

Croatia

Exchange rate: US\$1.00 equals 4.90 kunas.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1922.

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

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

Note: A mandatory two-pillar system was implemented in two stages in January 1999 and January 2002. Persons older than age 50 when the new system was implemented are insured under the first-pillar social insurance system only and receive a regular pension. Those between ages 40 and 50 who were already insured under the first-pillar social insurance system could opt to join the two-pillar system until June 30, 2002. In the two-pillar system, the first-pillar benefit is the basic pension and the second-pillar benefit is based on accumulated assets in an individual account.

Coverage

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 in nonagricultural and agricultural work.

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 for contribution purposes are 2,441.25 kunas.

The maximum monthly earnings for contribution purposes are 41,850 kunas.

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

Individual account: 5% of gross earnings, plus an amount for administrative fees (up to a ceiling).

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 must pay income taxes contribute 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 liable 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 6,975.00 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 survivors benefits and work injury and occupational disease benefits.

The minimum monthly earnings for contribution purposes are 2,441.25 kunas.

The maximum monthly earnings for contribution purposes are 41,850.00 kunas.

Individual account: 5% of covered earnings, plus an amount for administrative fees (up to a ceiling).

The maximum earnings for contribution purposes for self-employed persons are equal to the minimum monthly earnings for contribution purposes for social insurance benefits (2,441.25 kunas).

Employer

Social insurance: None; except on behalf of employees in arduous or unhealthy occupations.

Individual account: None; except on behalf of 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 disabled war veterans.

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).

Deferred pension: There is no deferred pension.

A pensioner receiving a social insurance regular or basic pension must cease work. (Persons insured under the first-pillar social insurance system only receive a regular pension. In the two-pillar system, the first-pillar benefit is the basic pension.)

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. Higher awards are made for a disability that is the result of a work injury or an occupational 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 1/3 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: If the disability began after age 50, the pension is paid for a permanent reduction in working capacity greater than 50%; if the disability began before age 50, the pension is paid for a reduced capacity to work that is not likely to be improved by occupational rehabilitation. The pension may be paid up to age 65 (men and women). The insured must have coverage during at least 1/3 of the working life. There is no minimum qualifying period if the disability is the result of a work injury or an occupational disease. If there is no likelihood of rehabilitation for work, the pension is paid for life.

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). Salary compensation is paid in the same amount as the occupational disability pension paid during the rehabilitation process until employment begins in another job with the same employer; if no other job is available with the same employer or acceptable to the insured, it is paid during a 12-month unemployment period 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 12 appointed members of the Croatian Pension Insurance Institute.

Compensation allowance for a physical injury: 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 as at least 30%. The allowance is paid regardless of whether the physical injury led to the onset of an assessed disability.

Individual account (disability): Paid if the insured meets the qualifying conditions for a social insurance pension and the value of the individual account pension combined with the basic disability pension is greater than the regular disability pension. (In the two-pillar system, the first-pillar benefit is the basic disability pension. Persons insured under the first-pillar social 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.

Individual account (survivors): Paid if the deceased met the qualifying conditions for a social insurance pension and the value of the individual account pension combined with the basic survivor pension is greater than the regular survivor pension. (In the two-pillar system, the first-pillar benefit is the basic survivor pension. Survivors of a deceased person insured under the first-pillar social insurance system only receive a regular survivor pension.)

Old-Age Benefits

Old-age pension

Note: Insured persons may be eligible to receive different combinations of social insurance and individual account benefits. For coverage periods under the social insurance system before 2002 and those after 2002 if completed only under the social insurance system, the insured receives a regular old-age pension; for coverage periods completed simultaneously under the social insurance system and the individual account system from 2002, the insured receives a basic old-age pension and a pension from the individual account system.

Regular old-age pension (social insurance): The pension is calculated on the basis of 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 2008, 52.46 kunas is paid for each year of coverage.

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

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.

Deferred pension: There is no deferred pension.

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.

Basic old-age pension (social insurance): 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.

Individual account: The pension is based on the accumulated assets in the individual account and average life expectancy at retirement.

Benefits are payable abroad.

Permanent Disability Benefits

Disability pension

Note: The pension depends on the level of wages earned in relation to the average wage of all employed persons, the length of the insured's coverage period (except for a work injury or an occupational disease), and the assessed degree of disability (total loss of, or permanent reduction in, the capacity to work).

In most cases, benefits are paid under social insurance.

For a disability caused by a work injury or an occupational disease, the minimum number of years used for pension calculation purposes is 40. The amount of the pension is calculated according to the insured's years of coverage and the value of the pension per qualifying year.

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 insured persons retiring in 2008, 52.46 kunas is paid for each year of coverage.

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

Occupational (partial) disability pension (social insurance): The pension is equal to 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 insured persons retiring in 2008, 52.46 kunas is paid for each year of coverage.

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

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 an index based on changes in the cost of living and national average gross earnings.

Individual account: The pension is based on the accumulated assets in the individual account. If the value of the individual account pension combined with the basic disability pension is not greater than the regular disability pension, the funds in the individual account are transferred to the Croatian Pension Insurance Institute, and the social insurance disability pension is paid at a higher rate. (In the two-pillar system, the first-pillar benefit is the basic disability pension. Persons insured under the first-pillar 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 paid or payable to the deceased 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.

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 2008, 52.46 kunas is paid 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 ceiling), and on the number of survivors; 100% of the deceased's pension is paid for four survivors or more.

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).

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

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.

Individual account: The pension is based on the accumulated assets in the individual account. If the value of the individual account pension combined with the basic survivor pension is not greater than the regular survivor pension, the funds in the individual account are transferred to the Croatian Pension Insurance Institute, and the social insurance survivor pension is paid at a higher rate. (In the two-pillar system, the first-pillar benefit is the basic survivor pension. Survivors of a deceased person insured under the first-pillar 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.

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: 1996 (maternity), with 2004 amendment; 1997 (health care); 2001 (health insurance), implemented in 2002, with amendments; 2002 (contributions), with 2002 and 2004 amendments; 2003 (health care), with amendments; 2004 (patients rights); and 2005 (compulsory insurance contribution), with amendments.

Type of program: Social insurance system.

Coverage

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

Medical benefits only: Farmers, pensioners, unemployed persons, persons entitled to occupational rehabilitation, and children up to age 18 (age 26 if a student), disabled former military personnel without resources, dependents of an insured person, and voluntarily insured persons.

Source of Funds

Insured person: Employees do not contribute. Voluntarily insured persons contribute 15% of covered earnings, plus 0.5% of covered earnings for benefits for work injury and occupational diseases.

The minimum monthly earnings for contribution purposes are 2,441.25 kunas (persons with lower earnings contribute as though they earn 2,441.25 kunas).

The maximum monthly earnings for contribution purposes are 41,850 kunas.

Self-employed person: 15% of income, plus 0.5% of income for benefits for work injury and occupational diseases.

Non-taxpaying farmers contribute 7.5% of income up to 2,790.00 kunas plus 0.5% of income for work injury and occupational diseases; 15% if taxpaying, plus 0.5% of income for benefits for work injury and occupational diseases.

Employer: 15% of covered payroll, plus 0.5% of covered payroll for benefits for work injury and occupational diseases.

The minimum monthly earnings for contribution purposes are 2,441.25 kunas (persons with lower earnings contribute as though they earn 2,441.25 kunas).

The maximum monthly earnings for contribution purposes are 41,850.00 kunas.

Government: Contributes on behalf of certain categories of persons and finances new-born child assistance, additional maternity leave, obligatory maternity leave for unemployed mothers, sick leave for war veterans, and adoption leave.

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 is permanently disabled, cured, or in need of further treatment. In the latter case, an additional 6-month period of temporary disability is paid.

Cash maternity and parental leave benefits: A designated doctor in a primary health care institution must certify the pregnancy.

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, the donation of transplantation tissues or organs, or if nursing a sick child up to age 3. Benefits are paid for a maximum of 6 consecutive months, according to the schedule in law. The employer pays for the first 42 days, except if the incapacity is because of pregnancy, maternity leave, or having participated in the Homeland War, in which case the cost is met by the Croatian Institute for Health Insurance at the expense of the state budget.

The minimum monthly benefit is 831.50 kunas.

The maximum monthly benefit is 4,257.28 kunas, except for the obligatory maternity leave period which is paid without limit.

Maternity benefit: The monthly benefit is equal to 100% of the insured's earnings and is paid until the child is aged 6 months (beginning 28 to 45 days before the expected date of childbirth). An additional benefit is paid until the child is age 1 (age 3 for multiple births).

Unemployed mothers receive 1,663 kunas a month in the first 6 months of the maternity period.

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 at least up to 42 days after childbirth (after the 42nd day the father can opt to take the parental leave in place of the mother). The leave period may be extended until the child is age 1.

The minimum monthly benefit is 1,663 kunas (for full-time employees).

There is no maximum benefit for obligatory maternity leave (until the child is 6 months old) and in this period the benefit is paid by the Croatian Institute for Health; thereafter, between 1,663 kunas and 2,500 kunas a month is paid until the child is age 1 or 1,663 kunas a month is paid for each child up to age 3 following multiple births.

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: Cost sharing by patients varies according to the nature of the service provided. There are free services for children younger than age 18, persons with low income, disabled persons needing constant assistance, disabled Homeland War veterans, persons registered at the Croatian Institute for Health Insurance as unemployed, and voluntary blood donors who have made 35 donations (men) or 25 donations (women).

Dependents' Medical Benefits

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: Cost sharing by patients varies according to the nature of the service provided. There are free services for children younger than age 18, low-income persons, disabled persons needing constant assistance, disabled Homeland War veterans, persons registered at the Croatian Institute for Health Insurance as unemployed, 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.

Governed by a managing council, the Croatian Institute for Health Insurance (<http://www.hzzo-net.hr>), with 20 district offices, administers benefits.

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. Supervised by the Ministry of Health and Social Welfare (<http://www.mzss.hr>), the Croatian Institute for Health Insurance for Health Protection at Work oversees prevention measures and the detection of occupational diseases.

Unemployment

Regulatory Framework

First law: 1952.

Current laws: 2002 (unemployment), with 2002 and 2003 amendments; 2002 (contributions), with 2003 and 2004 amendments; 2002 (occupational rehabilitation), with 2005 amendment; and 2005 (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 for contribution purposes are 2,441.25 kunas (contributions on behalf of employees with lower earnings are paid as though they earn 2,441.25 kunas).

The maximum monthly earnings for contribution purposes are 41,850 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 Institute 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 35 years (men) or 30 years (women) of employment are covered until they are reemployed.

Benefits may be paid to women during pregnancy and until the child is age 1 if there is no entitlement to benefits under any other program. Benefits may be paid during temporary incapacity for work for up to 3 months.

Unemployed persons of retirement age are also entitled to unemployment benefits until the minimum coverage period for the old-age pension is satisfied, up to a maximum of 5 years.

Lump-sum payment: Paid to unemployment benefit beneficiaries who became unemployed because of the restructuring of their place of employment or because of unforeseen personal circumstances.

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

Reimbursement of traveling and removal costs: Paid if costs are incurred as a result of finding new employment and having to relocate away from the regular place of residence.

Unemployment Benefits

Unemployment benefit: The benefit is equal to the insured's average wage in the last 3 months. The benefit is paid for between 78 and 390 days, depending on the duration of previous employment.

The minimum benefit is 976.60 kunas a month.

The maximum benefit is 1,200 kunas a month.

Lump-sum payment: Depending on the duration of previous employment, a lump sum equal to 2, 4, or a maximum of 6 monthly unemployment benefits is paid.

Unemployment assistance: 976.60 kunas a month is paid.

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

Administrative Organization

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

Managed by a tripartite nine-member committee, the Croatian Employment Institute (<http://www.hzz.hr>) administers the program through its central office and 22 regional and 91 local offices.

Family Allowances

Regulatory Framework

First law: 1949.

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

Type of program: Social assistance system.

Coverage

Parents (including foster parents, tutors, stepparents, and grandparents) who are Croatian citizens (or foreign citizens with a permit for permanent settlement) and who have resided in Croatia for at least 3 years before the claim, as well as foreign citizens with temporary residence who are eligible under the provisions of a bilateral international social security agreement or the European Union's coordination instruments. Children must be younger than age 15 (regardless of whether they are in school); children older than age 15 are eligible if a full-time student, incapacitated, or disabled.

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 (children allowance): 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 (children allowance): Households whose income does not exceed 50% of the state budget base (1,663 kunas) receive a minimum income-tested benefit equal to 199.56 kunas a month per child. Households whose income exceeds 16.33% but does not exceed 33.66% of the state budget base (1,119.53 kunas) receive a minimum income-tested benefit equal to 249.45 kunas a month per child. Households whose income does not exceed 16.33% of the state budget base (543.14 kunas) receive a minimum income-tested benefit equal to 299.34 kunas a month per child.

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

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

Allowances for eligible, severely disabled children are equal to 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.