

## Croatia

Exchange rate: US\$1.00 = 6.82 kunas.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1922.

**Current laws:** 1998 (pension insurance), implemented in 1999; 1998 (occupational diseases); 1999 (insurance periods); 2008 (contributions); 2013 (pension insurance); 2013 (contribution collection); 2013 (occupational rehabilitation); 2014 (compulsory pensions); 2014 (voluntary pensions); 2014 (pension insurance companies); 2014 (medical assessment); and 2016 (compulsory contributions base).

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

#### Coverage

**Social insurance:** Employed persons in industry, commerce, or services; volunteers and 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 on January 1, 2002, who were covered by social insurance could voluntarily join the two-pillar system until June 30, 2002; since October 15, 2011, they may opt out if the pension from social insurance only would be higher than the combined pension from social insurance and the mandatory individual account.

#### 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 2,812.95 kunas.

The maximum monthly earnings used to calculate contributions are 48,222 kunas.

The insured's contributions also finance permanent disability benefits for work injury and occupational diseases.

**Mandatory individual account:** 5% of gross earnings.

#### Self-employed person

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

The insurance base is a percentage of the gross average wage of all employed persons (from 65% to 100%), depending on the category of self-employment and the individual's level of education.

The self-employed person's contributions also finance permanent disability benefits for work injury and occupational diseases.

**Mandatory individual account:** 5% of covered earnings.

#### 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:** Pays 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:** 5% of covered earnings for civil servants, caregivers, disabled persons, unemployed persons, and apprentices and volunteers in vocational training; otherwise, none.

#### Qualifying Conditions

##### Old-age pension

**Social insurance:** Age 65 (men) or age 61 and six months (women, gradually rising by three months a year until reaching age 65 in 2030) with at least 15 years of coverage. The retirement age for both men and women will gradually rise by three months a year from 2031 until reaching age 67 in 2038.

Employment may continue on a part-time basis (less than 50% working time).

Long-service pension: Age 60 with at least 41 years of coverage.

Early pension: Age 60 (men) with at least 35 years of coverage or age 56 and six months (women, gradually rising by three months a year until reaching age 60 in 2030) with at least 31 years and six months of coverage (gradually rising by three months a year until reaching 35 years in 2030). The early retirement age for both men and women will gradually rise by three months a year from 2031 until reaching age 62 in 2038.

Deferred pension: Must qualify for the old-age pension.

**Mandatory individual account:** Must qualify for a social insurance pension.

### Disability benefits

**General disability pension (social insurance):** Assessed with a total and 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 disability is the result of a work injury or an occupational disease.

Employment must cease.

The disability pension is replaced by the old-age pension at the normal retirement age.

**Partial disability pension (social insurance):** Must be younger than age 65. If the disability began before age 53, the insured must have a reduced capacity for work that is not likely to return to full capacity with occupational rehabilitation, but is able to work at least 70% of daily working hours in a different job requiring the same level of education that was required for the job performed before the disability began. The insured must have coverage during at least 33.3% of working life. There is no minimum qualifying period if the disability is the result of a work injury or occupational disease.

Employment may continue.

**Occupational rehabilitation and salary compensation (social insurance):** Granted if the disability began before age 53 and the insured is likely to regain the capacity to work full time (40 hours a week). The insured is eligible for salary compensation during rehabilitation, until the insured returns to work in another job with the same employer; if no other job is available or suitable, 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.

**Temporary disability pension (social insurance):** Paid to disabled persons following occupational rehabilitation who remain unemployed for at least five years prior to reaching age 58.

Medical experts of the Institute for Medical Assessment, Occupational Rehabilitation, and Employment of Persons with Disabilities 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 an organ that is the result of a work injury or an occupational disease. The 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):** Aged 55 or older, qualifies for the social insurance disability pension, and is a member of a compulsory pension fund for at least 10 years. The value of the pension based on the individual account balance combined with the social insurance partial disability pension must be higher than the general disability pension.

No partial disability pension is paid.

### Survivor's pension

**Social insurance:** The deceased was a pensioner, an occupational rehabilitation beneficiary, had five years of contributions, 10 years of coverage, or met the qualifying period conditions for a disability pension. There is no minimum qualifying period if the insured's death was the result of a work injury or an occupational disease.

Eligible survivors include a widow(er) aged 50 or older, younger than age 50 and caring for eligible children, or at any age with a disability (a woman who is widowed at age 45 becomes eligible at age 50); children up to age 15 (age 18 if unemployed, age 26 if a student, no limit if disabled); and parents aged 60 or older who were supported by the deceased (or younger than age 60 and assessed with a permanent loss of working capacity).

The survivor's pension for a widow(er) younger than age 50 ceases on remarriage unless the widow(er) is disabled with a permanent loss of working capacity.

**Mandatory individual account:** The deceased was aged 55 years or older, a member of a compulsory pension fund for at least 10 years at the time of death, and the combination of the survivor's social insurance pension based on coverage before and after 2002 and the value of the mandatory individual account is higher than the social insurance survivor's 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. For persons who are covered by both social insurance and mandatory individual account, the social insurance pension is reduced by 25%.

The minimum monthly pension is 59.50 kunas for each year of coverage.

The maximum pension is 3.8 times the national average wage during the coverage period.

**Early pension:** The pension is reduced by 0.15% to 0.34% for each month the pension is taken before the normal retirement age except for those who retire at age 60 with at least 41 years of coverage. There is no reduction for certain persons who were unemployed for at least two years before claiming the early pension.

Deferred pension: The pension is increased by 0.15% for each month of deferment.

Benefits are payable abroad.

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.

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

Benefits are payable abroad.

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.

### **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 monthly pension is 59.50 kunas for each year of coverage.

The maximum pension is 3.8 times the national average wage during the coverage period.

**Partial disability pension (social insurance):** 80% of the general disability pension is paid; 50% if the pensioner is still employed; 66.67% if the disability is the consequence of work injury or occupational disease and the pensioner is still employed.

The minimum monthly pension is 59.50 kunas for each year of coverage.

The maximum pension is 3.8 times the national average wage during the coverage period.

Benefits are payable abroad.

**Occupational rehabilitation and salary compensation (social insurance):** The benefit is the same as the partial 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.

**Temporary disability pension (social insurance):** The benefit is the same as the partial disability pension.

**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.

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

**Disability pension (mandatory individual account):** The pension is a combination of the general disability social

insurance pension based on coverage and the value of the mandatory individual account balance.

If the insured is younger than age 55 or 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.

### **Survivor Benefits**

**Survivor's pension (social insurance):** 70% to 100% of the old-age or disability pension the deceased received or was entitled to receive is paid, according to the number of survivors. The minimum number of years of coverage for pension calculation purposes is 21.

The minimum monthly pension is 59.50 kunas for each year of coverage.

The maximum pension is 3.8 times the national average wage during the coverage period.

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.

**Survivor's pension (mandatory individual account):** If the total combined survivor social insurance pension and a benefit based on the deceased's mandatory individual account balance is less than the old-age or disability pension the deceased received or was entitled to receive, the funds in the mandatory account are transferred to the Croatian Pension Insurance Institute and a social insurance survivor pension is paid. If the total is more than the combined benefit, a combined benefit is paid.

### **Administrative Organization**

#### **Social insurance**

Ministry of Labor and Pension System (<http://www.mingorp.hr>) provides legal supervision, and the Ministry of Finance (<http://www.mfin.hr>) provides financial supervision.

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

Institute for Medical Assessment, Occupational Rehabilitation, and Employment of Persons with Disabilities (<http://www.zosi.hr>) is responsible for medical assessments.

#### **Mandatory individual account**

Ministry of Labor and Pension System (<http://www.mingorp.hr>) provides general legal supervision.

Croatian Financial Services Supervisory Agency (<http://www.hanfa.hr>) provides financial supervision.

Central Registry of Affiliates (<http://www.regos.hr>) manages records of members of mandatory pension funds, administers individual accounts, and manages funds.

Pension insurance companies administer benefits from the mandatory individual accounts.

### Sickness and Maternity

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#### 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 not covered under the employer's country provisions.

**Maternity benefits:** Employed persons, self-employed persons, farmers, and unemployed persons.

**Medical benefits only:** Farmers, pensioners, and unemployed persons.

#### 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 2,812.95 kunas.

The maximum monthly earnings used to calculate contributions are 48,222 kunas.

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

The minimum monthly earnings used to calculate contributions are 2,812.95 kunas.

The maximum monthly earnings used to calculate contributions are 48,222 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 for work); additional periods are determined by the medical commission of the Croatian Health Insurance Fund.

**Cash maternity and parental leave benefits:** A designated doctor in a primary health care institution must confirm the pregnancy. Adoptive parents qualify for some benefits. A continuous period of 98 days of maternity leave with the cash benefit, including 28 days before the expected date of birth (45 days if there are complications resulting from the pregnancy), is required.

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

**Unemployment parents' assistance:** Paid to an unemployed parent.

#### Sickness and Maternity Benefits

**Sickness benefit:** 70% to 100% of the insured's average monthly earnings in the last six months 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 if quarantined.

The full benefit is normally paid from the 43rd day for up to 18 months (or until recovery under certain conditions); thereafter, the benefit is reduced by 50%. No reduction is made for certain very serious diseases.

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.

**Maternity benefit:** 100% of the insured's monthly earnings is paid until the child is age 6 months. The parental leave benefit replaces the maternity leave benefit when the latter ceases, and the benefit standard and duration of benefit differ according to the number of children born.

**Parental leave benefit:** After the maternity benefit has ceased, 1,663 kunas to 2,666.80 kunas a month is paid for six months (eight months if both parents take leave) for the first and second child; 1,663 kunas a month is paid for 30 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:** 1,663 kunas a month is paid for the first 12 months for the 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**

Public and private health institutions under contract with the Croatian Health Insurance Fund provide benefits. 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: Mandatory health insurance covers the costs of treatment up to certain limits. 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. Cost sharing is limited to 2,000 kunas for each health bill. 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.zdravlje.hr>) provides general supervision.

Croatian Health Insurance Fund (<http://www.hzzo.hr>), with its network of regional offices, branch offices and field offices, administers benefits.

### **Work Injury**

#### **Regulatory Framework**

**First law:** 2006.

**Current laws:** 1998 (occupational diseases); 2008 (health care); 2010 (health protection), implemented in 2011; and 2013 (compulsory health insurance).

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

Note: Employment-related permanent disability benefits are paid under Old Age, Disability, and Survivors.

#### **Coverage**

Employed and self-employed persons.

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

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** 0.5% of income (temporary disability).

The minimum monthly earnings used to calculate contributions are 2,812.95 kunas.

The maximum monthly earnings used to calculate contributions are 48,222 kunas.

**Employer:** 0.5% of covered payroll (temporary disability).

The minimum monthly earnings used to calculate contributions are 2,812.95 kunas.

The maximum monthly earnings used to calculate contributions are 48,222 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 Fund.

### **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**

Public and private health institutions under contract with the Croatian Health Insurance Fund pay benefits. 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.

### **Administrative Organization**

Ministry of Health (<http://www.zdravlje.hr>) provides general supervision.

Croatian Health Insurance Fund (<http://www.hzzo.hr>), through its network of regional offices, branch offices and field offices, administers the program.

### **Unemployment**

#### **Regulatory Framework**

**First law:** 1952.

**Current laws:** 2008 (unemployment insurance).

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

### Coverage

Employed persons with an employment contract, including public-sector employees, civil servants, military and police personnel, judiciary officers, and self-employed persons.

### Source of Funds

**Insured person:** None.

**Self-employed person:** 1.7% of earnings.

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

The minimum monthly earnings used to calculate contributions are 2,882.05 kunas.

The maximum monthly earnings used to calculate contributions are 48,222 kunas.

**Government:** None.

### Qualifying Conditions

**Unemployment benefit:** Aged 15 to 65 with at least nine months of employment or self-employment in the last 24 months. Must be involuntarily unemployed; capable of, available for, and actively seeking work; and must register with the Employment Service in the first 30 days of unemployment.

Unemployed workers with at least 32 years of coverage who are up to five years younger than the normal retirement age who are covered until they are reemployed or entitled to the old-age pension.

Persons whose employment ceased as a result of willful misconduct, by agreement with the employer, or who ceased activity without justifiable reasons are not entitled to unemployment benefits.

**Unemployment assistance:** Must participate in vocational or occupational 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 (employed persons) or the earnings used to calculate contributions (self-employed persons) 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 5,711 kunas (2015).

**Unemployment assistance:** 1,211.8 kunas a month to 2,400 kunas a month is paid, according to the category of unemployment.

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

### Administrative Organization

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

Croatian Employment Service (<http://www.hzz.hr>), through its network of regional and 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

Citizens and permanent residents of Croatia; and certain foreign citizens with temporary residence.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

#### Qualifying Conditions

**Family allowances (income tested):** Parents or guardians who have resided in Croatia for at least three years; foreign citizens 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; children younger than age 15 (age 19 if a full-time student, age 21 if disabled, or at any age if severely disabled before age 18 or while a full-time student). 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.

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

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### **Family Allowance Benefits**

**Family allowances (income tested):** At least 199.56 kunas a month is paid 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.

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.

### **Administrative Organization**

Ministry of Social Policy and Youth (<http://www.mspm.hr>) provides general legal supervision.

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