 kunas a month per child. Households whose income is 16.34% to 33.66% of the state budget base receive at least 249.45 kunas a month per child. Households whose income does not exceed 16.33% of the state budget base receive at least 299.34 kunas a month per child.

The state budget base is 3,326 kunas (2008).

Allowances for eligible single-parent households are 15% higher than the income-tested award.

Allowances for eligible full orphans and for eligible households with children with disabilities are 25% higher than the income-tested award.

Allowances for eligible children with severe disabilities are 25% of the state budget base (831.50 kunas a month per child).

### Administrative Organization

Family Division of the Ministry of Family, Defenders, and Intergenerational Solidarity (<http://www.mobms.hr>) provides general and legal supervision.

Croatian Pension Insurance Institute (<http://www.mirovinsko.hr>) administers the program.