

## Croatia

Exchange rate: US\$1.00 = 5.65 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 2010 (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 younger than age 40 on January 1, 2002, and covered by social insurance and persons who entered the labor force after January 1, 2002. Those aged 40 to 50 who were already insured under the social insurance system could voluntarily join the two-pillar system until June 30, 2002. Since October 15, 2011, they may opt out if the pension from the social insurance system would be more favorable than the two-pillar system.

#### Source of Funds

##### Insured person

**Social insurance:** 20% of covered earnings for social insurance only; 15% of covered earnings for social insurance and mandatory individual account.

The minimum monthly earnings used to calculate contributions are 2,679.95 kunas.

The maximum monthly earnings used to calculate contributions are 45,942 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% for social insurance only; 15% of the insurance base for the social insurance and mandatory individual account.

Self-employed farmers exempt from income taxes, contribute 10% of covered earnings for social insurance only; 5% of the insurance base for social insurance and mandatory individual account.

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

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

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

##### 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 for military and police personnel, judiciary officials, parliamentary deputies, members of government, and war veterans with a disability.

**Mandatory individual account:** None.

#### Qualifying Conditions

##### Old-age pension

**Social insurance:** Age 65 (men) or age 60 and 3 months (women, rising gradually to age 65 by 2030), with at least 15 years of coverage.

Early pension: Age 60 (men) with at least 35 years of coverage or age 55 and 6 months (women, rising gradually to age 60 by 2030) with at least 30 years and six months of coverage (rising gradually to 35 years by 2030).

Employment must cease.

**Mandatory individual account:** Must meet the qualifying conditions for a social insurance pension.

##### Disability benefits

**General disability pension (social insurance):** Assessed with a permanent loss of working capacity resulting from permanent changes in health occurring before age 65. 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 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.

Employment must cease.

**Occupational (partial) disability pension (social insurance):** The insured must be younger than age 65. 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 (social insurance):** Paid if the disability began before age 50 and the insured is likely to regain the capacity to work full time (40 hours a week). The insured is eligible during rehabilitation, until the insured returns to work 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 following 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 that 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 medical doctors appointed by the government.

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

### Survivor pension

**Social insurance:** The deceased was a pensioner, an occupational rehabilitation beneficiary, had five years of coverage in a 10 year 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 with a disability (a woman who is widowed at age 45 becomes eligible at 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), younger than age 50 or disabled, remarries, the pension ceases.

**Mandatory individual account (survivors):** Paid if the deceased met the qualifying conditions for a social insurance pension.

### Old-Age Benefits

**Old-age pension (social insurance):** 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 for those who are also covered by the mandatory individual account system).

The minimum pension is 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For insured persons retiring in 2011, 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. The pension must not exceed 3.8 times average wages earned during the coverage period.

**Early pension:** The pension is reduced by 0.15% (increasing gradually to 0.34% by 2030) for each month the pension is taken before the normal retirement age.

Benefits are payable abroad.

**Benefit adjustment:** Benefits are adjusted every six months according to changes in the cost of living and national average gross earnings. Pension adjustments were suspended in 2010 and 2011.

**Benefit adjustment:** Benefits are adjusted every six months according to an index based on changes in the cost of living and national average gross earnings. Pension adjustments were suspended in 2010 and 2011.

**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 pension is based on the length of the insured's coverage period and previous earnings.

The minimum pension is 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For 2011, the value of the minimum pension is 56.59 kunas for each year of coverage.

The maximum pension is 3.8 times the average wages earned during the coverage period.

**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 0.825% of the adjusted average gross salary of all employees in 1998 for each year of

coverage. For 2011, the value of the minimum pension is 56.59 kunas for each year of coverage.

The maximum pension is 3.8 times the average wages earned during the coverage period.

Benefits are payable abroad.

**Occupational rehabilitation and salary compensation (social insurance):** The benefit is the same as the occupational disability pension; if the disability was caused by a work injury or an occupational disease the benefit is the same 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 for life.

**Benefit adjustment:** Benefits are adjusted every six months according to changes in the cost of living and national average gross earnings. Pension adjustments were suspended in 2010 and 2011.

**Disability pension (mandatory individual account):** The pension is a combination of the general disability social insurance pension based on coverage before and after 2002 and the value of the funds in the mandatory individual account. If the total is less than the general disability social insurance pension the person would have received if still covered under the social insurance system only, the funds in the mandatory individual account are transferred to the Croatian Pension Insurance Institute to pay the general disability social insurance pension. If the total is more, the higher amount is paid.

### **Survivor Benefits**

**Survivor pension (social insurance):** The pension 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 for pension calculation purposes 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 for pension calculation purposes is 40.

The minimum pension is 0.825% of the adjusted average gross salary of all employees in 1998 for each year of coverage. For insured persons who died in 2011, the value of the minimum pension is 56.59 kunas for each year of coverage.

The maximum pension is 70% to 100% of the deceased's pension, according to the number of survivors.

Benefits are payable abroad.

**Benefit adjustment:** Benefits are adjusted every six months according to changes in the cost of living and national average gross earnings. Pension adjustments were suspended in 2010 and 2011.

**Survivor pension (mandatory individual account):** The pension is a combination of the survivor social insurance pension based on coverage before and after 2002 and the value of the funds in the mandatory individual account. If the total is less than the survivor social insurance pension the person would have received if still covered under the social insurance system only, the funds in the mandatory individual account are transferred to the Croatian Pension Insurance Institute to pay the general survivor social insurance pension. If the total is more, the higher amount is paid.

### **Administrative Organization**

#### **Social insurance**

Ministry of Labor and Pension System (<http://www.mingorp.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, Ministry of Entrepreneurship and Crafts, Ministry of Labor and Pension System (<http://www.mingorp.hr>), and Ministry of Finance (<http://www.mfin.hr>) provide general legal supervision.

Croatian Agency for the Supervision of Pension Funds and Insurance Financial Services provides legal financial 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 for foreigners); 2004 (patients' rights); 2006 (voluntary health insurance); 2008 (health care), implemented in 2009; 2008 (maternal and parental benefits), 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:** Employed persons, self-employed persons, farmers 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; farmers exempt from income tax contribute 7.5%.

The minimum monthly earnings used to calculate contributions are 2,679.95 kunas.

The maximum monthly earnings used to calculate contributions are 45,942 kunas.

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

The minimum monthly earnings used to calculate contributions are 2,679.95 kunas.

The maximum monthly earnings used to calculate contributions are 45,942 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 medical commission of the Croatian Institute for Health Insurance.

**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:** From 70% to 100% of the insured's average monthly earnings in the previous six-month period is paid; 100% for an incapacity that is the result of a work injury or an occupational disease, pregnancy, childbirth, organ or tissue donation, 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 and maternity leave).

The minimum monthly benefit is 831.50 kunas.

The maximum monthly benefit is 4,257.28 kunas.

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

**Maternity benefit:** The monthly benefit is 100% of the insured's monthly earnings and is paid until the child is age 6 months. A continuous period of 98 days of maternity leave, including 28 days before the expected date of birth (45 days if there are complications resulting from the pregnancy) is required.

**Parental leave benefit:** After the maternity benefit has ceased, 1,663 kunas to 2,666.80 kunas a month is paid for six months for the first and second child; 1,663 kunas a month is paid for 24 months for the third and subsequent children.

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 under contract 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. The Croatian Institute for Health Insurance pays up to 3,000 kunas for each service. Medical services are free for children younger than age 18, persons with low income, persons with a disability needing constant assistance, and organ donors.

### Dependents' Medical Benefits

Medical benefits for dependents are the same as those for the insured.

### Administrative Organization

Ministry of Health (<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.

### Work Injury

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### Regulatory Framework

**First law:** 2006.

**Current laws:** 2010 (health protection), implemented in 2011, and 2010 (compulsory health insurance), implemented in, 2011.

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

### Coverage

Employed and self-employed persons.

Medical benefits only: students, trainees of the Croatian Institute for Employment, military personnel, and fire fighters.

### Source of Funds

**Insured person:** None.

**Self-employed person:** 0.5% of income.

The minimum monthly earnings used to calculate contributions are 2,679.95 kunas.

The maximum monthly earnings used to calculate contributions are 45,942 kunas.

**Employer:** 0.5% of covered payroll.

The minimum monthly earnings used to calculate contributions are 2,679.95 kunas.

The maximum monthly earnings used to calculate contributions are 45,942 kunas.

**Government:** None

### Qualifying Conditions

**Work injury 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 medical commission of the Croatian Institute for Health Insurance.

### Temporary Disability Benefits

100% of the insured's average monthly earnings in the previous six month period is paid.

The minimum monthly benefit is 831.50 kunas.

The maximum monthly benefit is 100% of the insured's monthly earnings.

### Workers' Medical Benefits

Benefits are provided by public and private health institutions under contract 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: none.

### 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 the program.

### 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 2,679.95 kunas (contributions for employees with lower earnings are based on 2,679.95 kunas).

The maximum monthly earnings used to calculate contributions are 45,942 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 aged 15 to 65 with at least nine 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 five years of coverage to meet the minimum

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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:** 70% of the insured's average wage in the last three months, up to a maximum of 70% of the national average net salary in the previous year, is paid for up to 90 days. Thereafter, 35% is paid up to a maximum of 35% of the national average net salary in the previous year. The benefit is paid for 78 to 450 days depending on the duration of previous employment.

The national average net salary is 5,343 kunas (2010).

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

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

### Administrative Organization

Ministry of Labor and Pension system (<http://www.mingorp.hr>) is responsible for general supervision.

Croatian Employment Institute (<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

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#### Regulatory Framework

**First law:** 1949.

**Current laws:** 2001 (children's 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, and have resided in Croatia for at least three 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 three 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 (age 19 if a full-time student, age 21 if disabled, or 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 employment requirement for parents.

### Family Allowance Benefits

**Family allowances (income-tested):** The benefit is at least 199.56 kunas a month for each child in a household with income from 33.67% to 50% of the state budget base; at least 249.45 kunas a month for household income from 16.34% to 33.66%; at least 299.34 kunas a month for household income that does not exceed 16.33% of the state budget base.

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

Allowances for eligible single-parent households are 15% higher than the income-tested allowance; for full orphans and households with children with disabilities, 25% higher.

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

### Administrative Organization

Ministry of Social Welfare Policy and Youth provides general legal supervision.

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