

## Croatia

Exchange rate: U.S.\$1.00 equals  
8.308 Croatian kunas (HRK).

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1922.

**Current laws:** 1998, implemented January 1999 (pension insurance); 1999, implemented January 2002 (compulsory and voluntary pension funds; insurance companies and pensions payment).

**Type of program:** Dual social insurance system and mandatory private insurance. Note: A two-pillar system was implemented in two stages in January 1999 and January 2002. Persons over age 50 when the new system was implemented are insured under the first pillar only and receive a regular pension. Participation in the two-pillar system is mandatory for persons up to age 40 and voluntary for those between ages 40 and 50; their first-pillar benefit is the basic pension, and the second-pillar benefit is based on assets in an individual account. The regular and basic pensions have different pension formulas. Benefits for disability and survivors insurance are paid under the first pillar only, and contributions paid to the individual account are transferred to the Croatian Pension Insurance Institute.

#### Coverage

Persons employed in industry, commerce, or services; public employees; and apprentices. Self-employed persons in nonagricultural and agricultural work.

#### Source of Funds

##### Insured person

**Regular pension:** Employees contribute 10.75% of earnings. The self-employed contribute 19.5% of the insurance base; self-employed farmers, 9.75%.

**Basic pension:** Employees contribute 8.75%. The self-employed contribute 14.5% of the insurance base; self-employed farmers, 4.75%.

**Individual account:** 5% of earnings.

##### Employer

**Regular pension:** 8.75% of payroll.

**Basic pension:** 5.75% of payroll for the basic pension.

**Individual account:** None.

##### Government

Regular and basic pension: Covers all or part of the costs as necessary for military officers, policemen, judiciary

officials, parliamentary deputies, members of government, and disabled war veterans.

**Individual account:** None.

#### Qualifying Conditions

**Old-age pensions (regular and basic):** In 2002, age 62 and 18 years of insurance coverage (men) or age 57 and 18 years of insurance coverage (women); the retirement age will increase by 6 months and the minimum qualifying period will be reduced by 6 months each calendar year until 2007. In 2008, the qualifying conditions will be age 65 and 15 years of insurance coverage (men) or age 60 and 15 years of insurance coverage (women).

**Early retirement pension (anticipatory pension):** In 2002, age 57 and 35 years of insurance coverage (men) or age 52 and 30 years of insurance coverage (women); the retirement age will increase by 6 months each year until it reaches 60 (men) and 55 (women) in 2008.

The retirement age of persons employed in arduous and unhealthy jobs is proportionately reduced.

**Individual account:** Age 65 (men) or age 60 (women). The retirement age of persons employed in arduous and unhealthy jobs is proportionately reduced. Must be covered by the basic pension.

**Disability benefits:** Permanent reduction in, or loss of, the ability to work that may be caused by an occupational or a nonoccupational injury or disease. The full amount is paid if the disability has resulted in loss of employment. For those still in employment, benefits are awarded in relation to the assessed degree of loss in work capacity. Higher awards are made for a disability resulting from a work injury or occupational disease.

**General disability pension:** A permanent loss of the ability to work due to incurable changes in health occurring prior to age 65 (men) or age 60 (women). Insurance 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). No minimum qualifying period if disability is the consequence of work injury or occupational disease.

**Occupational disability pension:** A 50% or more permanent reduction in the capacity to work occurring prior to age 65 (men) or age 60 (women). No minimum qualifying period.

##### Occupational rehabilitation and salary compensation:

Awarded until similar alternative employment is found, or during an unemployment period of 12 months after the completion of occupational rehabilitation (24 months if the disability is caused by an occupational injury or disease).

**Compensation allowance for physical injury:** Awarded to insured persons for the loss of, or damage to, a part of the body or of an organ resulting from an occupational injury or disease. Must have at least a 30% loss; awarded whether or not injury led to determination of disability.

**Survivor pension:** Deceased was a pensioner, occupational rehabilitation beneficiary, or insured person who had completed 5 years of insurance coverage or a 10-year

qualifying period or met the qualifying period conditions for a disability pension.

### **Old-Age Benefits**

**Old-age pension (regular pension):** The amount of benefit depends on the level of wages earned in relation to the average wage of all employed persons.

**Minimum pension:** The amount is defined for every year of qualifying period as 0.825% of the average gross salary of all employees in the year of 1998. This amount (39.86 kunas from January 2002) is adjusted for inflation in the same way and at the same time as pensions (see benefit adjustment, below). The minimum pension is calculated by multiplying this amount by the qualifying period.

**Maximum pension:** The amount depends on the length of qualifying periods completed.

Benefits are payable abroad under reciprocal or international agreements.

**Benefit adjustment:** Benefits are adjusted every 6 months according to a joint index based on the change in the cost of living and the change in the national average gross salary.

**Old-age pension (basic pension):** The pension is based on the average gross salary of all employed persons in the preceding year, the number of years of personal coverage in the new system, and a personal coefficient.

**Old-age pension (individual account):** Based on assets in the individual account and average life expectancy.

### **Permanent Disability Benefits**

**Disability pension:** The amount of benefit depends on the level of wages earned in relation to the average wage of all employed persons.

**Minimum pension:** The amount is defined for every year of qualifying period as 0.825% of the average gross salary of all employees in the year of 1998. This amount (39.86 kunas from January 2002) is adjusted for inflation in the same way and at the same time as pensions (see benefit adjustment, below). If the disability is caused by a work injury or an occupational disease, the number of years used for the calculation of a minimum pension is 40. The amount of the minimum pension is calculated according to years of coverage and the value of the minimum pension per qualifying year. The full amount is paid for the general disability pension; 66.6% of the general disability pension is paid for an unemployed person with an occupational disability; 33.3% if employed.

**Maximum pension:** The amount depends on the length of qualifying periods completed.

Benefits are payable abroad under reciprocal or international agreements.

**Occupational rehabilitation and salary compensation:** The same amount as occupational disability pension unless the disability was caused by a work injury or occupational disease,

in which case it is the same amount as the general disability pension based on a 40-year qualifying period.

**Compensation allowance for physical injury:** The award depends on the assessed percentage degree of physical damage. There is no minimum qualifying period.

**Benefit adjustment:** Benefits are adjusted every 6 months according to a joint index based on the change in the cost of living and the change in the national average gross salary.

### **Survivor Benefits**

**Survivor pension:** The amount depends on the level of wages earned in relation to the average wage of all employed persons and the number of survivors.

**Minimum pension:** The amount is defined for every year of qualifying period as 0.825% of the average gross salary of all employees in 1998. This amount (39.86 kunas from January 2002) is adjusted for inflation in the same way and at the same time as pensions are adjusted (see benefit adjustment, below). If the death of the insured person was caused by a work injury or an occupational disease, the number of years for the calculation of a minimum pension is 40. The amount of the minimum pension is calculated using the number of years of coverage, the value of the minimum pension per qualifying year, and the number of survivors.

**Maximum pension:** The amount depends on the length of qualifying periods completed.

**Eligible survivors:** Widow(er) aged 50, caring for eligible children, or disabled. Children up to age 15 or age 18 if unemployed (26 if student, no limit if disabled). Widow aged 45 acquires the entitlement upon reaching age 50.

Benefits are payable abroad under reciprocal or international agreements.

**Benefit adjustment:** Benefits are adjusted every 6 months according to a joint index based on the change in the cost of living and the change in the national average gross salary.

### **Administrative Organization**

#### **Regular and basic pensions**

Ministry of Labor and Social Welfare and the Ministry of Finance provide general supervision.

Croatian Pension Insurance Institute administers benefits.

#### **Individual accounts**

Ministry of Labor and Social Welfare and the Ministry of Finance 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 administration services and administer benefits.

## Sickness and Maternity

### Regulatory Framework

**First law:** 1954.

**Current law:** 2001, implemented January 2002.

**Type of program:** Social insurance system (cash sickness and medical care).

Additional voluntary medical care and health insurance may be purchased from private insurance companies.

### Coverage

**Cash sickness benefit and medical care:** Employed persons, public employees, self-employed persons, full-time apprentices, military servicemen, persons engaged in vocational training or completing postgraduate study abroad, and those employed by a foreign employer if they are not covered under the employer's country provisions.

**Medical care only:** Farmers, pensioners, unemployed persons, persons entitled to occupational rehabilitation, and persons up to age 18 (age 26 for students, disabled ex-servicemen without resources, dependents of the insured person, and self-contributors).

### Source of Funds

**Insured person:** 9% of gross wage; farmers, 11%; self-employed persons, 16%.

**Employer:** 7% of payroll, plus 0.47% for work injury and occupational diseases.

**Government:** Contributions for certain categories of persons. Minimum contribution base: 1,800 kunas per month (persons with lower earnings contribute as though they earn 1,800 kunas).

### Qualifying Conditions

**Cash benefits and medical services:** No minimum qualifying period. Entitlement to cash sickness benefit is determined by a designated doctor in a primary health care institution.

### Sickness and Maternity Benefits

**Sickness benefit:** Benefits vary between 70% and 100% of the average monthly salary earned in the preceding 6-month period; 100% of the average monthly salary is paid during sickness due to a work injury or occupational disease, participation in the Homeland War, or sickness resulting from pregnancy and childbirth. Benefit is payable up to a maximum of 14 months depending on the prescribed category of disease. The employer pays for the first 42 days.

Minimum benefit is 1,600 kunas a month; maximum is 4,250 kunas a month.

**Maternity benefit:** 100% of salary payable until the child is 6 months (from 28 days to 45 days before expected date of childbirth). Additional benefit payable until the child attains the age of 1 year (for the first and second child) or age 2 (for twins).

Minimum benefit is 1,600 kunas a month; maximum is 4,250 kunas a month until the child is 6 months old; 1,600 kunas a month after that until the child is 1 year old (or 2 years old in the case of twins).

Unemployed mothers receive 600 kunas a month during the entire maternity period.

**Maternity grant:** A lump sum of 1,360 kunas.

**Funeral grant:** A lump sum of 850 kunas.

### Workers' 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 by patients varies according to the nature of the service provided. There are free services for children under age 18, persons with low income, disabled persons needing constant assistance, and disabled homeland veterans.

### 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 by patients varies according to the nature of the service provided. There are free services for children under age 18, persons with low income, disabled persons needing constant assistance, and disabled homeland veterans.

### Administrative Organization

Ministry of Health provides general supervision.

Croatian Institute for Health Insurance, with 20 district offices, administers benefits. A managing council governs the Croatian Institute for Health Insurance.

### Work Injury

#### Regulatory Framework

There is no specific scheme for work injury. Work injury benefits are provided under old-age and disability insurance (see Old Age, Disability and Survivors, above) and health

insurance (see Sickness and Maternity, above). If the assessed illness or disability is the result of a work injury or an occupational disease, benefits are granted under more favorable conditions and at higher rates than general sickness and disability benefits.

### **Unemployment**

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#### **Regulatory Framework**

**First law:** 1952.

**Current law:** 1996.

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

#### **Coverage**

Employed persons, public employees, and military personnel.

#### **Source of Funds**

**Insured person:** 0.85% of gross earnings.

**Employer:** 0.85% of payroll.

**Government:** Periodic subsidies as well as the total or partial cost of benefits for certain categories of persons.

#### **Qualifying Conditions**

**Unemployment benefit:** 9 months of uninterrupted employment or, if with interruptions, 12 months of employment in last 18 months. No qualifying period required for unemployed mothers caring for children less than 1 year of age, for twins, or a third and any other subsequent children under 2 years of age.

Payable for 78 days to 312 days depending on the duration of previous employment.

Unemployed older workers with 30 years (men) or 25 years (women) of employment or within 5 years of retirement are covered until they are reemployed.

Benefit may be extended to women during pregnancy and until the child is 1 year old (or 2 years old in the case of twins) if not entitled to benefits under another program. May be extended during temporary incapacity for work for up to 12 months and while undergoing vocational training.

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

#### **Unemployment Benefits**

**Unemployment benefit:** 80% of the base wage (average wage for the last 3 months) is payable for 78 days; 60% of the base wage during the rest of the entitlement period. The minimum benefit is 725 kunas a month; maximum benefit is 900 kunas a month.

**Unemployment assistance:** Payable at 725 kunas a month to unemployed people who participate in vocational training and who are not eligible for unemployment benefit.

#### **Administrative Organization**

The Croatian Employment Institute administers the program through its central office and 22 regional and 93 local offices. It is managed by a tripartite committee.

### **Family Allowances**

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#### **Regulatory Framework**

**First law:** 1949.

**Current law:** 2001, implemented January 2002.

**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 are resident in Croatia. Children must be under age 16 (children may be older if in regular secondary schooling or disabled).

#### **Source of Funds**

**Insured person:** None.

**Employer:** None.

**Government:** Total cost.

#### **Qualifying Conditions**

**Family allowances (children allowance):** Children under the age of 15 (under age 19 if a student of secondary education, until age 21 in the case of illness, or until age 27 if seriously disabled). No allowance is granted if the child is permanently placed in a specialized institution.

No qualifying period is required for employed single parents.

#### **Family Allowance Benefits**

**Family allowances (children allowance):** Entitlement is means-tested in relation to total household income for the year before the one in which the claim is made (up to a ceiling of 40% of the state budget base of 3,326 kunas).

Households whose income does not exceed 40% of the state budget base (1,330.40 kunas) receive a minimum means-tested benefit equal to 5% of the state budget base.

Households whose income does not exceed 20% of the state budget base receive a minimum means-tested benefit equal to 9% of the state budget base.

Allowances for eligible single-parent households are awarded at a rate that is 15% higher than the means-tested award.

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Allowances for eligible full orphans and for eligible households with disabled children are awarded at a rate 25% higher than the means-tested award.

### ***Administrative Organization***

Ministry of Labor and Social Care provides general supervision.

State Institute for the Protection of Family, Maternity, and Youth provides legal supervision.

Croatian Pension Insurance Institute administers the program.