**Appl. 22.102**

# REPORT FORM

# FOR THE

# SOCIAL SECURITY (MINIMUM STANDARDS) CONVENTION, 1952 (No. 102)

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Report for the period **2012 to 2016** made by the Government of **the Republic of Croatia**, in accordance with article 22 of the Constitution of the International Labour Organization, on the measures taken to give effect to the provision of the Convention.

**Note:**

The beginning of the application of the Convention (date of succession) was 8th September 1991.

**The Republic of Croatia accepted the obligations in respect of Parts II to VI, VIII and X. It does not, however, apply the provisions of Part VII - Family benefits and Part IX - Invalidity benefit.**

**The Republic of Croatia does not apply the provisions of Part VI - Employment injury benefit on grounds of ratification of ILO Convention no. 121.**

I. **Please give a list of the legislation and administrative regulations, etc., which apply the provisions of the Convention. Where this has not already been done, please forward copies of the said legislation to the International Labour Office with this report.**

**Please give any available information concerning the extent to which these laws and regulations have been enacted or modified to permit of, or as a result of, ratification.**

The application of the provisions of the Convention No. 102, and of the rights covered by its provisions, fall within the competence of several ministries and institutes. The pension insurance (old age benefit) is in the purview of the Ministry of Labour and Pension System and the Croatian Pension Insurance Institute, which is a public institution in the purview of the Ministry. Unemployment benefits are also within the competence of the Ministry of Labour and Pension System on the supervisory level and the Croatian Employment service on the operational level.

The medical care, sickness and maternity benefits are within the competences of the Croatian Health Insurance Fund (hereinafter CHIF). Also, maternity and parental benefits are partially within the competences of the Ministry for Demography, Family, Youth and Social Policy

## PART I. - LEGAL REGULATIONS

During the period covered by this Report, i.e. from January 1st 2012 until December 31st 2016, certain laws, i.e. by-law acts that regulate the issues covered by the Convention have been amended, for which reason, for the regulations that no longer apply there is a special note stating the date until when they were in effect, i.e. the effective date for the regulations that supersede them.

Laws:

1. Law on compulsory health insurance ("Official Gazette" number 150/08, 94/09, 153/09, 71/10, 139/10, 49/11, 22/12, 57/12, 123/12 and 144/12) in effect until June 30th 2013.
2. Law on compulsory health insurance ("Official Gazette" number 80/13 and 137/13- Internal consolidated text) in effect since July 1st 2013.
3. Health Care Act ("Official Gazette" no. 150/08, 155/09, 71/10, 139/10, 22/11, 84/11, 154/11, 12/12, 35/12, 70/12, 144/12, 82/13, 159/13, 22/14, 154/14, 70/16) Internal consolidated text
4. Law on Health Protection for Foreigners in the Republic of Croatia ("Official Gazette", number 114/97) - in effect until June 30th 2013.
5. Law on Mandatory Health Insurance and Health Care for Foreigners in the Republic of Croatia ("Official Gazette", number 80/13) – in effect since July 1st 2013
6. Voluntary Health Insurance Act ("Official Gazette" number 85/06, 150/08 and 71/10), internal consolidated text
7. The Maternity and Parental Benefits Act ("Official Gazette" number 85/08, 110/08, 34/11,54/13,152/14 and 59/17 ), internal consolidated text
8. General Administrative Procedure Act ("Official Gazette" number 47/09)
9. Administrative Disputes Act ("Official Gazette" number 20/10, 143/12, 152/14 and 29/17)
10. Act on Employment Mediation and Unemployment Rights (Official Gazette No 80/08, 121/10, 25/12, 118/12, 153/13)[1]
11. The Constitution of the Republic of Croatia - consolidated text ("Official Gazette" No. 56/90, 135/97, 8/98, 113/00, 124/00, 28/01, 41/01, 55/01, 76/10, 85/10, 05/14),
12. The Pension Insurance Act ("Official Gazette" No. 157/13, 151/14, 33/15, 93/15 and 120/16),
13. The Maximum Pension Act ("Official Gazette" No. 162/98 and 82/01),
14. The Act on Supplement to Pensions Awarded under the Pension Insurance Act („Official Gazette" No. 79/07, 114/11),
15. The Contributions Act ("Official Gazette", No. 84/08, 152/08, 94/09, 18/11, 22/12, 144/12, 148/13, 41/14, 143/14 and 115/16),
16. The Ordinance on Contributions ("Official Gazette" No. 02/09, corrigendum 09/09, 97/09, 25/11, 61/12, 86/13 and 157/14),
17. Order on the amounts of pensionable earnings for the calculation of contributions for compulsory insurance for 2017 ("Official Gazette" No. 2/17),
18. The Personal Income Tax ("Official Gazette" No. 115/16),
19. The Compulsory Pension Funds Act ("Official Gazette" No. 19/14 and 93/15),
20. The Voluntary Pension Funds Act ("Official Gazette" No. 19/14),
21. The Act on Pension Insurance Companies ("Official Gazette" No. 22/14).

[1] Clean text of the Act in attachment

22. Maternity and Parental Benefits Act (Official Gazette, No. 85/08 and 110/08) http://narodne-novine.nn.hr/clanci/sluzbeni/2008_07_85_2727.html http://narodne-novine.nn.hr/clanci/sluzbeni/2008_09_110_3246.html
23. The Act on Amendments to the Maternity and Parental Benefits Act (Official Gazette, No. 34/11) http://narodne-novine.nn.hr/clanci/sluzbeni/2011_03_34_767.html
24. The Act on Amendments to the Maternity and Parental Benefits Act (Official Gazette, No. 54/13) http://narodne-novine.nn.hr/clanci/sluzbeni/2013_05_54_1091.html
25. The Act on Amendments to the Maternity and Parental Benefits Act (Official Gazette, No. 152/14) http://narodne-novine.nn.hr/clanci/sluzbeni/2014_12_152_2867.html
26. The Act on Amendments to the Maternity and Parental Benefits Act (Official Gazette, No. 59/17) http://narodne-novine.nn.hr/clanci/sluzbeni/2017_06_59_1295.html
27. Central Disability Certification Institute Act (Official Gazette, No. 85/14): http://narodne-novine.nn.hr/clanci/sluzbeni/2014_07_85_1688.html

Ordinances:

1. Ordinance on the rights, conditions and the manner of exercising the rights from compulsory health insurance ("Official Gazette" number 67/09, 116/09, 4/10, 13/10, 88/10, 131/10, 01/11, 16/11, 87/11, 137/11, 39/12, 69/12 and 126/12) in effect until April 18th 2014.
2. Ordinance on the conditions and the manner of exercising the rights from compulsory health insurance ("Official Gazette" number 49/14, 51/14, 11/15, 17/15 and 123/16) - Internal consolidated text in effect since April 19th 2014.
3. Handbook on the Registration, Deregistration and Obtaining a Status of an Insured person in the Obligatory Health Insurance ("Official Gazette" number 31/07, 56/07, 96/07, 130/07, 33/08, 91/09, 4/10, 69/10, 1/11 and 48/11) – in effect until July 16th 2014
4. Handbook on the Registration, Deregistration and Obtaining a Status of an Insured person in the Obligatory Health Insurance ("Official Gazette" number 82/14, 17/15 and 99/17) – in effect since July 17th 2014
5. Ordinance on Method of Establishment of a Right on Free Selection of Medical Doctors and Dentists of the Primary Health Care ("Official Gazette" number 41/07, 4/10, 13/10, 41/12, 50/13 and 91/13) – in effect until December 19th 2014
6. Ordinance on Method of Establishment of a Right on Free Selection of Medical of the Primary Health Care ("Official Gazette" number 147/14, 17/15 , 41/15 - correction) – in effect since December 20th 2014
7. Ordinance on the Conditions and the Manner of Exercising the Rights from Compulsory Health Insurance for Hospital Treatment through Medical Rehabilitation and Physical Therapy at home ("Official Gazette", number 26/96, 79/97, 31/99, 51/99, 73/99, 40/07, 46/07 - consolidated text, 64/08, 91/09 and 118/09)
8. Ordinance on dental health protection from compulsory health insurance ("Official Gazette", number 146/13, 160/13, 34/14, 66/14 and 62/15)
9. Ordinance on orthopaedic and other aids ("Official Gazette", number 7/12, 14/12, 23/12,25/12-correction,45/12,69/12, 85/12,92/12-correction, 119/12, 147/12,21/13, 38/13, 93/13, 119/13, 125/13-correction, 129/13, 136/13, 141/13-correction,154/13, 11/14, 12/14-correction, 22/14-correction, 34/14, 45/14, 54/14, 59/14, 86/14, 92/14, 119/14, 129/14, 149/14, 17/15,29/15-correction, 41/15, 62/15, 77/15, 86/15, 124/15, 129/15, 132/15, 139/15, 25/16, 30/16, 53/16, 94/16, 106/16, 108/16, 36/17, 55/17 and 102/17)

10. Ordinance on the conditions and procedure for the acquisition of right of an employed or
    self-employed parent of a child with severe developmental disabilities to leave or part-time work for caring for a child ("Official Gazette" number 18/09 and 25/09 - correction)
11. Ordinance on the conditions and procedure for acquisition of the right to part-time work
    in order to provide the child with more care ("Official Gazette" number 25/09)
12. Ordinance on Amendments to the Central Disability Certification Institute Act
    (Official Gazette, No. 95/15)
    http://narodne novine.nn.hr/clanci/sluzbeni/2015_09_95_1828.html

Other:

1. Articles of Association of the Croatian Health Insurance Fund ("Official Gazette" number 18/09, 33/10, 08/11, 18/13, 01/14 and 83/15 - Internal consolidated text)

**II. Please indicate in detail for each of the following Articles of the Convention the provisions of the above-mentioned legislation and administrative regulations, etc., or other measures, under which each Article is applied.**

**If in your country ratification of the Convention gives the force of national law to its terms please indicate by virtue of what constitutional provisions the ratification has had this effect. Please also specify what action has been taken to make effective those provisions of the Convention which require a national authority to take certain specific steps for its implementation, such as measures to define its exact scope and the extent to which advantage may be taken of permissive exceptions provided for in it, measures to draw the attention of the parties concerned to its provisions, and arrangements for adequate inspection and penalties.**

**If the Committee of Experts or the Conference Committee on Application of Conventions and Recommendations has requested additional information or has made an observation on the measures adopted to apply the Convention, please supply the information asked for or indicate the action taken by your Government to settle the pints in question.**

## Part I. General Provisions

### Article 1

1. In this Convention:

(a) the term *"prescribed"* means determined by or in virtue of national laws or regulations;

(b) the term *"residence"* means ordinary residence in the territory of the Member and the term *resident* means a person ordinarily resident in the territory of the Member;

(c) the term *"wife"* means a wife who is maintained by her husband;

(d) the term *"widow"* means a woman who was maintained by her husband at the time of his death;

(e) the term *"child"* means a child under school-leaving age or under 15 years of age, as may be prescribed;

(f) the term *"qualifying period"* means a period of contribution, or a period of employment, or a period of residence, or any combination thereof, as may be prescribed.

2. In Articles 10, 34 and 49 the term *benefit* means either direct benefit in the form of care or indirect benefit consisting of a reimbursement of the expenses borne by the person concerned.

### Article 2

Each Member for which this Convention is in force:

(a) shall comply with:

(i) Part I;

(ii) at least three of Parts II, III, IV, V, VI, VII, VIII, IX and X, including at least one of Parts IV, V, VI, IX and X;

(iii) the relevant provisions of Parts XI, XII and XIII; and

(iv) Part XIV; and

(b) shall specify in its ratification in respect of which of Parts II to X it accepts the obligations of the Convention.

### Article 3

1. A Member whose economy and medical facilities are insufficiently developed may, if and for so long as the competent authority considers necessary, avail itself, by a declaration appended to its ratification, of the temporary exceptions provided for in the following Articles: 9 (d) ; 12 (2); 15 (d); 18 (2); 21 (c); 27 (d) ; 33 (b); 34 (3); 41 (d); 48 (c); 55 (d); and 61 (d).

2. Each Member which has made a declaration under paragraph 1 of this Article shall include in the annual report upon the application of this Convention submitted under article 22 of the Constitution of the International Labour Organisation a statement, in respect of each exception of which it avails itself:

(a) that its reason for doing so subsists; or

(b) that it renounces its right to avail itself of the exception in question as from a stated date.

***Note: If recourse is had to the provisions of this Article, for all or any of the Parts accepted, please state for each Part concerned, under the corresponding Article, the reasons for availing yourself of these exceptions, confirming that they subsist during the period covered***

***by the report (Articles 9(d), 12(2), 15(d), 18(2), 21(c), 27(d), 33(b), 34(3), 41(d), 48(c), 55(d), 61(d).***

**Article 4**

1. Each Member which has ratified this Convention may subsequently notify the Director-General of the International Labour Office that it accepts the obligations of the Convention in respect of one or more of Parts II to X not already specified in its ratification.

2. The undertakings referred to in paragraph 1 of this Article shall be deemed to be an integral part of the ratification and to have the force of ratification as from the date of notification.

**Article 5**

Where, for the purpose of compliance with any of the Parts II to X of this Convention which are to be covered by its ratification, a Member is required to protect prescribed classes of persons constituting not less than a specified percentage of employees or residents, the Member shall satisfy itself, before undertaking to comply with any such Part, that the relevant percentage is attained.

**Article 6**

For the purpose of compliance with Parts II, III, IV, V, VIII (in so far as it relates to medical care), IX or X of this Convention, a Member may take account of protection effected by means of insurance which, although not made compulsory by national laws or regulations for the persons to be protected:

(a) is supervised by the public authorities or administered, in accordance with prescribed standards, by joint operation of employers and workers;

(b) covers a substantial part of the persons whose earnings do not exceed those of the skilled manual male employee; and

(c) complies, in conjunction with other forms of protection, where appropriate, with the relevant provisions of the Convention.

***Note: If recourse is had to the provisions of this Article, the information requested below should be given, with regard to each Part accepted, under the Article dealing with the persons protected in accordance with the provisions of the Part concerned (Articles 9, 15, 21, 27, 48, 55, 61).***

## PART II. - MEDICAL CARE

### Comments to Article 9 of the Convention

**A.** The persons protected in the Republic of Croatia include the prescribed classes of residents, constituting not less than 50 percent of all residents (Article 9(c) of the Convention).

The right to health protection covered by compulsory health insurance is provided under same conditions for all insured persons of the Croatian Health Insurance Fund (hereinafter: CHIF).

Insured person of the CHIF exercises its right to health protection at the expense of the CHIF's funds based on the health insurance card used to prove the status of the insured person in the compulsory health insurance. The status of an insured person is acquired after the CHIF accepts the application for compulsory health insurance, in accordance with the provisions of the Ordinance on the Registration, Deregistration and Obtaining a Status of an Insured person in the Obligatory Health Insurance, in line with the grounds for insurance established in accordance with the Compulsory health insurance Act and the Law on Mandatory Health Insurance and Health Care for Foreigners in the Republic of Croatia.

The insured persons entitled to the rights and obligations under compulsory health insurance within the meaning of this Law are the insured persons, children up to 18 years of age, insured person's family members and other insured persons covered by compulsory health insurance under certain circumstances.

All persons with residence in the Republic of Croatia, as well as foreigners with permanent residence permits in the Republic of Croatia, are obliged to be insured with compulsory health insurance under one of the grounds for insurance under this Compulsory Health Insurance Act, unless an international agreement or a special law stipulates otherwise.

The citizens of other EU Member states must have compulsory health insurance if they have been granted temporary stay in the Republic of Croatia, under the condition that they do not have compulsory health insurance in one of the Member States and that they are not citizens of a country which is not an EU Member State who are temporarily staying in the Republic of Croatia, unless otherwise provided for in Regulation (EC) no. 883/2004, as last amended by Regulation (EU) no. 1124/2012, in an international agreement or in a special law, whereby they are granted the rights and obligations arising from compulsory health insurance based on the principles of reciprocity, solidarity and equality, in the manner and under the conditions laid down in the European Union regulations, Directive 2011/24/EU, the Compulsory Health Insurance Act, and Act on mandatory health insurance and health care of aliens in the Republic of Croatia.

**B.** The persons entitled to the right to health protection under compulsory health insurance pursuant to the provisions of the Compulsory Health Insurance Act are the following:

#### *1. Beneficiaries*

The status of beneficiaries is acquired by:

1. persons employed by legal or natural person based in the Republic of Croatia,

2. persons who are elected or appointed to permanent posts in certain government bodies, i.e. units of local and district (regional) self-government, if such work is being paid,

3. persons with temporary or permanent residence permit in the Republic of Croatia employed by an employer from another Member State or a third country with no health insurance of foreign holders of health insurance or who do not have compulsory health insurance under the regulations of the country in which they work in the manner specified by EU regulations, i.e. international agreement,

4. Members of management and executive directors of companies, if they do not have compulsory health insurance on grounds of employment with other legal or natural person in the Republic of Croatia or other Member State,

5. persons who undergo professional training for work without establishing employment, i.e. who undergo professional training for work with the possibility to use the measures of active employment policy, in accordance with special regulations,

6. persons on the territory of the Republic of Croatia engaged in economic activity of craft and similar activities, persons who are independently, in form of free profession, conducting professional activity and persons conducting activities in agriculture and forestry in the Republic of Croatia as their sole or main profession, if they are paying income or profit tax, and if not insured on the grounds of employment or as users of the right to retirement,

7. agriculture workers who engage in agricultural activities in the Republic of Croatia as their only or principal occupation if they are owners, occupiers or tenants, and if they are not subject to income tax or corporate income tax, and are not insured on the basis of employment or as users of the retirement right,

8. persons who engage in agricultural activities as the sole or main occupation, who are registered in the registry of family-fun farm as holders or members of family-run farm, if they are not insured on grounds of employment or as users of the right to retirement or if they are participating in regular education,

9. priests, and other religious officials from the religious community officially registered in the registry of religious communities kept by the competent state authority, if not insured on the basis of employment,

10. the beneficiaries of old-age pensions according to the regulations on pension insurance of the Republic of Croatia, domiciled or with approved permanent residence in the Republic of Croatia,

11. the beneficiaries of vocational rehabilitation according to the regulations on pension insurance of the Republic of Croatia, domiciled or with approved permanent residence in the Republic of Croatia,

12. beneficiaries of pension and disability insurance acquiring such right solely from foreign holders of pension and disability insurance, if the EU regulations i.e. international treaty does not stipulate otherwise, domiciled or with approved permanent residence in the Republic of Croatia,

13. persons with residence or permanent residence permit in the Republic of Croatia, who are not insured under compulsory health insurance on another basis and have reported to the CHIF within:

a) within 30 days after the termination of employment or business activities or after the date after which the person no longer receives salary compensation to which he/she is entitled to under the Compulsory Health Insurance Act,

b) within 30 days from the date of early termination of the military service, i.e. voluntary military service, or from the date of expiry of the prescribed deadline for military service i.e. voluntary military service,

c) within 30 days of discharge from the institution for enforcement of criminal and penal sanctions, from health or other specialized institution, in case of implemented security measures of compulsory psychiatric treatment or compulsory treatment of addiction in a medical institution,

d) within 30 days from the day of turning 18 years of age if they are not insured on other bases,

e) within 90 days from the last day of school year in which they finished regular schooling in accordance with regulations on regular education in the Republic of Croatia or other Member State, or within 30 days from the day they passed the final exam,

14. regular high school and high education students above the age of 18, who are Croatian citizens and have permanent or temporary residence in the Republic of Croatia, or citizens of the Republic of Croatia with domicile in another Member State that have been granted temporary residence, under the condition that they do not have compulsory health insurance in such other Member State, and foreigners with approved permanent residence permits in the Republic of Croatia, under the condition that they can use this right until the end of the school year, i.e. academic year in which they finished regular schooling, but not longer than eight years in total on such grounds, if they do not have the right to compulsory health insurance on some other grounds,

15. regular high school and high education students in other Member countries above the age of 18, who are Croatian citizens and have permanent or temporary residence in the Republic of Croatia, and foreigners with approved permanent residence permits in the Republic of Croatia, under the condition that they can use this right until the end of the school year, i.e. academic year in which they finished regular schooling according to the regulations of the country of schooling, but not longer than eight years in total on such grounds, if they do not have the right to compulsory health insurance on some other grounds,

16. persons with temporary or permanent residence permit in the Republic of Croatia, above the age of 18, who, according to the regulations on education in the Republic of Croatia or other Member state, have lost their status of regular pupil or student, if they are registered with the CHIF within 30 days of losing the status of regular pupil or student and if they cannot obtain the right to compulsory health insurance on other grounds,

17. spouses of the deceased insured person who, after the death of his/her spouse, is not entitled to survivor's pension, if they registered with the CHIF within 30 days from the death of a spouse, and if the right to compulsory health insurance cannot be achieved on other grounds,

18. residents and foreigners with permanent residence permits in the Republic of Croatia, who have been recognized as military or civilian war invalids and peacetime military invalids, or hold the status of the beneficiary of the family's disability benefit under the Law on the Protection of Military and Civilian War Invalids, if the right to compulsory health insurance cannot be obtained on other grounds,

19. Croatian Homeland War Veterans, if they are not subject to compulsory health insurance on other grounds,

20. persons who provide care and help to Croatian war invalids according to the regulations on the Rights of Croatian Homeland War Veterans and their family members, if they are not subject to compulsory health insurance on other grounds,

21. persons serving military service or voluntary military service (conscripts), and reserves during service in the Croatian Armed Forces, if the right to compulsory health insurance cannot be obtained on other grounds,

22. persons who ended their work because a legal or natural person sent them to education or professional training, during the length of such education or training,

23. persons who were sent by a legal or natural person, prior to employment, as their scholarship holders, to practical work for another legal or natural person for the purpose of professional training, during the term of practical work,

24. persons sent to another member state or a third country within the framework of international technical-educational and cultural cooperation, while they are abroad on such basis,

25. persons who have been granted the status of parent care-giver on the basis of special regulation,

26. family members of the murdered, captivated or missing Croatian veteran during the period of receipt of financial compensation in line with the regulations on the Rights of Croatian Homeland War Veterans and their family members, if they are not subject to compulsory health insurance on other grounds,

27. family members of the murdered, captivated or missing Croatian veteran domiciled or with approved permanent residence in the Republic of Croatia, if they have registered with CHIF within 30 days from the date they stopped receiving compensation in line with the regulations on the Rights of Croatian Homeland War Veterans and their family members, if they are not subject to compulsory health insurance on other grounds,

28. persons with residency, or permanent residence permit in the Republic of Croatia, who were imprisoned by court decision and are in the organizational units of the Ministry of justice, as per report of the Ministry of justice.

### *2. Persons who have other income (service contract, copyright fees)*

The persons who make income based on which, according to the income tax, other income is being determined (income from service contract, copyright fees), may apply for compulsory health insurance under the following conditions:

- if they do not have the right to compulsory health insurance on other grounds,
- if they have domicile or approved permanent residence in the Republic of Croatia, and
- if, pursuant to the regulations on contributions for compulsory insurance, contributions for compulsory health insurance was paid in one-off or several payments over the past five years at least in the amount of contributions calculated for lowest base for calculation of contributions for compulsory health insurance for the period of six months.

### *3. Children below 18 years of age*

Children up to 18 years of age with residency, or permanent residence permit in the Republic of Croatia are insured under the compulsory health insured and acquire the status of an insured person.

### *4. Beneficiary's family members*

The status of an insured person, as beneficiary's family members, may be acquired by:

- spouse (married and unmarried, in accordance with the regulations on family relations),

- children (born in wedlock, out of wedlock or adopted, stepchildren), and other children without parents, if their care-giver is a beneficiary, at the request of the beneficiary
- parents (father, mother, stepfather, stepmother and adoptive parents) if all the conditions below are simultaneously met:
  - he/she is incapable of independent life and work,
  - he/she has no means of support, and
  - he/she is supported by the beneficiary.
- grandchildren, brothers, sisters, grandparents, if all the conditions below are simultaneously met:
  - he/she is incapable of independent life and work,
  - he/she has no means of support, and
  - he/she is supported by the beneficiary.

The said family members of the beneficiary acquire the right under the condition that they cannot exercise the right on any of the grounds set forth in items 1-28, titled ***Beneficiaries***, that they have residence or permanent residence in the Republic of Croatia, if not regulated otherwise by EU regulations or international treaties.

It is deemed that a person is incapable of independent life and work if:

1. he/she is older than 65 years of age

2. a complete loss of work ability has been established in accordance with the pension insurance regulations

3. according to the regulations on social care has been found to be completely and permanently unable to work

4. according to the findings, opinion and assessment of the Medical committee of the CHIF, is deemed incapable of independent life and work during the period of at least one year, depending on the health status of such person.

It is deemed that a person has no sufficient means of support if:

1. has no income at all

2. if the monthly revenues do not exceed 18% of the budget base established under the Act on Execution of the State Budget of the Republic of Croatia for the current year (calculation base for 2017 amounts to HRK 3,326.00, 18% of the base amounts to HRK 598.68).

### *5. Beneficiary's children above 18 years of age*

The children of the beneficiaries who acquired the status of insured persons as beneficiary's family members may keep such status up to the age of 18.

However, the children of the beneficiaries who become completely and permanently incapable of independent life and work, in accordance with special regulations, before they turn 18 years of age, keep the status of the insured persons as beneficiary's family members during the entire term of such incapability, if the right to compulsory health insurance cannot be otherwise exercised.

In addition, the right to compulsory health insurance as beneficiary's family members may also be acquired by children who, after they turn 18 years of age, have become completely and permanently incapable of independent life and work, in accordance with special regulations, if the beneficiary supports them and if the right to compulsory health insurance cannot be otherwise exercised.

### *6. Persons who kept their status of family member after the dissolution of marriage*

After the divorce, a spouse reserves the status of a CHIF insured person as a family member of a spouse from whom he/she has divorced:

1. if he/she has a court order prescribing support, during the period of such support,

(the said insured person keeps the status of the insured person as a family member upon the termination of support, under the condition that he/she is registered with the CHIF within 30 days from the effective date of the court decision on the termination of support, if the right to compulsory health insurance cannot be exercised on other grounds),

2. if he/she was fully and permanently unable to work at the time of dissolution of marriage in accordance with the regulations on pension insurance,

3. if, under a court decision on the dissolution of marriage, the children were entrusted for raising and upbringing, under the condition that he/she is registered with the CHIF within 30 days from the effective date of such court decision, if the right to compulsory health insurance cannot be exercised on other grounds.

### *7. Other insured persons*

*A person which pays its own contributions*

Persons with residency, or permanent residence permit in the Republic of Croatia, who cannot exercise the right to compulsory health insurance on one of the grounds prescribed by the Compulsory Health Insurance Act (as beneficiaries, family members, under the regulations on social care or any other grounds), are under the obligation to be insured under compulsory health insurance as insured persons.

The said persons acquire the rights and obligations from compulsory health insurance under the condition that they have previous made a one-off payment of the contributions for compulsory health insurance according to the lowest base for the calculation of contributions for compulsory health insurance after the date of termination of the previous status of the insured person, but at most for the period of 12 months.

*Family members of citizens of the Republic of Croatia working abroad for a foreign employer*

The holders of the compulsory health insurance, working in the countries that are not members of the EU with which the Republic of Croatia does not have an international treaty or where an international treaty does not regulate the issue of health insurance, are under the obligation to be insured under the compulsory health insurance scheme and pay prescribed contributions for each member of their family with domicile or permanent residence in the Republic of Croatia who is not covered by the health insurance provided by the foreign holder of the health insurance, but who had, prior to their work at a foreign country that is not a member of the EU, health insurance in the Republic of Croatia as a member of his/her family in accordance with the Act.

*Persons insured under the social care regulations*

Persons with residency, or permanent residence permit in the Republic of Croatia, who are incapable of independent life and work and have no means of support, are entitled to the right to compulsory health insurance as insured persons based on the decision delivered by the state administration office in charge of social care, if the right to compulsory health insurance cannot be exercised on other grounds.

The right to compulsory health insurance on the said grounds for insurance lasts until the change of the circumstances that led to the recognition of such right.

**C.** The number of insured persons covered by compulsory health insurance in the Republic of Croatia, for each calendar year, covered by the relevant period to which the report pertains, is as follows. We hereby not that the given statistical data are the ones available to the CHIF as the holder of the database.

**During 2012**

During the period from January to December 2012, on average there were 4,356,486 persons registered, which is 0.14% less compared to the same period in the previous year (2011), when 4,362,595 insured persons were registered on average.

An average number of active beneficiaries was 1,471,662, which is 0.92% or 13,662 beneficiaries less compared to the same period in 2011 (the average number of active beneficiaries in 2011 was 1,485,324).

Out of 1,471,662 active beneficiaries, 680,437 persons, i.e. 46.24% are women and 53.76% or 791,225 are men.

Furthermore, 1,047,191 retired persons were registered, which is less compared to the previous year when 1,050,460 retired persons were registered.

The number of agricultural workers declined by 10.24%, with 32,205 agricultural workers registered during the relevant period, while in the same period of the previous year there were 35,878 registered agricultural workers.

Other categories of beneficiaries (covering unemployed persons, foreign beneficiaries - retired persons, high school and faculty students not insured as family members, persons incapable of independent life and work, and alike) have increased by 4.77%.

The structure of the beneficiaries is as follows: active beneficiaries constitute 33.78%; retired persons 24.04%; agricultural workers 0.74%; family members 26.07%; and other beneficiaries 15.37% of the total number of insured persons.

**During 2013**

During the period from January to December 2013, on average there were 4,349,197 persons registered, which is 0.17% less compared to the same period in the previous year (2012).

An average number of active beneficiaries was 1,455,152, which is 1.12% or 16,510 beneficiaries less compared to the same period in 2012.

Out of 1,455,152 active beneficiaries, 675,041 persons, i.e. 46.39% are women and 53.61% or 780,111 are men.

Furthermore, 1,052,214 retired persons were registered, which is more compared to the previous year, when 1,047,191 retired persons were registered.

The number of agricultural workers declined by 11.13%, with 28,621 agricultural workers registered during the relevant period, while in the same period of the previous year there were 32,205 registered agricultural workers.

Other categories of beneficiaries (including unemployed persons, foreign beneficiaries - retired persons, high school and faculty students, persons incapable of independent life and work, and alike) have increased by 8.56%.

The structure of the beneficiaries is as follows: active beneficiaries constitute 33.46%; retired persons 24.19%; agricultural workers 0.66%; family members 24.97%; and other beneficiaries 16.72% of the total number of insured persons.

**During 2014**

During the period from January to December 2014, on average there were 4,345,435 persons registered, which is 0.09% less compared to the same period in the previous year.

An average number of active beneficiaries was 1,448,737, which is 0.44% or 6,415 beneficiaries less compared to the period January - December in 2013 (the average number of active beneficiaries in 2013 was 1,455,152).

Out of 1,448,737 active beneficiaries, 676,341 persons, i.e. 46.68% are women and 53.32% or 772,396 are men.

Furthermore, 1,058,751 retired persons were registered, which is more compared to the previous year, when 1,052,214 retired persons were registered.

The number of agricultural workers declined by 12.19%, with 25,131 agricultural workers registered during the relevant period, while in the same period of the previous year there were 28,621 registered agricultural workers.

Other categories of beneficiaries (including unemployed persons, foreign beneficiaries - retired persons, high school and faculty students, persons incapable of independent life and work, and alike) have increased by 22.18%.

The structure of the beneficiaries is as follows: active beneficiaries constitute 33.34%; retired persons 24.36%; agricultural workers 0.58%; family members 21.28%; and other beneficiaries 20.44% of the total number of insured persons.

**During 2015**

During the period from January to December 2015, on average there were 4,325,852 persons registered, which is 0.45% less compared to the same period in the previous year, when 4,345,435 insured persons were registered on average.

An average number of active beneficiaries was 1,466,654, which is 1.24% or 17,917 beneficiaries more compared to the period January - December in 2014 (the average number of active beneficiaries in 2014 was 1,448,737).

Out of 1,466,654 active beneficiaries, 685,988 persons, i.e. 46.77% are women and 53.23% or 780,666 are men.

Furthermore, 1,061,553 retired persons were registered, which is more compared to the previous year, when 1,058,751 retired persons were registered.

The number of agricultural workers declined by 13.08%, with 21,845 agricultural workers registered during the relevant period, while in the same period of the previous year there were 25,131 registered agricultural workers.

Other categories of beneficiaries (including unemployed persons, foreign beneficiaries - retired persons, high school and faculty students, persons incapable of independent life and work, and alike) have increased by 29.44%,

The structure of the beneficiaries is as follows: active beneficiaries constitute 33.90%; retired persons 24.54%; agricultural workers 0.51%; family members 18.71%; and other beneficiaries 22.34% of the total number of insured persons.

**During 2016**

During the period from January to December 2016, on average there were 4,298,008 persons registered, which is 0.64% less compared to the same period in the previous year, when 4,362,595 insured persons were registered on average.

An average number of active beneficiaries was 1,497,178, which is 2.08% or 30,524 beneficiaries more compared to the period January - December in 2015 (the average number of active beneficiaries in 2015 was 1,466,654).

Out of 1,497,178 active beneficiaries, 702,586 persons, i.e. 46.93% are women and 53.07% or 794,592 are men.

Furthermore, 1,062,534 retired persons were registered, which is more compared to the previous year, when 1,061,553 retired persons were registered.

During the observed period, on average 19,044 agricultural workers were registered which is 12.82% less compared to the same period of the previous year there were 21,845 registered agricultural workers.

Other categories of beneficiaries (including unemployed persons, foreign beneficiaries - retired persons, high school and faculty students, persons incapable of independent life and work, and alike) have increased by 5.48%,

The structure of the beneficiaries is as follows: active beneficiaries constitute 34.84%; retired persons 24.72%; agricultural workers 0.44%; family members 16.29%; and other beneficiaries 23.71% of the total number of insured persons.

**D.** Beneficiary's family members in compulsory health insurance are described in detail in the response to question under letter A, item 4.

The persons who may get the status within the compulsory health insurance as family members of the insurance beneficiary are numerous, an in addition to spouses and life partners and children also includes the parents (father, mother, stepfather, stepmother and adoptive parents), as well as grandchildren, brothers, sisters, grandparents.

The family members of the insured person have all the rights to health protection from compulsory health insurance, in the same manner and under the same conditions as all other insured persons.

The number of insured persons that have attained the status in the compulsory health insurance as beneficiaries' family members amounts to:

- **The year 2012**– out of the average number of beneficiaries of 4,356,486 persons, the holders of the insurance constitute 73.93 % or 3,220,739 persons, while the family members account for 26.07 % or 1,135,747 persons
- **The year 2013**– out of the average number of beneficiaries of 4,349,197 persons, the holders of the insurance constitute 75.02 % or 3,262,973 persons, while the family members account for 24.98 % or 1,086,224 persons
- **The year 2014**– out of the average number of beneficiaries ( 4,345,435 person), the holders of the insurance constitute 78.72 % or 3,420,845 persons, while the family members account for 21.28 % or 924.590 persons
- **The year 2015**– out of the average number of beneficiaries amounting to 4,325,852 persons, the holders of the insurance constitute 81.29 % or 3,516,270 persons, while the family members account for 18.71 % or 809.582 persons
- **The year 2016**– out of the average number of beneficiaries amounting to 4,298,008 persons, the holders of the insurance constitute 83.71 % or 3,597,899 persons, while the family members account for 16.29 % or 700.109 persons

**Comments to Article 10 of the Convention**

**B.** The right to health protection under compulsory health insurance, within the scope set forth by the Compulsory Health Insurance Act and the regulations adopted based on the said Act, includes the right to:

- primary health care
- specialist consultant health care
- hospital health care
- the right to medications included in the basic and supplementary list of medications prescribed by the CHIF
- the right to dental aids
- the right to orthopaedic and other aids
- the right to health protection in other EU Member States, contractual and third countries

***1. Primary health care***

The insured person exercises its right to primary health care from compulsory health insurance with its selected physician of primary health care, family (general) medicine, gynaecologist, doctor of dental medicine and paediatrician selected in the manner prescribed by the Ordinance on Method of Establishment of a Right on Free Selection of Medical Doctors of the Primary Health Care.

Exceptionally, the insured person who temporarily stays outside its place of residence, i.e. domicile (e.g. business trip, annual vacation) is entitled to the right, for example in the event of trauma, acute inflammation and contagious disease, acute condition that requires therapy and alike, to primary health care, other than establishing temporary inability to work, with any contractual doctor of primary health care at the place where the person is staying, in the same scope as with its selected physician (medications given on e-Prescription and primary laboratory diagnostics prescribed on e-referral for the primary laboratory).

Treatment of insured persons at home

An insured person is entitled to the right to home treatment when his/her health condition requires such treatment, and when there is no need for hospitalization, where such treatment may be organized as:

- house calls in acute conditions
- treatment at home
- provision of emergency medical assistance at insured person's home.

Health care at insured person's home

An insured person has the right to health care on the basis of the following conditions:

- inability and partial inability to move
- chronic diseases with deterioration of condition or complications, under the condition that the selected physician of primary care simultaneously provides treatment at home and indicates to the need to provide health care
- temporary or permanent conditions where self-care is not a possibility
- after complex operations requiring dressing and treatment of wounds, and care for anus praeter and other stomae
- terminal patients.

Nursing health care

Within the nursing health care, the insured person is provided with professional assistance and care:

- for monitoring the situation following childbirth - both the mother and the child
- for promotion and preservation of health
- for monitoring and preservation of health of the insured person when there is an increased risk for the occurrence of diseases.

Emergency medical assistance

The insured person is entitled to the right to emergency medical assistance, which implies the provision of diagnostic and therapeutic procedures necessary to eliminate immediate danger to life and health.

Emergency medical assistance is provided by health care institutions that have a contract with the CHIF for emergency medical activities, by emergency departments within hospital health care institutions, i.e. the closest doctor of medicine.

A person exercises its right to emergency medical assistance, as a rule, without a referral letter, unless the Ordinance on the conditions and the manner of exercising the rights from compulsory health insurance and other general acts of the CHIF prescribe otherwise.

Transport in ambulance

The right to transport by ambulance may be granted to the insured person who:

- unable to move
- has severe difficulty moving
- who is, due to the nature of the illness, recommended not to move independently.

An insured person is entitled to the right to transport by ambulance to the closest contractual entity of the CHIF who has a contract with the CHIF and may provide the requested health protection, and such right is exercised based on the order for ambulance transport issued by the selected physician in primary health protection who has issued the referral for the requested health protection, i.e. based on the issued confirmation of orthopaedic and other aids and under the condition that the obtaining to such aid by the insured person with the contracted provider of orthopaedic and other aids required taking measures, i.e. testing of the orthopaedic and other aid.

Medical transport implies the transport of the insured person using an ambulance:

1. from the place of residence, i.e. stay to the contractual health care institution or practice of the contractual healthcare worker in private practice or to the contractual provider of orthopaedic and other aids, i.e. from the contractual health care institution or practice of the contractual healthcare worker in private practice or from contractual provider of orthopaedic and other aids to the place of residence, i.e. staying,

2. from one contractual health care institution, i.e. practice of the contractual health care worker in private practice to another contractual health care institution, i.e. practice of the contractual health care worker in private practice or contractual provider of orthopaedic and other aids,

3. from the place of residence, i.e. domicile to a health care institution outside the territory of the Republic of Croatia and back.

Laboratory diagnostics at the level of primary health care

Laboratory diagnostics at the level of primary health care is carried out based on the referral of the selected doctor of family (general) medicine, paediatrician and gynaecologist, issued on a printed referral form for primary laboratory or referral letter sent electronically as an eDocument.

## ***2. Specialist consultant health care***

Specialist consultant health care, consisting of consultant health care and specialist health care, is usually provided at the nearest contractual health institution or at the nearest contractual private health care practitioner according to the place of residence or place of domicile which has a contract with the CHIF and may provide the insured person with the necessary health care.

Consultant health care includes:

- consultant examination of the insured person to establish the diagnosis based on the processing that was carried out
- control consultant examination
- diagnostic examinations
- professional-medical opinion about the established diagnosis, recommended therapy or diagnostic examination (the second opinion)
- professional and medical opinion at the request of the primary care physician in relation to medical history or discharge note of the insured person (consultation).

Specialist health care includes:

- examination and detail processing within specialist health protection
- examination and processing through a unified emergency hospital admittance, i.e. emergency specialist clinics in hospital health care institutions
- entire pre-operative processing of insured persons who are unable to move and/or partially able to move.

An insured person may receive specialist consultant health care based on an issued referral letter, but also based on the electronic referral letter in a form of an electronic document, but only in exceptional cases of emergency medical assistance may be received without referral.

A referral to a specialized examination and consultation and hospital health protection is issued by the selected physician of primary care:

- family (general) medicine
- paediatrician
- Gynaecologist
- dental medicine

The need to refer the insured person to specialist consultant health care, apart from the selected physician, is also established by a specialist in school medicine, epidemiology specialist, i.e. public health specialist.

## ***3. Hospital health care***

An insured person receives hospital health care at the contractual hospital institutions for treatment of patients suffering from acute, sub acute and chronic diseases, as a rule, at the closest contractual hospital institution according to the place of residence of the insured person that has a contract with the CHIF and may provide the required health protection.

Hospital health care includes:

- hospital treatment that includes diagnostic procedures, treatments and/or rehabilitation that cannot be carried out in the clinic,

- treatment at the daily hospital where surgical procedures are being carried out during a single day, the treatment that may be preceded or resulting in diagnostics, and which lasts, as a rule, longer than 6 hours and shorter than 24 hours a day,

- treatment at the clinic where minor surgical procedures are being carried out, treatments that last several days or are repeated in accordance with pre-determined procedure, as well as the application of repetitive therapy over a longer period, but which, as a rule, last less than 6 hours a day.

Insured persons suffering from chronic diseases receive hospital health care at contractual special treatment hospitals: for mental disorders, pulmonary diseases, diseases in children with permanent psychophysical problems, and physical medicine and medical rehabilitation

### Hospital medical rehabilitation

The insured person exercises the right to hospital medical rehabilitation at the contractual specialised hospital for medical rehabilitation and physical medicine as a continuation of the hospital treatment (initial) or on the basis of a referral of the selected doctor (maintenance), based on the illness, conditions and the consequences of injuries listed in the List of diseases, conditions and consequences of injuries for the approval of hospital medical rehabilitation established by the Ordinance on the conditions and manner of exercising the rights from compulsory health insurance for hospital treatment by medical rehabilitation and physical therapy at home.

The insured person is usually provided with hospital medical rehabilitation at the nearest specialized hospital for medical rehabilitation according to the place of residence, i.e. stay, which has a contract with the CHIF and is capable of providing the requested health protection, when such treatment is medically justified in accordance with the Ordinance on the conditions and the manner of exercising the rights from compulsory health insurance for medical treatment by medical rehabilitation and physical therapy at home and other general acts of the CHIF.

### Right to being permitted to stay with the child during hospital treatment

The right to be allowed to stay all day with the child undergoing hospital treatment, depending on the adequate accommodation capacity of the relevant hospital institution in which the child is being treated, is granted to the insured person:

– child’s mother - under the condition that the only food consumed by the child is mother’s milk, i.e. that the child needs to be breastfed, as determined by the child’s selected physician, i.e. doctor at the contractual hospital institution where the child is being treated,

- one of the parents of a child with developmental difficulties - under the condition that he/she has adequate decision of a competent body, i.e. the findings of the competent expert body in accordance with special regulations, at the proposal of the department physician of the contracted hospital institution where the child is being treated.

Also, an insured person - one of the parents of a child under the age of 18, suffering from a malignant or related illness that directly threatens his/her life, undergoing hospital treatment at a contractual hospital (clinical hospital centre, clinical hospital, clinic) that treats children suffering from malignant or related illnesses that directly threaten their lives, depending on the accommodation capacity of the contracted hospital health institution, the right to day-long accommodation with the child during the child's hospital treatment, and on the basis of the same referral used to refer the child to hospital treatment.

In the event that a contractual hospital health care institution does not have available accommodation capacity, the parent of a child suffering from a malignant or related illness that directly threatens his/her life, shall be entitled to compensation of accommodation costs up to the maximum amount per day in the amount of non-taxable amount for the business travel in the country (for a location that is at least 30 kilometres away and the business journey lasts more than 12 hours per day) as established by the Ordinance on Income Tax.

The insured person - one of the parents of a child under the age of 5 and one of the parents of a child with developmental difficulties, and at the proposal of the departmental doctor of a contractual hospital health institution in which the child is treated has the right to stay during the day with a child undergoing hospital treatment in a contractual health institution for the treatment of children suffering from acute illnesses.

In addition, a parent of a child with developmental difficulties has the right to day-long and daily accommodation together with the child regardless of the child's age.

The insured person who exercises the right to stay with a child is not obliged to participate in the costs of health care and the beneficiary who, in accordance with the provisions of the Compulsory Health Insurance Act, can exercise the right to salary compensation during the exercise of such right, is entitled to salary compensation for temporary inability to work due to care for the insured person

## ***4. The right to use the medications included in the basic and supplemental list of medications prescribed by the CHIF***

The insured person, within its right to health protection, is entitled to the right to medications included in the basic and auxiliary list of medications prescribed by the CHIF.

The basic and supplementary list of medications of the CHIF include the medications that have a marketing approval in the Republic of Croatia. They also classify the medications according to the ATC (Anatomical Therapeutic Chemical) classification of medications of the World Health Organization, generic (not protected) name of the medication, (protected) name of the medication, name of the manufacturer, name of the marketing approval holder, form of the medication and mode of use, price of medication for the defined daily dose, price of packaging and unit form of the medication, and the rules for prescribing of medications that may be used in the treatment within health protection from compulsory health insurance.

The basic list of CHIF medicines contains the medicoeconomically most effective drugs for the treatment of all illnesses, while the supplementary list of medicines contains medicines with a higher price level than the prices from the basic list of medicines, whereby

the CHIF ensures coverage of costs at the level of the lowest price of equivalent medication specified in the basic list of medicines.

The basic and auxiliary list of medications, against a prior opinion of the Croatian Chamber of Physicians, are adopted by the Governing body of CHIF.

Thus, an insured person is entitled to the right to receive medications from the basic list of medications completely at the expense of the compulsory health insurance, if such medications have been prescribed to him/her in the primary health care based on the prescribed medical indications.

On the basis of prescribed medical indications, an insured person is entitled to the right to receive medications from the supplementary list of medications at the expense of the compulsory health insurance fund, but up to the price of equivalent medication from the basic list of medications.

Namely, the medications included in the supplementary list of medications may be prescribed to the insured person, i.e. used in the treatment, only with the consent of such insured person, where the insured person has to be informed about its obligation to participate in the price of the medication in the amount determined in the supplementary list of medications.

Exceptionally, the insured person whose treatment cannot be implemented using the medications found in the basic and supplementary list of medications due to medical reasons, may exercise its right to medication that is not included in the lists of medications, provided that the use of medication has been approved by the medical council at the hospital where the insured person is being treated, at the expense of the hospital who is under the obligation to organize the procurement of such medication. Under the same conditions and in the same manner, an insured person may exercise its right to a medication included in the basic and supplementary list of medications kept by the Fund, but for exercising of which the insured person does not meet the medical indications prescribed by such list of medications.

Continuous maintenance of a List of particularly expensive medications

The list of particularly expensive medications has been established by the Decision on establishing the list of particularly expensive medications introduced based on the Decision of establishing the basic list of medications of the CHIF used at the level of hospital and specialist consultant health care in contractual hospital health care institutions.

Treatment with particularly expensive medications is carried out at contracted hospital health care institutions based on the approval of the committee for medications of the hospital health care institutions where the insured person is being treated.

The “expensive medications fund” allowed all citizens of the Republic of Croatia, regardless of their social or material status, to receive free treatment with the most expensive and modern medications for treatment of various diseases, such as hereditary diseases in children, malignant tumours, haemophilia, hepatitis C, multiple sclerosis and other.

## ***5. The right to orthopaedic and other aids***

An insured person exercises its right to an aid at the expense of the CHIF in accordance with the Compulsory Health Insurance Act and regulations adopted based on this Act, and under the conditions and in the manner prescribed by the Ordinance on orthopaedic and other aids, and other general acts of the Fund, unless international treaties prescribe otherwise.

An insured person exercises its right to aids included in the List of aids which is an integral part of the Ordinance on orthopaedic and other aids, based on medical indication established for each individual aid and based on relevant medical documentation that confirms such indications.

The aids may be proposed or prescribed by the following competent doctors: doctors specializing in certain specialties, i.e. selected doctors of general/family medicine, paediatricians and gynaecologists, who are working for the contracted healthcare institution, or contracting doctors from private practices with whom the CHIF has concluded a contract on the provision of health care.

If the exercising of the right to an aid requires approval of the Medical committee of the CHIF or medical committee for orthopaedic and other aids with the CHIF directorate, the doctor in charge prescribes the aid on an adequate printed document, which is submitted by the insured person to the CHIF to receive an approval, together with medical documents and detail explanation of medical indication for such aid, and the technical documents.

As an exception to the above said, an insured person may, based on the approval of the medical commission for aids of the CHIF's directorate, exercise its right to aids established in the List of aids, for which he/she does not meet the prescribed medical indication, if the competent doctor makes a proposal that the use of an aid is essential for the treatment and rehabilitation of the insured person.

For certain types of aids, for which it is so prescribed in the List of aids, the fulfilment of the conditions for their receipt is established and the approval for the aid is granted by the authorised officer of the CHIF who, after it is established that the insured person meets the conditions prescribed for a certain type of aid, certifies the confirmation about the aid.

On the basis of a certified certificate of aid, the insured person exercises the right to aid, spare parts and consumables for the aid, and repair the aid by legal and natural persons - manufacturers of aids, or other legal and natural persons that have a license for retail trade in medical products, and in contracted pharmacies which, in accordance with a special law, have been granted authorization for carrying out pharmacy activities included in the network of public health services

The insured person may, after the procedure established by the Ordinance on orthopaedic and other aids, use the certificate of aid in another Member State of the European Union, with the indication of the name and ISO code from the List of aids and with the obligation of the insured person to announce the use of the certificate of aid in another Member State of the European Union.

In the Republic of Croatia, an aid may be granted that has a marketing approval in accordance with the provisions of the Law on medical products, based on the confirmation on the aid signed by an authorised person from another EU member state.

### ***6. Right to dental aids and orthodontic appliances***

The manner of recognition and use of the right to dental aids and orthodontic apparatuses was covered and regulated by the provisions of the Ordinance on orthopaedic and other aids until December 10th 2013, until the entry into force of a separate general act regulating the mentioned subject, i.e. the Ordinance on dental health care from compulsory health insurance.

In accordance with the Ordinance on dental health care from compulsory health insurance, the insured person exercises the right to aid, spare parts and consumables for the aid, and repair the aid by legal and natural persons - manufacturers of aids, or other legal and natural persons that have a license for retail trade in medical products, and in contracted

pharmacies which, in accordance with a special law, have been granted authorization for carrying out pharmacy activities included in the network of public health services

An insured person exercises its right to dental aids included in the List of dental aids and orthodontic apparatuses included in the List of orthodontic apparatuses, which form an integral part of the said Ordinance, based on medical indication established for each individual aid or apparatus and based on relevant medical documentation that confirms such indications.

***7. Right to use health protection abroad***

The insured person is entitled to the right to use health protection from the compulsory health insurance in other EU Member states, as well as in third countries that are not members of the EU.

Such health protection includes the following:

- right to be referred to treatment,

- the right to utilize health protection during the temporary stay in the Member states and third countries, and

- the right to other health protection in accordance with the provisions of the EU regulations, Directive 2011/24/EU, the Compulsory Health Insurance Act, international treaties and general acts of the CHIF.

The right to be referred to treatment may be exercised by an insured person only if a treatment is needed which is not being provided in the contractual health care institutions in the Republic of Croatia, but may be successfully provided in the Member states and third countries.

Insured persons exercise the right to cross-border health care, which implies the health care provided to the insured person within the scope of the compulsory health insurance in contractual health care institutions in the Republic of Croatia, which was exercised by the insured person at contractual or private health care providers on the territory of other member states.

Cross-border health protection implies the following:

- planned health protection that requires prior approval of the CHIF,

- planned specialist-consulting health protection that does not require prior approval of the CHIF, and

- health protection that cannot be delayed.

An insured person that has used health protection in accordance with the provisions of the Compulsory Health Insurance Act is entitled to compensation of costs of such health protection that were covered personally by the insured person. However, the compensation of costs cannot exceed the amount designated for such health care for the contractual entities of CHIF by CHIF's general act.

**B. Participation in the costs of health protection under compulsory health insurance**

Insured persons are under the obligation to participate in the costs of health protection from compulsory health insurance and to personally pay such costs when using the health protection services, i.e. through auxiliary health insurance, in accordance with the Law on voluntary health insurance.

In addition, the children under the age of 18, children under the age of 18 who are permanently and completely incapable for independent life and work and have health insurance as family members of their parents, and insured persons who are incapable of independent life and work and have no means of support are not under the obligation to participate in the costs of health protection.

The prescribed participation in the costs of health protection is charged to the insured person by immediate contractual entities of the CHIF, i.e. contractual providers of aids, who are obliged to issue a confirmation in the form and with the content prescribed by general acts of the CHIF.

Participation in health care costs for treatment in other EU countries and non-EU contracting states is paid to providers of health care in accordance with EU regulations, international treaties, compulsory health insurance act, and general act of the CHIF, unless EU regulations or international treaties stipulate otherwise.

Insured persons are obliged to participate in health care costs with the amount of 20% of the full cost of health care, where such amount shall not be less than the percentage of the budget base for:

1. specialist consultant health care, including daily hospital and surgical procedures at the daily hospital, except outpatient physical medicine and rehabilitation - 0.75% of the budget base (HRK 25),

2. specialist diagnostic that is not on the level of primary health care - 1.50% of the budget base (HRK 50),

3. orthopaedic and other aids established by the basic list of orthopaedic and other aids - 1.50% of budget base (HRK 50),

4. specialist consultant health care in the outpatient physical medicine and rehabilitation and physical medicine and rehabilitation at home - 0.75% of the budget base per day (HRK 25),

5. treatment in other Member States and third countries in accordance with the EU regulations, international treaties, Directive 2011/24/EU, Compulsory Health Insurance Act and general act of the CHIF, unless the EU regulations or international treaties prescribe otherwise,

6. costs of hospital health care - 3.01% of the budget base per day (HRK 100),

7. dental aids established by the basic list of dental aids for adults between 18 and 65 - 30.07% of budget base (HRK 1,000),

8. dental aids established by the basic list of dental aids for adults above the age of 65 - 15.03% of budget base (HRK 500).

Furthermore, insured persons are obliged to participate with 0.30% of the budget base (HRK 10) for:

1. health care provided by selected physicians of primary health care: the family (general) medicine, gynaecology and dentistry, in accordance with the general act of the Fund,

2. issuance of medication by prescription.

The highest amount of participation in the costs of health protection that an insured person is obliged to pay based on the bill for performed health protection amounts at most to 60.13% of the budget base (HRK 2,000).

Calculation base, as previously mentioned, is prescribed by the Act on Execution of the State Budget of the Republic of Croatia for the current year (calculation base for 2017 amounts to HRK 3,326.00).

**C.** For the insured persons exercising their right to health protection from compulsory health insurance, CHIF ensures the payment of health services in full (without the obligation of the insured persons to participate in the costs of health protection) for:

1. overall health care for children under the age of 18, children under the age of 18 who are permanently and completely incapable for independent life and work and have health insurance as family members of their parents, and insured persons who are incapable of independent life and work and have no means of support,

2. preventive and specific health care for school children and students,

3. preventive health protection for women,

4. health protection of women in relation to pregnancy and childbirth,

5. health protection in relation to medically supported insemination in accordance with a special law,

6. preventive health care for persons above the age of 65,

7. preventive health protection for persons with disabilities registered in the registry of persons with disabilities established under a special regulation,

8. entire health protection with regards to HIV infections and other infectious diseases for which there are legal regulations to prevent their transmission and spread,

9. compulsory vaccination, immunoprophylaxis and chemoprophylaxis,

10. complete treatment of chronic psychiatric diseases,

11. overall treatment of malignant diseases,

12. complete treatment as a consequence of recognized work-related injury, i.e. professional disease,

13. hemodialysis and peritoneal dialysis,

14. health protection in connection with taking and transplanting parts of the human body for treatment purposes,

15. outpatient emergency medical assistance within the activities of emergency medicine which includes emergency transport (by road, sea and air) in accordance with the rulebook issued by the minister in charge of health issues,

16. home visits and home treatment,

17. nursing care,

18. medical transport for special categories of patients in accordance with the regulations issued by the Minister in charge of health,

19. medication from the basic list of medicines prescribed by the Fund issued based on a prescription,

20. health care at insured person’s home,

21. laboratory diagnostics at the level of primary health care,

22. palliative care.

**D**. In order to achieve further improvement of health and the quality of health care system, during the period 2012-2016 the CHIF has introduced numerous changes in the organization and financing of health protection.

The basic element of changes occurring in the **primary health care** (hereinafter: PZZ) during the period covered by this Report is the introduction of a new model of contracting for the implementation of health care and a new model of referrals for the use of health protection, i.e. issuing of referral letters for specialist consultant health care (hereinafter: SKZZ).

The spending for primary health care as the basic form of health care provision have increased, with the goal to achieve complete processing and treatment of patients at the primary level and reduce the number and costs at secondary and tertiary health care level.

The new model of contracting allows for the measurable work of the physicians where their work is valued against objective quality and quantity of services, not only against the number of insured persons that selected the physician in question.

Novelties in the primary health care:

- monitoring and evaluating the work of the doctors through diagnostic and therapeutic procedures (DTP), among which, apart from the procedures for recording and paying the regular work of the doctors, are the higher level procedures that reduce the need for the use of specialist consultant health care,

- introduction of key performance indicators (KPI) and quality indicators (QI) that are being continuously perfected and completed, and valued separately

- introduction of additional possibilities through preventive programs, forming group practices and offering additional benefits to insured persons of the CHIF through so-called 5* (counselling in small groups, taking samples for primary laboratory diagnostic, possibility of making e-appointments (e-naručivanje), making appointments for the given time, ensured time for phone consultations, and alike).

- preventive is the backbone of the new contracting model. Apart from the fact that preventive procedures are paid for separately through the DTP system, the procedures themselves have higher value than curative procedures based on the coefficient value. The implementation of preventive programs is additionally valued

- panels - introduction of panels represents a significant improvement in the health care system. In the area of general/family medicine, a panel for permanent monitoring of chronic patients has been introduced (diabetes, high blood pressure, KOPB) which represents a basic tool for secondary prevention and prevention of complications in such conditions. In 2015, 3 new panels have been introduced in the same domain: panel of rational prescription of antibiotics which was defined as a new quality indicator, and panel of rational pharmacotherapy and the panel "anticoagulant therapy titration". In the activities of health protection of preschool children and the activities of general/family medicine, a panel for the monitoring of growth and nourishment of children up to 7 years of age has been introduced which is evaluated in the activities of preschool children's health protection as an indicator of quality, and a panel for dermatitis in children also evaluated as indicator of quality in health protection of preschool children. A pregnant woman's panel has been introduced into the health protection of women, also as a quality indicators, while certain procedures have been exempt from the limit (DTP breast ultrasound, ultrasound cervicometry), as additional incentive for preventive activities.

- within the activities of dental health protection (multivalent), as a criterion of quality of work, the recording of the dental status on first and control examination is being used, which, for the first time in the history of the Republic of Croatia, allows for the determination of the dental status (KEP index) of the entire population.

- establishing of the possibility to implement peer groups among at least three team leaders with the aim to educate and improve the work process. Merging into "peer groups" is an indicator of the quality of work in 4 activities of primary health care and has replaced the previous parameter "guest book"

- group practices joined by doctors, which are being additionally financed, enable so called horizontal referral to the doctors within group practice who perform certain diagnostic, counselling or therapeutic measures (e.g. ultrasound, family counselling). Through group practice, the insured persons are given the possibility to use health protection outside regular working hours of the selected physician.

- the possibility to employ additional nurses for 5 group practice teams has been established in 2014, in 2015 it was expanded to the possibility of contracting 1 additional nurse for 3 group practice teams in isolated and scarcely populated areas (work with chronic patients) and the possibility of contracting 1 additional nurse for health centre that offered counselling for the teams working in isolated and scarcely populated areas.

- the ability to employ an additional dental medicine doctor on 7 group practice teams

- health centres in the new model of primary health care contracting are additionally financed for counselling departments and clinics, which returns their former role as central units of primary health care.

With the introduction of the new model of referrals, the authority of the physician in relation to issuing referrals to specialist-consulting health care is being defined, which reduces the need for the patients to "wonder around" between PZZ and SKZZ. The new model of referrals, inter alia, directs the doctors, i.e. the patients to carry out the majority of procedures at the primary health care level and in local hospitals, closer to their place of residence, and only those cases that cannot be processed in the local hospital are directed through referral letters to higher level centres.

In such a way, the regional and national centres have fewer patients who could have received health care at lower levels and there is more space for the most complex cases.

A new model of referrals introduces special referrals to daily hospitals and single-day surgery, while for severe and immobile patients a referral has been introduced based on which the entire preoperative processing may be done at one place.

A new way of keeping records about physicians' services through DTP system has been introduced in 2015, which is in effect since February 1st 2016.

Furthermore, a new model of contracting health protection is being introduced **at secondary and tertiary level,** as well as a new model for the financing of hospital health protection. With the introduction of the new model of contracting, the contracting based on the health protection activities is abandoned and the contracting of services is introduced.

The new model of financing of **hospital health protection** in 2015 allowed for a gradual transition to the payment for the work done, i.e. abandonment of advance payment methodology.

Throughout 2015, 25% of maximally possible contracted monthly funds were paid in advance, whereas the remaining 75% are paid upon the execution with gradual transition to such form of payment (January started with 5% of payment upon execution).

Since 2012, hospital health care institutions are monitored through a defined set of 32 KPIs and QIs. After a two-year monitoring process, a narrow set of (5) indicators was selected, i.e. performance indicators (KPIs) - "turnaround" of cases per bed and total number of SKZZ cases per healthcare worker and quality indicators (QIs) - general mortality rate,

percentage of treatment at day hospital and the percentage of patients treated with a spare antibiotic.

The said indicators have allowed for a comparison of health institutions from the same category, monitoring of changes in the institution over a specified period of time, where their goal is to encourage mutual positive competition in achieving higher levels of quality.

Their valuation started in 2015. By fulfilling the indicators, the hospital may make additional profit up to 5% of maximal possible agreed monthly funds (1% for each indicator).

An important novelty in the financing is the possibility of making additional profit for the hospitals through semi-annual levelling. If the hospital, over a semi-annual period, achieves better results in two consecutive quarters, the hospital has the right to take a part of the limit of those hospitals in the region which did not provide the services paid for as the obligation to perform or not paid for as possible additional execution/profit.

In order to achieve more efficient processing of offers of health care institutions and private health care workers on the Contract awarding competition, a web application ePonuda has been created that is continuously improved according to the needs of the CHIF.

Taking into account the need to reduce the waiting lists, CHIF has published several additional contract awarding competitions for the implementation of diagnostic procedures (magnetic resonance, CAT scan, humane reproduction procedures, hyperbaric oxygen therapy and alike).

Furthermore, in the period covered by the Report, the work was done on continuous introduction of **new medications**, new forms or packaging of medications from the CHIF's list of medications, as well as on the expanding of the indications of medications found o CHIF's lists.

Over the entire period, the activities are being implemented pertaining to the inclusion of new medications, generic parallels, new forms of medications, new medication packaging or the expansion of the indications for the use of medications at the expense of the Fund.

Within the limits of available funds, the goal is to provide the insured persons with higher availability of larger number of medications for treatments.

In terms of **orthopaedic and other aids**, active efforts were made to achieve the inclusion of a larger number of orthopaedic and other aids into the list of aids provided at the expense of the compulsory health insurance fund. So, for example, the bottling of bottles with medical oxygen was added to the list of orthopaedic and other aids for insured persons supplied with oxygen concentrators, who use bottles of medical oxygen as a reserve supply of oxygen. A public procurement procedure has been organized for the batteries for hearing aids for insured persons up to 18 years of age and for insured person above 18 years of age in undergoing regular education, as well as a procedure related to the installation material - insulin pumps, which led to a significant increase in the quality of health care for insured persons who thus achieve better regulation of diabetes.

Having in mind that on July 1st 2013 the Republic of Croatia has become a member of the European Union, CHIF has implemented all the necessary measures pertaining to the **harmonization of general acts of the CHIF with the EU laws and regulations.**

**Numerous projects in the domain of eHealth** have been implemented. With the implementation of a unique computer program for National preventive programs for early detection of breast cancer, colon cancer and cervical cancer which uses a single database, the process of calling persons in county public health institutions has been centralized, special purchase orders are being sent instead of printed purchase orders, the findings are being

recorded and after being digitally signed are made available to other relevant parties in the health care system (selected family medicine doctor, gynaecologist).

A joint network infrastructure (eHealthNet) has been established based on the decision of the Government of the Republic of Croatia, whose project aim is to establish a protected, private and secure information network for connecting of health care institutions and funds. Given the large number of institutions in the health care sector, the project is being implemented in phases.

The BIS2CEZIH project encompasses the computerization of hospital business processes for checking the status of insured persons with the CHIF, computerization of the admission process, including the retrieval and reservation of electronically prescribed referrals by the primary health care physician and the retransmission of electronic specialist findings and discharge notes. Finally, the increase of the quality of health services, reduction of costs, increase of transparency with higher work efficiency of medical workers are expected.

The national project eLista narudžbi (eList of appointments) and eNaručivanje (eAppointments) is being developed and supervised throughout the year. eNaručivanje from primary health care offices has reached the number of 85,000 appointments per month, and the primary care doctors have embraced eNaručivanje as an integral part of care about the patients. 96% of family medicine physicians use eNaručivanje to schedule their patients.

Furthermore, introduction of an information system for nursing sector has significantly increased the level of service and registering of procedures in the primary health protection, and also increases the efficiency and brings standardization of business processes through information-technology solution. Within the project, a central information system for nursing has been introduced.

Furthermore, a National contract point (NCP) has been established for providing information about the rights of the insured persons to health protection in other Member States, all in accordance with the regulations of the EU and Directive 2011/24/EU. The Fund's task as an NCP is to provide the patients from other countries with information on the health system of the Republic of Croatia, on the quality and safety of health care, and to assist them in exercising the right to treatment in the Republic of Croatia, as well as to provide information to patients from the Republic of Croatia on the exercise of the right to treatment abroad.

**Comments to Article 11 of the Convention**

No qualifying period is prescribed for exercising the right to health protection under compulsory health insurance, other than in the event of exercising the right to orthopaedic and other aids.

The insured person, after meeting other conditions prescribed by the Ordinance on orthopaedic and other aids (medical indication, etc.) has the right to the aid if he/she meets the condition of previous compulsory health insurance with the CHIF for at least 9 consecutive months, i.e. 12 months with interruptions in the last two years before the emergence of the need for the aid, unless otherwise stipulated by an intergovernmental agreement.

Also, the years of insurance also include the periods of health insurance gained by the insured person in other EU Member States and countries with which the Republic of Croatia has signed international treaties on social insurance.

Also, note that until June 30th 2013 the requirement for previous compulsory health insurance required a duration of insurance of at least 12 consecutive months, i.e. 18 months in the last two years, but from July 1st 2013, the duration is defined as a shorter period of time, that is,

as described, 9 consecutive months or 12 months in interruptions in the last two years before the rise of the need for an aid.

As an exception to the above said, an insured person - child below the age of 18, insured person with mental and physical development difficulties who is incapable of independent life and work, and insured person that requires an aid to undergo treatment of a recognized work related injury or occupational disease, is not required to meet the condition of prior insurance with the CHIF.

**Comments to Article 12 of the Convention**

Pursuant to the Compulsory Health Insurance Act, the standards and norms of compulsory health insurance are prescribed, including a list of types and number of therapeutic and diagnostic procedures per insured person per annum, the amount of funds required in accordance with the secured means, as well as the manner of exercising the rights of insured persons to health protection from compulsory health insurance is, as a rule, passed by the CHIF's administrative committee for each calendar year, against the consent of the minister responsible for health, according to the previously obtained opinion of the competent chambers.

Health protection is ensured during the entire duration of the insured event, cannot be withheld during the period when sickness compensation is being paid and health protection may be extended if long-term care is required, in accordance with the provisions of the Compulsory Health Insurance Act and by-laws.

Therefore, the duration of treatment depends solely on medical indications and there are no time limits in this respect.

In addition, the insured event covers and illness, whatever its cause, as well as pregnancy, childbirth and their consequences.

The insured persons of the CHIF within the scope of health care protection from compulsory health insurance are not provided with the coverage of costs of health care services provided in the manner and according to a procedure that was not prescribed by EU legislation, Directive 2011/24/EU, international treaty, Compulsory health insurance act, or by-law regulations issued on the basis of the such Act, as well as for:

- difference for the increased medical costs resulting from the personal wishes of the insured person because of his/her religious or other beliefs, and which represents treatment outside the established health care standards in the compulsory health insurance provided for all insured persons under the same conditions,
- experimental treatments, experimental medical products, aids and medications still in clinical testing phase,
- therapeutic and diagnostic procedures, as well as medicines that have been carried out or applied at the request of the insured person in circumstances where such procedures and medicines are not prescribed by a contractual health institution or contractual healthcare professional from private practice within the exercise of the right from compulsory health insurance or by their type and quantity do not constitute a right from compulsory health insurance,
- aesthetic procedures, other than aesthetic procedures for the reconstruction of congenital anomalies, breast reconstruction after mastectomy, aesthetic reconstruction after major trauma,
- treatment of voluntarily acquired sterility,

- health protection used while avoiding the established list of appointments within the health protection standard from compulsory health insurance based on personal wishes of the insured person, based on a written statement of such person,
- surgical treatment of obesity, except in case of pathological obesity where the body mass index (BMI) exceeds 40, i.e. where BMI exceeds 35, under the condition that the insured person also suffers from other related diseases,
- treatment of medical complications that arise from the use of health care beyond the compulsory health insurance,
- health protection which is provided by the employers, the Republic of Croatia or units of local (regional) self-government in line with the laws and regulations.

## PART III. - SICKNESS BENEFIT

### Comments to Article 15 of the Convention

**A.** Persons protected within the meaning of the Article 15 of the Convention, i.e. persons entitled to the right to compensation of salary during temporary inability to work, in addition to the workers also include other categories of economically active population (article 15(b) of the Convention).

**B.** Namely, persons entitled to the right to compensation of salary during temporary inability to work are the following:

1. persons employed by legal or natural person with its registered headquarter in the Republic of Croatia,
2. persons elected or appointed to permanent duty in certain bodies of state authority, i.e. units of self-government, if they receive salary for such work,
3. persons with temporary or permanent residence permit in the Republic of Croatia employed by an employer from another Member State or a third country with no health insurance of foreign holders of health insurance or who do not have compulsory health insurance under the regulations of the country in which they work in the manner specified by EU regulations, i.e. international agreement,
4. Members of management and executive directors of companies, if they do not have compulsory health insurance on grounds of employment with other legal or natural person in the Republic of Croatia or other Member State,
5. persons on the territory of the Republic of Croatia engaged in economic activity of craft and similar activities, persons who are independently, in form of free profession, conducting professional activity and persons conducting activities in agriculture and forestry in the Republic of Croatia as their sole or main profession, if they are paying income or profit tax, and if not insured on the grounds of employment or as users of the right to retirement,
6. persons who engage in agricultural activities as the sole or main occupation, who are registered in the registry of family-fun farm as holders or members of family-run farm, if they are not insured on grounds of employment or as users of the right to retirement or if they are participating in regular education,
7. priests, and other religious officials from the religious community officially registered by the competent state authority, if not insured on the basis of employment,
8. persons who provide care and help to Croatian war invalids according to the regulations on the Rights of Croatian Homeland War Veterans and their family members, if they are not subject to compulsory health insurance on other grounds,
9. persons who have been granted the status of parent care-giver on the basis of special regulation.

**C.** The number of beneficiaries who exercised their right to salary compensation during temporary inability to work, both during the first 42 days when the salary compensation is charged to the employer and after 43rd day of temporary inability to work when the salary compensation is charged to the compulsory health insurance fund, and the most frequent causes of temporary inability to work, as well as comparisons between individual calendar years covered by this Report, are all visible through the statistical data available to the CHIF as the database holder, as follows.

**During 2012**

In cases of temporary inability to work after the first 42 days, when the salary compensation is being charged to the CHIF, one may conclude that for a total of 177,546 cases, and for 7,876,288 days of temporary inability to work, the average duration of such inability was 44.36 days.

Out of the total number of days of temporary inability to work at the expense of the CHIF (7,876,288 days), diseases, isolation, accompanying and care account for 5,585,491 days or 70.92%, whereas pregnancy complications account for 2,290,797 days.

Furthermore, out of 25,163 ill persons at the expense of the Fund on a daily basis, 17,744 persons are absent due to illness and 7,319 due to complications during pregnancy.

The number of complications during pregnancy in 2012 was 27.485, with the average duration of 82.35 days.

At the expense of the employer, 20,572 persons are absent from work on a daily basis due to illness, which is less compared to the previous year when 22,667 persons were absent from work. The overall average of daily absenteeism amounts to 45,735 employees, which constitutes 3.11% of the total number of active beneficiaries.

**During 2013**

In cases of temporary inability to work after the first 42 days, when the salary compensation is being charged to the CHIF, one may conclude that for a total of 167,424 cases, and for 7,000,913 days of temporary inability to work, the average duration of such inability was 41.82 days, which is a decrease by 5.73% compared to the same period in 2012.

The average duration of temporary inability to work, expressed in days, at the expense of the employer has increased, so that in 2013 it amounted to 10.11 days, while in the previous year it amounted to 7.83 days, i.e. it has increased by 29.12%.

Out of the total number of days of temporary inability to work at the expense of the CHIF (7,000,913 days), diseases, isolation, accompanying and care account for 4,908,077 days or 70.11%, whereas pregnancy complications account for 2,092,836 days. Furthermore, out of 22,367 ill persons at the expense of the CHIF on a daily basis, 15,681 persons are absent due to illness and 6,686 due to complications during pregnancy.

The number of complications during pregnancy in 2012 amounted to 27.485 persons, whereas in 2013 it amounted to 26.147 persons.

An average duration of temporary inability to work due to complications during pregnancy in 2012 amounted to 83.35 days, whereas in 2013 it amounted to 80.04 days.

At the expense of the employer, 19,159 persons are absent from work on a daily basis due to illness, which is less compared to the previous year when 20,572 persons were absent from work.

On a daily basis, due to temporary inability to work, on average 41,526 employees are absent from work, which constitutes 2.85% of the total number of active beneficiaries.

**During 2014**

In cases of temporary inability to work after the first 42 days, when the salary compensation is being charged to the CHIF, one may conclude that for a total of 161,433 cases, and for 6,835,067 days of temporary inability to work, the average duration of such inability was 42.34 days, which is an increase by 1.24% compared to the same period in 2013 when the average duration of such inability to work, expressed in days charged to CHIF, was 41.82 days.

The average duration of temporary inability to work, expressed in days, at the expense of the employer has decreased, so that in 2014 it amounted to 9.37 days, while in the previous year it amounted to 10.11 days, i.e. it has decreased by 7.32%.

Out of the total number of days of temporary inability to work at the expense of the CHIF (6,835,067 days), diseases, isolation, accompanying and care account for 4,816,585 days or 70.47%, whereas pregnancy complications account for 2,018,482 days.

Furthermore, out of 21,837 ill persons at the expense of the CHIF on a daily basis, 15,388 persons are absent due to illness and 6,449 due to complications during pregnancy. The number of complications during pregnancy in 2013 amounted to 26.147, whereas in 2014 it amounted to 25.598.

An average duration of temporary inability to work due to complications during pregnancy in 2013 amounted to 80.04 days, whereas in 2014 it amounted to 78.85 days.

At the expense of the employer, 18,159 persons are absent from work on a daily basis due to illness, which is less compared to the previous year when 19,159 persons were absent from work.

On a daily basis, due to temporary inability to work, on average 39,996 employees are absent from work, which constitutes 2.76% of the total number of active beneficiaries.

**During 2015**

In cases of temporary inability to work after the first 42 days, when the salary compensation is being charged to the CHIF, one may conclude that for a total of 182,663 cases, and for 7,433,066 days of temporary inability to work, the average duration of such inability was 40.69 days, which is a decrease by 3.90% compared to the same period in 2014 when the average duration of such inability to work, expressed in days charged to CHIF, was 42.34 days.

The average duration of temporary inability to work, expressed in days, at the expense of the employer has decreased, so that in 2015 it amounted to 9.12 days, while in the previous year it amounted to 9.37 days, i.e. it has decreased by 2.67%.

Out of the total number of days of temporary inability to work at the expense of the CHIF (7,433,066 days), diseases, isolation, accompanying and care account for 5,468,147 days or 73.57%, whereas pregnancy complications account for 1,964,919 days.

Furthermore, out of 23,748 ill persons at the expense of the CHIF on a daily basis, 17,470 persons are absent due to illness and 6,278 due to complications during pregnancy.

The number of complications during pregnancy in 2015 amounted to 24.955 persons, whereas in 2014 it amounted to 25.598 persons.

An average duration of temporary inability to work due to complications during pregnancy in 2014 amounted to 78.85 days, whereas in 2015 it amounted to 78.74 days.

At the expense of the employer, 20,642 persons are absent from work on a daily basis due to illness, which is more compared to the previous year when 18,159 persons were absent from work.

On a daily basis, due to temporary inability to work, on average 44,390 employees are absent from work, which constitutes 3.03% of the total number of active beneficiaries.

**During 2016**

In cases of temporary inability to work after the first 42 days, when the salary compensation is being charged to the CHIF, one may conclude that for a total of 192,270 cases, and for 8,038,212 days of temporary inability to work, the average duration of such inability was 41.81 days, which is an increase by 2.75% compared to the same period in 2015

when the average duration of such inability to work, expressed in days charged to CHIF, was 40.69 days.

The average duration of temporary inability to work, expressed in days, at the expense of the employer has also increased, so that in 2016 it amounted to 9.82 days, while in the previous year it amounted to 9.12 days, i.e. it has increased by 7.68%.

Out of the total number of days of temporary inability to work at the expense of the CHIF (8,038,212 days), diseases, isolation, accompanying and care account for 6,027,669 days or 74.99%, whereas pregnancy complications account for 2,010,543 days.

Furthermore, out of 25,599 ill persons at the expense of the CHIF on a daily basis, 19,196 persons are absent due to illness and 6,403 due to complications during pregnancy.

The number of complications during pregnancy in 2016 amounted to 25.689 persons, whereas in 2015 it amounted to 24.955 persons.

An average duration of temporary inability to work due to complications during pregnancy in 2015 amounted to 78.74 days, whereas in 2016 it amounted to 78.26 days.

At the expense of the employer, 20,233 persons are absent from work on a daily basis due to illness, which is less compared to the previous year when 20,642 persons were absent from work.

On a daily basis, due to temporary inability to work, on average 45,832 employees are absent from work, which constitutes 3.06% of the total number of active beneficiaries.

In the Republic of Croatia, the Compulsory Health Insurance Act sets forth all the persons entitled to the compensation of salary during temporary inability to work (set forth in item B.).

Namely, the temporary inability to work, during which the beneficiary is entitled to salary compensation, implies the absence from work due to illness or injury or other circumstances established by the Compulsory Health Insurance Act, due to which the beneficiary is prevented from fulfilling his/her obligation to work in accordance with the employment contract, other contract or act.

Therefore, the right to compensation of salary is granted to the beneficiary in relation to the use of health protection, i.e. other circumstances if:

1. temporarily unable to work due to disease or injury, i.e. if he/she is admitted to a health care institution for the purpose of treatment or medical examination,

2. temporarily unable to work due to a prescribed treatment or medical examination which cannot be done outside beneficiary's working hours,

3. isolated as germ-carrier or due to the occurrence of infection in his/her surroundings,

4. temporarily unable to work due to transplantation of living tissue and organs in favour of another CHIF insured person,

5. designated to accompany the insured person referred to treatment or medical examination to the contracting entity of the CHIF outside of the place of residence or the place of residence of the insured person that is being referred for treatment,

6. designated to care for an ill member of the immediate family (child and spouse) in line with the conditions prescribed by the Compulsory Health Insurance Act,

7. temporarily unable to work due to illness and complications related to pregnancy and childbirth,

8. temporarily unable to work due to maternity leave and the right to work half time pursuant to the regulations regulating maternity and parental benefits,

9. temporary unable to work due to use of leave in case of death of the child, in the case of a stillborn child or child's death during maternity leave,

10. temporarily unable to work due to wounds, injuries or illness that is a direct result of participation in the Homeland War.

11. temporarily unable to work due to recognized work-related injury, i.e. professional disease.

**Exceptionally - monetary compensation for the inability to perform work on the basis of which income is obtained based on which other incomes are determined in accordance with the regulations on contributions for compulsory insurance**

The right to said financial compensation during temporary inability to work. i.e. carry out the agreed activities due to an illness is granted to persons with residency, or permanent residence permit in the Republic of Croatia who make income based on which, according to the income tax, other income is being determined (income from service contract, copyright fees) and which are the base for such income, and on the basis of paid contributions for compulsory health insurance as prescribed have acquired the status of a beneficiary in the compulsory health insurance.

**Comments to Article 16 of the Convention**

A. Salary compensation during temporary inability to work is paid to the beneficiary every month, as a compensation of the salary that the worker in question would earn if it were not for the temporary inability to work.

The above said applies to all beneficiaries equally, on the territory of the entire Republic of Croatia.

The amount of salary compensation for each individual care is determined as an average amount of salary of the specific worker, which would have been paid over a 6 month period prior to the month during which temporary inability has occurred.

Therefore, the salary compensation for each individual beneficiary - **worker** is determined based on the base for compensation, which is the average salary paid to the beneficiary in the last *six months* prior to the month in which a case happened based on which the beneficiary has acquired the right to salary compensation, regardless to whom it is being charged, except when special law stipulates otherwise.

The salary on the basis of which the base for salary compensation is determined shall be the regular monthly salary of the beneficiary determined in accordance with the provisions of labour regulations and the compensation paid during the absence from work (annual leave, paid leave and temporary inability to work) payable at the expense of a legal or natural person in which the insured is employed.

On the other hand, the base for salary compensation is the monthly base for insurance for calculation and payment of contributions for compulsory health insurance in the last six months prior to the month in which the case has happened that gave rise to the right to salary compensation, less the statutory compulsory contributions, taxes and surtaxes for the following beneficiaries:

- persons with temporary or permanent residence permit in the Republic of Croatia **employed by an employer from another Member State or a third country** with no health insurance of foreign holders of health insurance or who do not have compulsory health

insurance under the regulations of the country in which they work in the manner specified by EU regulations, i.e. international agreement,

- **members of the management** of commercial companies and executive directors of commercial companies,

- persons on the territory of the Republic of Croatia engaged in **economic activity of crafts** and similar activities, persons who are independently, as freelancers, conducting **professional activity** and persons conducting activities in **agriculture and forestry** in the Republic of Croatia as their sole or main profession, if they are paying income or profit tax,

- persons who engage in agricultural activities as the sole or main occupation, who are registered in the registry of **family-run farms** as holders or members of family-run farm,

- **priests** and other religious officials from the religious community officially registered by the competent state authority.

In the event that the base for salary compensation cannot be determined in the manner described above, the base for salary compensation is the salary paid until the day of occurrence of the event that resulting in the right to salary compensation, i.e. the corresponding salary for the month for which the salary compensation is being determined, where such base, when the compensation is charged at the expense of the CHIF, cannot be higher than the lowest insurance base used to calculate the contributions for compulsory health insurance, valid for the month preceding the month in which the insured event occurred.

An exception to the above said is foreseen in the event of temporary inability to work due to recognized work related injury or occupational disease, when the base for the compensation is the respective salary for the month for which the salary compensation is being determined.

When a beneficiary receives salary compensation continuously for more than three months, the basis for determining compensation is increased in line with the increase of salaries of the employees in the Republic of Croatia, if such increase exceeds 5%.

The amount of salary compensation during temporary inability to work is as follows

The compensation of salary cannot be less than 70% of the base for compensation of salary, where the monthly amount for full time work cannot be less than 25% of the budget base.

Salary compensation is 100% of the basis for compensation for the period:

1. temporarily unable to work due to wounds, injuries or illness that is a direct result of participation in the Homeland War,

2. temporarily unable to work due to illness and complications related to pregnancy and childbirth,

3. use of maternity leave and the right to work part-time during the maternity leave,

4. use of leave in the event of a death of a child during maternity leave,

5. care for sick child below the age of 3,

6. temporarily unable to work due to transplantation of living tissue and organs in favour of another person,

7. while the beneficiary is isolated as germ-carrier or due to the occurrence of infection in his/her surroundings,

8. temporarily unable to work due to recognized work-related injury, i.e. occupational disease.

The amount of salary compensation charged at the expense of CHIF is determined by the CHIF, where the highest monthly salary compensation amount for full time work cannot be more the budget base increased by 28% (HRK 4,257.28) except in case of use of maternity leave and part-time work during maternity leave, the use of leave for a child's death during maternity leave, and temporary inability to work due to recognized work related injury or occupational disease when the salary compensation is delimited.

**Comments to Article 17 of the Convention**

The salary compensation being paid at the expense of the CHIF belongs to the beneficiary in the amount prescribed by the Compulsory Health Insurance Act, i.e. the regulations and general acts adopted on the basis of this Act, provided that before the day of occurrence of the insured event on the basis of which the right to salary compensation was acquired, the realized years of insurance with the CHIF based on employment, performing an economic activity or performing professional activity independently in the form of occupation, i.e. on the basis of receiving salary compensation after the termination of employment or the termination of the activity by personal work accomplished under the Compulsory Health Insurance Act of at least nine consecutive months or 12 months with interruptions over the last two years (previous insurance), unless otherwise provided by a special law.

A special law is the Maternity and Parental Benefits Act which establishes the years of insurance in the duration of at least 12 consecutive months or 18 months with interruptions over the last two years for, inter alia, compulsory maternity leave as the right from compulsory health insurance charged to the funds of the CHIF.

The above said does not apply to the compensation of salary in case of recognized work related injury, i.e. professional disease.

The beneficiary who does not meet the condition of prior insurance, the salary compensation during the entire term of temporary inability to work is paid in the amount of 25% of budget base for full working hours (HRK 831.50).

Here we wish to note that, prior to the effective date of the Compulsory Health Insurance Act on July 1st 2013, the required years of insurance amounted at least 12 continuous months or 18 months with interruptions over the last two years. With the new Compulsory Health Insurance Act prescribes, the duration of insurance has been significantly reduced to 9 months without interruptions, i.e. 12 months in the last two years.

**Comments to Article 18 of the Convention**

The beginning and duration of the temporary inability is determined by the selected doctor of general (family) medicine and the gynaecologist, depending on the type of illness that affects the temporary inability of the beneficiary, in accordance with the medical indication and the guidelines prescribed by the regulations adopted by the Minister in charge of health, according to the previously obtained opinion of the professional companies of the Croatian Medical chamber, or depending on other reasons of temporary inability to work stipulated by the Compulsory Health Insurance Act.

The insured person during the temporary inability has the right to salary compensation charged to the funds of the CHIF, i.e. the state budget, until the selected doctor determines

that he or she is capable of working or until the findings and opinion of the competent expert body in accordance with the Law on the single body for expert examinations conclude that the beneficiary has disability due to the general or professional inability to work.

When, according to the opinion of the selected doctor, and after the performed treatment and medical rehabilitation, the health condition of the beneficiary is such that further treatment cannot improve his/her health condition and the beneficiary has developed a permanent incapacity to work in the line of work engaged by the beneficiary, as well as in the case when the temporary inability of the beneficiary to work last for 12 continuous months on the grounds of same diagnosis of illness, the selected doctor is obliged to process the beneficiary for referral to the assessment of work ability and disability and to send the beneficiary, with all prescribed documentation, to the competent expert body that is obliged to issue an opinion and findings on the working ability and disability of the insured person no later than within 60 days from the day of receiving the proposal from the selected doctor and to inform the selected doctor, the beneficiary's employer and the CHIF thereabout.

An insured person is entitled to the right to receive salary compensation during temporary inability to work, at the expense of the CHIF i.e. state budget, with the maximal duration of 18 months for one diagnosis, without interruptions.

After the expiry of 18 months, the beneficiary acquires the right to salary compensation in the amount of 50% of the last paid salary compensation for such temporary inability, as long as there are medical indications for such medical inability.

The aforementioned does not apply to a beneficiary who is found to be temporarily incapable due to treatment of malignant illness, a beneficiary who is caring for a family member - a child with a malignant illness, a beneficiary whose temporary inability relates to haemodialysis or peritoneal dialysis, and whose temporary inability relates to taking and transplanting parts of the human body.

The insured person who is above the age of 65 and has 15 years of pension insurance based on non-independent or independent work is not entitled to the right to salary compensation charged to the compulsory health insurance fund during temporary inability to work, but at the expense of the employer or the insured person liable to pay contributions.

The insured person is not entitled to salary compensation if he/she has:

1. knowingly caused a temporary inability to work,

2. fails to report his/her illness to the designated physician within three days after onset of illness, or within three days after the end of the reason that was stopping him/her to do so,

3. intentionally prevents recovery, i.e. gaining the ability to work,

4. works or performs work based on which he/she has compulsory health insurance, performs contracted works under a service contract and any other work (agricultural work, etc.) during temporary inability to work,

5. without reasonable excuse, fails to respond to the call for a medical examination by the designated physician, i.e. CHIF controller or CHIF body authorised to control temporary inability to work,

6. the selected physician, controlling doctor or the body of the Fund authorized to control temporary inability to work have found that he/she does not comply with the guidelines for treatment, or without the consent of the selected physician leaves his/her place of residence or misuses the right to use temporary inability to work in any other way.

**In particular - persons residing in the Republic of Croatia who make income based on which, according to the income tax, other income is being determined** (income from service contract, copyright fees) and which are the base for such income, and on the basis of paid contributions for compulsory health insurance as prescribed have acquired the status of a beneficiary in the compulsory health insurance, are entitled to compensation for inability to carry out activities based on which other income is being received for six months at most.

## PART IV. UNEMPLOYMENT BENEFIT

### Article 19

Each Member for which this Part of this Convention is in force shall secure to the persons protected the provision of unemployment benefit in accordance with the following Articles of this Part.

### Article 20

The contingency covered shall include suspension of earnings, as defined by national laws or regulations, due to inability to obtain suitable employment in the case of a person protected who is capable of, and available for, work.

***Please give the definition of the contingency which, under national laws or regulations, gives rise to unemployment benefit.***

**The conditions for acquisition of the right to unemployment benefit** are prescribed by the national employment law (for the period from 1 January 2012 to 31 December 2016 by the Act on Employment Mediation and Unemployment Rights (Official Gazette No 80/08, 121/10, 25/12, 118/12, 153/13).

An "unemployed person" is a person capable or partially capable of working, aged 15 to 65, who is not employed, who actively seeks a job, and who is available for work, who in accordance with special regulations does not earn a monthly income which is higher than the financial benefit paid in the previous calendar year, who does not own a registered company or sole proprietorship, or who does not hold more than a 25% share in a company or other legal entity, who is not the president or member of a company's management board, who does not engage in a registered trade, freelance activity or agricultural or forestry activity, who is not insured as a farmer in accordance with pension insurance regulations, who is not employed under separate regulations, who is not a pension beneficiary, except for a pension beneficiary who has become eligible for a disability pension based on their professional incapacity for work or a beneficiary of a family pension who receives such a pension, who does not fulfil the conditions for an old-age pension, or who is not a regular school or university student.

Following 1 January 2014, the provisions of the Act on Amendments to the Act, the group of persons who cannot be considered to be unemployed persons was extended so that a person who is a member of a cooperative, an executive director of a company or chief administrator of a cooperative, a person engaged in crafts or a secondary occupation under separate regulations, a person insured for extended pension insurance based on a temporary employment contract for full-time seasonal jobs, or a person whose temporary inability to work has been established by the Professional Rehabilitation Centre cannot be considered as unemployed.

The law prescribes mandatory insurance in the case of unemployment for all employees. It is based on the principle of solidarity and includes the right to financial benefits, pension insurance, financial assistance and the reimbursement of costs during training, as well as one-time financial assistance and reimbursement of travel costs and relocation expenses. The provisions of the Act stipulate that in the case of unemployment there is also mandatory insurance for persons who are self-employed, who are covered by mandatory insurance in accordance with the regulations on pension insurance. The rights they are entitled to under the

same Act are the right to financial benefits, pension insurance, financial assistance and reimbursement of costs for professional training for work without employment, one-time financial assistance and reimbursement of travel costs and relocation expenses, as well as the right of the insured person to financial assistance for extended pension insurance based on a temporary work contract for full-time seasonal jobs.

The procedure for the exercise of unemployment rights is initiated upon the request of the unemployed person. In the procedure of deciding on the rights of unemployed persons, the provisions of the General Administrative Procedure Act apply. The unemployed person submits an application to the competent branch office of the Croatian Employment Service (CES). A first instance decision on the rights of the unemployed person is rendered by the competent branch office of the CES and any appeal against the first instance decision is decided upon by the Ministry competent for labour affairs.

## FINANCIAL BENEFITS

### 1. Acquisition of the right to financial benefits

An unemployed person who, at the moment of the termination of his or her employment, has worked for at least 9 months over the previous 24 months is entitled to financial benefits. The time spent at work is considered to be the period of mandatory insurance under pension insurance regulations paid as a result of employment in the Republic of Croatia, and time spent on sick leave or maternity leave after the termination of employment or service if during that time the employee was receiving a salary in accordance with health insurance regulations, and also periods of mandatory insurance in accordance with the regulations on pension insurance as the result of self-employment in the Republic of Croatia, and time during which a person was temporarily incapable of working, or was on maternity leave, parental, adoptive parent or guardian's leave following the termination of self-employment if during that time he or she was receiving a salary in accordance with separate regulations and if the employment contribution has been paid.

In addition, the unemployed person must report to the CES within 30 days of the termination of his or her employment, sick leave, or maternity leave following the termination of his or her employment, and submit a request for a financial benefit. If the unemployed person, for justified reasons, fails to report within 30 days, he or she may report and submit a request within 8 days of the day on which the reasons for missing the deadline ceased, but not later than 60 days after the missed deadline.

An unemployed person is not entitled to a financial benefit if his or her employment was terminated through his or her fault or with his or her consent. The Act contains a list of cases concerning the termination of employment or service when an unemployed person is not entitled to exercise his or her right to financial benefits.

Exceptionally, an unemployed person qualifies for a financial benefit if his or her employment or service has ceased by mutual written agreement, if his or her employment or service has ceased as a result of the relocation of the spouse to another place of residence in accordance with separate regulations, or his or her place of residence has changed due to health reasons.

Pursuant to the provisions of the Act, an unemployed person who has ceased to be self-employed must report and submit a request for a financial benefit within 30 days of the termination of his or her self-employment, or the cessation of his or her temporary incapacity for work, maternity leave, parental, adoptive parent or guardian's leave following the termination of self-employment. An unemployed person who has ceased to be engaged in self-employment without a justified reason is not entitled to financial benefits. The reasons considered as justified and the ways of proving them are prescribed by the same Act.

### 2. The amount of financial benefits

The base for determining the amount of financial benefits is the average amount of the salary reduced by the mandatory insurance contributions earned during the three-month period preceding the termination of employment. If the base for the calculation of unemployment benefits cannot be determined according to the salary, the benefits are determined according to the amount of the lowest monthly salary, reduced by the mandatory insurance contributions dependent on the percentage of time spent at work.

The base for determining the amount of financial benefits for a self-employed person is the average of the base upon which the mandatory insurance contributions are calculated and paid in accordance with a separate regulation during the three-month period preceding the termination of self-employment.

The amount of the financial benefit for the first 90 days of its application amounts to 70% of the base, and for the remaining period 35%.

The maximum amount of unemployment benefits for the first 90 days may not be higher than 70%, and for the remaining time may not be higher than 35% of the average salary paid in the economy of the Republic of Croatia in the previous year according to the latest official statistics.

The lowest amount of the financial benefit may not be lower than 50% of the lowest minimum salary, reduced by the mandatory insurance contributions established in accordance with separate regulations.

### 3. Repeated entitlement to financial benefits

After having already used financial benefits, an unemployed person may regain this right if he or she fulfils the conditions for their acquisition as laid down in the Act.

Exceptionally, an unemployed person whose eligibility for financial benefits has ceased upon reemployment, or due to self-employment and prior to the expiry of the period during which the person was entitled to financial benefits, and who again becomes unemployed, is entitled to the continued payment of the benefits for the rest of the time remaining for them to be paid.

In the case where an unemployed person has used up his or her unemployment benefits and reacquires the conditions prescribed by the Act for their payment, in order to determine the duration of any entitlement to financial benefits gained during time spent at work, only the time after the cessation of the last paid financial benefit will be calculated.

## OTHER RIGHTS DURING UNEMPLOYMENT

### 1. Pension insurance

An unemployed person is entitled to pension insurance if he or she has acquired the right to financial benefits and meets the age requirement for acquiring the right to old-age benefits until he or she fulfils the first condition regarding the length of service for retirement but not longer than for duration of 5 years.

### 2. Financial benefits and cost reimbursement during training

An unemployed person referred for professional training by the CES who is not a beneficiary of financial benefits is entitled to financial assistance during such training amounting to the lowest financial assistance, to the reimbursement of costs of travel by public transportation, to the costs of prescribed protective clothing, footwear and other aids in the case of training for jobs that are in demand based on special authorisations and licences, as well as to food allowance when outside his or her place of temporary or permanent residence.

Exceptionally, an unemployed person referred by the CES to Occupational training without commencing employment is entitled to financial assistance to the amount of an untaxable grant stipulated by a separate regulation.

Amendment of the Act in 2014, stipulated that an unemployed person referred for professional training by the CES is entitled to financial assistance and the reimbursement of costs during training to the same amount as before, but only for the days of the training. An unemployed person referred by the CES to Occupational training without commencing employment is entitled to financial benefits during training to the amount established in the Decision of the Government of the Republic of Croatia and the reimbursement of travel costs during professional training to the amount of actual public transportation costs for those days spent at training or work without being employed.

**3. One-time financial benefits and reimbursement of travel and relocation costs**

An unemployed person for whom the CES is unable to secure employment in his or her place of permanent residence, and who alone or through the mediation of the CES finds a job elsewhere, is entitled to a one-time financial benefit and reimbursement of travel and relocation costs, including those of his or her spouse and children from the place of his or her permanent residence to his or her place of work.

**4. Financial benefits for beneficiaries of extended pension insurance based on a temporary work contract for full-time seasonal jobs**

Person insured for extended pension insurance based on a temporary work contract for full-time seasonal jobs is entitled to a financial benefit of no longer than six months of extended insurance. The determination model and the amount of the financial benefit is established by a decision of the Government of the Republic of Croatia.

**Article 21**

The persons protected shall comprise:

(a) prescribed classes of employees, constituting not less than 50 per cent. of all employees; or

(b) all residents whose means during the contingency do not exceed limits prescribed in such a manner as to comply with the requirements of Article 67; or

(c) where a declaration made in virtue of Article 3 is in force, prescribed classes of employees, constituting not less than 50 per cent. of all employees in industrial workplaces employing 20 persons or more.

***A. Please state to which of the subparagraphs of this Article recourse is had.***

***B. Please indicate the classes of persons protected, in accordance with the provisions of this Article, unless recourse is had to subparagraph (b).***

***C. Please furnish statistical information under this Article, as follows:***

***(i) if recourse is had to subparagraph (a), in the form set out in Title I under Article 76 below; or***

***(ii) if recourse is had to subparagraph (b), in the form set out in Title IV under Article 76 below; or***

***(iii) if recourse is had to subparagraph (c), in the form set out in Title V under Article 76 below.***

***D. If use is made of Article 6 above (voluntary insurance) for all or any of the schemes concerned, please furnish information under this article in the form set out under Article 6.***

**Subparagraph (a) of Article 21 is applicable.**

- In the period 2012 – 2016, the share of employees whose job duration is at least 9 months, which qualifies them to receive unemployment benefit in the case of job loss, was higher than 50 percent, as presented in the table:

| Year | Total number of employees | Employees with job duration 9 months and longer | Ratio (%) |
|---|---|---|---|
| 2012 | 1,256,870 | 1,137,993 | 90.5 |
| 2013 | 1,248,511 | 1,121,482 | 89.8 |
| 2014 | 1,321,185 | 1,146,379 | 86.8 |
| 2015 | 1,336,856 | 1,153,729 | 86.3 |
| 2016 | 1,368,815 | 1,129,229 | 82.5 |

**Article 22**

1. Where classes of employees are protected, the benefit shall be a periodical payment calculated in such manner as to comply either with the requirements of Article 65 or with the requirements of Article 66.

2. Where all residents whose means during the contingency do not exceed prescribed limits are protected, the benefit shall be a periodical payment calculated in such a manner as to comply with the requirements of Article 67.

***A. If recourse is had to subparagraphs (a) or (c) of Article 21 for defining the scope of protection, please state whether recourse is had to the provisions of Article 65 or of those of Article 66 for the calculation of the unemployment benefit.***

***Please furnish, under this Article, information as follows:***

**(i)** ***if recourse is had to Article 65, in the form set out in Titles I, II and V under Article 65 below; or***

***(ii) if recourse is had to Article 66, in the form set out in Titles I, II and V under Article 66 below.***

***B. If recourse is had to subparagraph (b) of Article 21 for defining the scope of protection, please furnish, under this Article, information in the form set out in Titles I and II under Article 67 and in Title I under Article 66 below.***

**Article 23**

The benefit specified in Article 22 shall, in a contingency covered, be secured at least to a person protected who has completed such qualifying period as may be considered necessary to preclude abuse.

***Please indicate, for each scheme concerned, the length of the qualifying period which has been considered necessary to preclude abuse. Please summarize the rules concerning the computation of the qualifying period.***

The **length of the qualifying period** is prescribed by the national employment law, as described in the Report above (under Article 20).

**Article 24**

1. The benefit specified in Article 22 shall be granted throughout the contingency, except that its duration may be limited:

(a) where classes of employees are protected, to 13 weeks within a period of 12 months, or

(b) where all residents whose means during the contingency do not exceed prescribed limits are protected, to 26 weeks within a period of 12 months.

2. Where national laws or regulations provide that the duration of the benefit shall vary with the length of the contribution period and/or the benefit previously received within a prescribed period, the provisions of subparagraph (a) of paragraph 1 shall be deemed to be fulfilled if the average duration of benefit is at least 13 weeks within a period of 12 months.

3. The benefit need not be paid for a waiting period of the first seven days in each case of suspension of earnings, counting days of unemployment before and after temporary employment lasting not more than a prescribed period as part of the same case of suspension of earnings.

4. In the case of seasonal workers the duration of the benefit and the waiting period may be adapted to their conditions of employment.

***1. Please state whether the duration of unemployment benefit is limited and, if so, which are the limit or limits fixed.***

***2. Please state whether recourse is had to paragraph 2 of this Article; if so, please give a summary of the rules concerning the computation of the benefit period, according to the length of the contribution period or according to the benefits previously received. Please also furnish information, in accordance with paragraph 1(b) of Article 76, showing that the average duration of benefit is at least 13 weeks within a period of 12 months.***

***3. Please state whether a waiting period is provided for and, if so, state the length of such period and the rules concerning its computation. Please also state the maximum period of employment which is deemed temporary in the meaning of paragraph 3 of this Article.***

***4. Please state whether any special rules have been adopted as regards benefits for seasonal workers and, if so, what are these rules.***

***5. Please indicate, with reference to Article 69 below, more particularly subparagraphs (h) and (i), the provisions, if any, for the suspension of unemployment benefit, under the scheme or schemes concerned.***

1.) The **duration of unemployment benefit is limited.**

Duration of the right to financial benefits

Depending on the total amount of time spent at work, an unemployed person is entitled to financial benefits for 90 to 450 days. The right to financial benefits until new employment

or the existence of circumstances laid down in the Act due to which the right to the benefit ceases to exist is acquired by an unemployed person who has worked for more than 32 years and who still needs 5 years to fulfil the conditions for the age limit to acquire the right to an old-age pension.

Discontinuation of financial benefits

The payment of a financial benefit to a beneficiary will be discontinued if he or she fails to report to the CES once a month, during voluntary military service, while serving a prison sentence for a duration of up to 3 months, while in custody, during Occupational training without commencing employment in accordance with labour regulations, or while exercising the right to maternity, parental, adoptive parent or guardian's exemption from work under separate regulations. It is also discontinued if an unemployed person has a monthly income higher than the lowest monthly base upon which mandatory insurance contributions are calculated by a number of months that equals the quotient obtained by dividing the total earnings or income by the average financial benefit paid in the previous calendar year.

Amendments of the Act in 2014 stipulates that the benefit will not be discontinued for the beneficiary of the right to a financial benefit if he or she fails to report to the CES once a month, but will be discontinued during the exercise of the right to maternity, parental, adoptive parent or guardian's exemption from work, or the care of a newly born child according to a separate regulation, as well as during temporary inability to work as established by the Professional Rehabilitation Centre.

Cessation of the right to financial benefits

Unemployed person's right to a financial benefit ceases if: he or she becomes employed, if the period expires for which he or she has been entitled to financial benefits, if he or she is found working without attestation, a contract or a decision on which his or her work is based, if he or she registers a company or other legal entity or acquires more than a 25% share in a company or other legal entity, if he or she becomes the president or member of the management board of a company, if he or she registers a sole proprietorship, an independent profession or agricultural or forestry activity, if he or she becomes a farmer insured in accordance with pension insurance regulations, if he or she becomes employed under separate regulations, if he or she fulfils the conditions for an old-age pension, a family pension that is being paid, or a disability pension due to a general incapacity for work, or a disability pension due to an occupational incapacity for work to an amount higher than the determined financial benefit, if he or she is found generally incapable of work, if he or she becomes eligible for benefits according to separate regulations to an amount higher than the determined benefit, if he or she starts serving a prison sentence longer than 3 months, if he or she turns 65 years of age, or fails to report to the CES for two consecutive months.

It is also prescribed that an unemployed person ceases to be entitled to financial benefits if he or she refuses to participate in training or fails to complete training designed to suit his or her assessed mental and physical capacities and which is arranged and financed by the CSE; if he or she does not fulfil the conditions concerning active job seeking and availability for work, if he or she refuses to accept jobs offered in line with his or her acquired qualifications and work experience before the determination of a professional plan and thereafter refuses to accept jobs specified in the determined Professional plan in the place of his or her permanent or temporary residence or outside the place of his or her permanent or temporary residence within a distance of 50 km, provided that the employer

covers commuting expenses or organises transport to and from work, or regardless of the distance provided that appropriate accommodation is made available (this does not apply to pregnant women, either parent with a child of up to 8 years of age, either parent of a child with serious developmental disorders if the other parent is employed, either parent with three or more underage children if the other parent is employed, or a self-supporting parent of a child of up to 15 years of age). Entitlement to financial benefits also ceases if an unemployed person is kept in the register of the CES longer than 12 months and he or she refuses a job offer that corresponds to his or her assessed mental and physical capacity.

Unemployed person also ceases to be entitled to financial benefits if he or she becomes a member of a cooperative, the executive director of a company, the chief administrator of a cooperative, or a person engaged in crafts or a secondary occupation in accordance with separate regulations.

2.) Paragraph 2 of Article 24 is applicable.

In the period 2012 – 2016, the average duration of unemployment benefit was longer than 13 weeks within a period of 12 months in every year under consideration, as presented in the following table.

| **Year** | **Average duration of unemployment benefit (weeks)** |
|---|---|
| 2012 | 27.4 |
| 2013 | 27.4 |
| 2014 | 26.3 |
| 2015 | 24.6 |
| 2016 | 23.0 |

3.) There is **no** waiting period.

4.) **Seasonal workers** are entitled to financial assistance (financial benefits for beneficiaries of extended pension insurance based on a temporary work contract for full-time seasonal jobs) and the conditions for acquisition of that right are prescribed by the national employment law (by the Act on Employment Mediation and Unemployment Rights), as mentioned above.

5.) Conditions for acquisition of the right to unemployment benefit and reasons for discontinuation or cessation of unemployment benefit are prescribed by the national employment law, as mentioned above (under article 20).

## PART V. OLD AGE BENEFIT

**Pension Insurance**

The Pension Insurance Act and Maximum Pension Act (referred to in points 2 and 3) represent fundamental legislation governing general compulsory pension insurance scheme. This is a report on the application of ILO Convention No. 102 primarily in respect of that legislation, while also having regard to other specified laws and delegated legislation.

The 1998 Pension Insurance Act laid the foundations for a system reform, undertaken in 2002, when a mixed three-pillar pension system was introduced.

Since 2002, the Croatia pension scheme has been a mixed system consisting of three sub-systems, popularly known as 'three pillars''. The legal framework has undergone many changes and nowadays it is based on the legislation which brought about a reform of parameters at the beginning of 2014. The first pillar is a defined benefit pension scheme, based on PAYG principle and financed from contributions, and any shortfalls are covered from the state budget. The second and third pillar are defined contributions schemes, based on private accounts and financed from contributions and returns on investments. The second pillar is compulsory for all employees whereas the third pillar is a voluntary pension scheme divided into open-end funds for citizens and close-end funds funded by employers, unions and professional associations. Croatia has no special system of occupational pension insurance scheme based on defined benefits.

There are no special schemes for specific classes of persons. There are, however, special regulations for specific classes of persons entitled to pension benefits from PAYG scheme under more favourable conditions (military and police personnel, authorized judicial officials, disabled war veterans), whose benefits are partially or entirely covered from the state budget and a class of persons for whom an employer pays additional contributions (persons working in arduous or hazardous occupations). Regulations governing insurance and entitlements to benefits for specific categories of insured persons within the general compulsory pension insurance scheme provide for more favourable conditions than those prescribed by general regulations. In that sense, these regulations are not subject to this report as they prescribe higher standards than those general.[2]

Special classes of persons, not subject of this report, include also persons working in arduous or hazardous occupations who are entitled to extended insurance duration and lower retirement age. As a result, 12 months of contributions are credited as 14 to 18 months, depending on the occupation and working conditions, while the statutory retirement age is decreased proportionally to years spent working in such occupations. Contributions for such employees are paid by employers.[3]

**The first pillar** covers all economically active persons, including farmers, craftsmen, volunteers employed on a full-time basis, trainees, athletes, board members of companies,

[2]*Relevant specific categories within the PAYG pension insurance scheme:* The Act on Entitlement to Pension Insurance of Active Military Personnel, Police Officers and Authorised Officials ("Official Gazette" No. 128/99, 16/01, 16/01, 22/02, 41/08 and 118/12); the Act on the Rights of Croatian Homeland War Veterans and their family members ("Official Gazette" No. 174/04, 92/05, 2/07, 107/07, 65/09, 137/09, 146/10, 55/11, 140/12, 19/13, 33/13, 148/13); the Act on Rights and Duties of Members of Parliament ("Official Gazette" No. 55/00, 107/01, 86/09, 91/10, 49/11 and 12/12); the Act on Reduction of Pensions Granted under the Act on Rights and Duties of Members of Parliament ("Official Gazette" No. 86/09); the Act on Reduction of Pensions determined or claimed under special regulations on pension insurance ("Official Gazette" No. 71/10, 130/11 and 157/13).

[3]The Act on Insurance Period with Extended Duration ("Official Gazette" No. 71/99, 46/07 and 41/08).

persons performing atypical jobs (on service contract basis or copyright contract basis, all atypical but taxable types of work). An unemployed parent may, at their own request, be awarded entitlement to pension insurance during child's first year, while an unemployed parent-caregiver may be awarded such entitlements for the entire period in which provision of such care is necessary. Participation in both pillars was compulsory for all persons under the age of 40 in 2002 when the reform was introduced. Those aged between 40 and 50 were given an option to choose between staying only in the public PAYG scheme or entering the second pillar scheme, whereas persons older than 50 were able to remain insured only in the first pillar. A person cannot be insured only in the second pillar.

Contribution rate for compulsory pension insurance is 20%. The entire contribution amount goes to the first pillar for persons insured only in the PAYG system, whereas for those insured in both mandatory pension pillars, contributions in the amount of 15% go to the first pillar and 5% goes to the second pillar. Contributions are paid by employees and deducted from their salaries or pensionable earnings (for self-employed persons and some other categories). Employers do not pay into the scheme, except for persons working in arduous and hazardous occupations.

Tax regulations referred to in point 8 affect net pension amount. Pension benefits paid out of compulsory insurance (the first and second pillar) are subject to taxation; however, until the end of 2016 they enjoyed a more favourable treatment, being subject to personal tax allowance which was higher than the tax allowance for employees. Since 2017, personal tax allowance for employees has been equal to tax allowance for pensioners, amounting to HRK 3,800. Personal tax allowance may be higher depending on circumstances (dependent family members, disability of a taxpayer or dependent family members). Income tax is calculated on a tax base at rates of 24% or 36% depending on the taxable amount of pension and reduced by 50%.

Health insurance contribution is paid at a rate of 1% of pension benefit in cases when the pension benefits are lower than average net salary or at a rate of 3% of pension benefits if the pension benefit is higher than the average net salary. The pension supplement is included in the amount base for which contributions are calculated, in line with the Act on Supplements to Pensions Awarded under the Pension Insurance Act.

Compulsory insurance scheme covers the traditional risks of old-age, death, physical disability, and includes greater rights if the risk of a person's death or disability is caused by occupational injury or occupational disease. Pension benefits from the compulsory insurance cover old-age pension (including early retirement), survivors' pension and disability pension. In order to qualify for old-age or early retirement a person must meet the following requirements: 1) statutory retirement age and 2) qualifying period. Qualifying age for pension differs for men and women. Men qualify for old-age pension when they reach the age 65, and for early retirement when they reach the age of 60 and have completed 35 years of qualifying period - early retirement is possible 5 years prior to the statutory retirement age. A person also qualifies for old-age pension upon reaching the age of 60 and having 41 year of qualifying period.

In 2011, a transitional period was introduced for women, during which the retirement age should become equal to that for men and will increase by 3 months per year. Consequently, by 2030, the retirement age qualifying women for old-age pension and for early retirement would be equal to that for men. In 2017, women qualify for old-age pension upon reaching the age of 61 year and 9 months, for early retirement upon reaching the age of 56 years and 9 months and having completed 31 year and 9 months of qualifying period. Within a new

transitional period from 2031 to 2038, statutory retirement age for both men and women will increase to 67 years.

After completion of transitional period, in 2038, early retirement age will increase both for men and women to 62 years, with 35 years of qualifying period both for men and women. The entitlement to early retirement, not subject to any penalties, is approved to persons who became unemployed right before the fulfilment of the conditions for the early retirement, due to bankruptcy of the employer and who remained registered, for a minimum period of 2 years, as unemployed persons with the employment-competent institution.

In 2007, decrement rate for early retirement was reduced from 0.34% to 0.15% per month. Persons retiring five years prior to the statutory retirement age lost only 9% as opposed to 20.4% of their pension benefit. In 2014, the formula was changed once again and decrement rate for early retirement 5 years prior to the statutory retirement age ranged from 6% to 20.4% (for each month of earlier retirement ranging from 0.10% to 0.34%), which also depends on the number of years of paid contributions - a longer contribution period implies a lower decrement rate.

Decrement rate for early retirement depends on the extent to which completed qualifying period exceeds a minimum period of 35 years and a maximum period of 40 years - a longer qualifying period implies a lower decrement rate.

The Act referred to in point 4 introduced, as of 1st October 2007, a pension supplement for those beneficiaries granted pension entitlement under the Pension Insurance Act referred to in point 2, that is, from the first pension insurance pillar (pay-as-you-go), so as to bring the pensions to the level equal to pensions granted in accordance with relevant regulations before 1999, i.e., before pension system reform. The supplement is set as a percentage of corresponding monthly pension benefit (pension entitlement granted in 1999 - 4%, entitlement in 2000 - 8.4%, entitlement in 2001 – 12.6%, entitlement in 2002 – 16.3%, entitlement in 2003 – 19%, entitlement in 2004 – 20.9%, entitlement in 2005 – 22.6%, entitlement in 2006 – 23.8%, entitlement in 2007 – 24.9%, entitlement in 2008 – 25.9%, entitlement in 2009 – 26.4%, entitlement in 2010 and afterwards– 27%). As of 1st January 2012, the pension supplement has been an integral part of pensions. This supplement is granted only to those beneficiaries who were granted pension entitlement only in the first pillar in accordance with general regulations on pension system (specific systems are excluded).

Deferred retirement is possible up until the age of 70 (a maximum period of 5 years). A supplement of 0.15% (a maximum of 9% for 5 years) is granted for each month of retirement deferment, provided that the beneficiary has completed 35 years of qualifying periods and is awarded the pension entitlement for the first time.

In Croatia, there are two categories of disability pensions within the first pillar - for occupational risks and non-occupational risks; disability pensions cover long-term benefits for people with complete loss of work capacity - whether it be partial or complete loss of work capacity. A person is entitled to disability pension if the following conditions are met: there exists partial or complete incapacity to work and the required qualifying period has been completed. Whereas in the previous period entitlement to disability pension was granted based on the reduced work capacity (the so-called "occupational incapacity to work"), as of January 2014 disability is assessed on the basis of remaining work capacity, subject to re-assessment every three years. In addition, random control checks are also possible. The 1st pillar provides for three types of disability pensions: pensions granted for complete loss of work capacity, for partial loss of work capacity and temporary disability pension. The latter is a newly introduced category for persons who have completed vocational rehabilitation, but have, nevertheless, remained unemployed for a minimum of five years and in this period they have reached the age of 58.

In case of remaining work capacity, a person is entitled to vocational rehabilitation and to compensation for loss of salary (for persons under the age of 53) until such time as they find a different and adequate post or during an employment period of 12 months after they have completed vocational rehabilitation (that is, 24 months, if the disability is a result of occupational injury or occupational disease).

Compensation for loss of salary in case of vocational rehabilitation is equal to the amount received for disability pension, claimed for occupational incapacity to work, when such incapacity is a result of the contingency covered, which occurred outside work. However, if occupational incapacity to work is a result of occupational injury or occupational disease, compensation for loss of salary equals the amount of disability pension for a complete loss of work capacity, as if such pension was granted for the qualifying period of 40 years.

Persons are entitled to disability pension if their qualifying period equals one third of working life (working life is the full number of years between the age of 20 or 23 for persons with post-secondary qualifications and 26 for persons with university qualifications, and the day of the occurrence of disability). Persons under the age of 30 or 35 qualify for disability pension under more favourable conditions. There is no minimum qualifying period if disability is a result of occupational injury or an occupational disease. Furthermore, for those persons, disability pension is calculated as if they completed 40 years of qualifying period (minimum hypothetical qualifying period). Other beneficiaries of disability pensions are entitled to credit additional period to their qualifying period so as to increase the duration of their qualifying period (credited period) thus increasing the amount of pension benefits.

Since 1st January 2015, disability pensions are converted to old-age pensions when pensioner reaches statutory retirement age.

Since 1st January 2014, pension benefits can be paid in full amount to those beneficiaries of old-age pensions who work on a half-time basis. This measure does not apply to self-employed persons, those in early retirement or those entitled to disability pension.

Pension benefits are adjusted once a year, however, the adjustment procedure is in fact performed twice a year, early adjustment on 1st July and final adjustment on 1st January every year. Adjustment performed on 1st July is based on the so-called "Swiss formula", 50% of gross salary: 50% of consumer prices (used in the period from 1999 to 2013 as the only adjustment method, except in the period from 2010 and 2011 when such adjustment was completely suspended due to austerity measures). Adjustment performed on 1st January is based on one of three models, whichever model is more favourable: the rate of change in average consumer price index and rate of change in average wage (70:30, 50:50, and 30:70). In addition, pension benefits cannot be indexed to lower values.

Minimum pension benefit: Entitlement to minimum pension is granted based on the value of pension per insurance period. The value of pension is based on the earnings throughout the entire working life. If a person's average pension benefit is lower than the minimum pension amount, the person is entitled to minimum pension (old-age, disability or survivors' pension). The minimum pension is not subject to total income threshold, and its amount is variable since it depends on the length of insurance period. The minimum pension value for every year of insurance period is set by the Steering Committee of the Croatian Pension Insurance Institute (the value is defined as 0.825% of average gross wage of every employee in 1998, taking also into consideration the valorisation up until the year in which an insured person qualifies for retirement, where the valorisation equals adjustment rate for pensions).

The maximum pension is regulated by special act supplementing the Pension Insurance Act. The total amount of pension benefit is not limited, however, it depends on the number of completed years of qualifying period. Restrictions are related to the amount of the average value point as prescribed by law - 3.8 per year of the completed qualifying period. In addition,

the maximum pensionable earnings are another limiting factor, amounting to HRK 46,434.00 (approx. 6,200.00 EUR[4]) in 2017.

Physical impairment benefit is cash benefit awarded for occupational injury or occupational disease and does not depend on the length of completed qualifying period. It depends on the level of impairment and it is determined as a corresponding percentage of the pensionable earnings. The pensionable earnings base is determined by the Croatian Pension Insurance Institute and its general act. Physical impairment is defined as a loss or significant impairment of specific organ or body part, regardless of whether or not it results in disability. The entitlement to cash benefit for physical impairment is granted if the impairment level of minimum 30% is a result of occupational injury or occupational disease. In addition, a person is granted such entitlement during their insurance period (period of employment or self-employment) and this entitlement is permanent. It is not subject to total income threshold.

The pension system does not provide benefits which could be considered social welfare benefits as this is a contributory scheme and benefits such as disability pension and physical impairment benefit, are based on the intergenerational solidarity and reciprocity allowing funds to be redistributed within the system.

Regulations referred to in points 9 to 11, regulating **the 2nd pillar of compulsory pension insurance scheme,** are not included in this report since old-age pensions from this scheme will first be paid out in 2019 (for women subject to compulsory insurance in the second pillar). This scheme is still in the accumulation phase - contributions are paid into personal accounts of insured persons (funded insurance). At present, more accurate projections of possible future benefits paid from this scheme are not possible since they will depend not only on the account balance of the insured person but also on other factors (a type of agreement an insured person concluded with pension insurance company, economic and actuarial factors).

Participation in the 2nd pillar is compulsory for persons insured in the first pillar and under the age of 40. Those aged between 40 and 50 in 2002 were also given an option to choose such an insurance scheme. This also applies to migrant workers in Croatia who are entitled and required to enter the 2nd pension insurance pillar, having fulfilled the requirements of permanent residence and work permit in Croatia, in line with regulations on aliens in Croatia and work permits granted to foreign employees or self-employed persons. So as to protect the insured persons, appropriate investment restrictions are prescribed - pension funds can fall within one these categories A, B or C (life-style fund category). Pension funds in different categories apply different investment strategies (A- active, B - balanced, C - conservative). The assumed risk should be the smallest in a C-category fund, and the greatest in an A-category fund. Pensions are adjusted in the same way and according to the same rate as the pensions from the first pillar, and the state guarantees a minimum rate of return on a personal account and payout of the arranged pension. The 2nd pension insurance pillar covers insurance for old-age (old-age and early retirement in the second pillar, together with the old-age or early retirement in the first pillar), whereas disability and survivors' pension are paid out from the 1st pillar and calculated by applying general pension formula, with the exception of cases when the sum of the basic disability or survivors' pension paid from the first pillar and pension benefits paid from the second pillar would be higher than the regular disability or survivors' pension paid out only from the first pillar. Entitlement to pension benefit from the second pillar starts as of the date on which the insured person met the qualifying conditions for basic pension paid out from the first pillar. Insured persons not covered by the second pension insurance pillar qualify for pension paid out only from the first pillar, which is calculated on the basis of the general pension formula.

[4]Exchange rate used 1 EUR = 7.5 HRK

The amount of pension benefit to be paid out from the second pillar depends on the amount of individual capitalized savings in a pension fund and on the expected payout phase. The amount of pension benefit is determined based on the principle of reciprocity and defined benefits applying the actuarial principle, as well as on an agreement concluded by a fund member with the pension insurance company.

As the second pillar was introduced only in 2002, to date, no old age pension has been paid out from this pillar since the beneficiaries have still not reached the age qualifying a person to receive old-age pension. Given the fact that women, in the period up until 2029, may qualify for early retirement and old-age pension at a younger age than men, those women who opted for the second pillar insurance in 2002 and were almost 50 at the time, meet the qualifying requirements for early retirement. At present, pension benefits paid out from both pillars are, on average, lower than pension benefits paid out only from the first pillar. Consequently, in 2011 the pension legislation was amended to provide the possibility for persons who opted for the second pillar insurance at the age between 40 and 50 to receive pensions only from the public PAYG scheme based on the rules for those insured in the first pillar only, while their savings accumulated in the second pillar are, in that case, transferred to the public PAYG scheme, i.e., first pillar.

The i**nstitution competent** for the pension scheme are the Croatian Pension Insurance Institute (in charge of public PAYG scheme), and the Central Registry of Affiliates (administrating second pillar individual accounts). The second pillar is managed also by private pension funds. The Ministry of Labour and Pension System, the Ministry of Finance and Croatian Financial Services Supervisory Agency (Hanfa) are competent for supervision of institutions implementing the pension scheme.

***The sustainability of the pension system***

The share of pension benefits accounted for 10.9% and 11% of GDP, in 2015[5] and 2014[6] respectively.

The ratio of population aged 65+ and population aged 15-64 increased from 24% in 2001 to 28.3% in 2015.[7] At the end of 2016, the PAYG scheme (first pillar) had 1.44 participants and 1.23 million pensioners where a dependency ratio of pensioners and insured participants was 1 to 1.17. In November 2016, average pension benefit paid out from the public PAYG scheme amounted to HRK 2,508.35, equalling 43.21% of the average net earnings of all employed persons in November 2016 and these earnings amounted to HRK 5,805.00. The average old-age pension amounted to HRK 2,757.57 - equalling 47.5% of average earnings, whereas average old-age pension for 40 years of qualifying periods amounted to HRK 4,184.28 The share of pensioners whose pension benefits were paid based on the qualifying period of 40 years or more amounted to 19.73%. Average minimum pension amounted to HRK 1,451.55 with an average qualifying period of 26 years whereas average maximum pension amounted to HRK 6,348.51 with an average qualifying period of 37.5 years. In 2016, the share of pensioners with a qualifying period of fewer than 30 years was 40.7%[8], of which there were more women than men, given the fact that the age qualifying a person to receive a pension was lower for women.

[5]Provisional data provided by the Croatian Bureau of Statistics and the Croatian Pension Insurance Institute.
[6] Data provided by Eurostat (February 2017)
[7] Data provided by Eurostat - the ratio of population aged 65+ and the population aged 15-64
[8]Data provided by the Croatian Pension Insurance Institute.

There have been many reforms of the pension system aiming to ensure its better sustainability. In July 2010 and January 2014, pension cuts were imposed on certain pension benefits claimed under special regulations. Most pension benefits for 14 privileged categories (pensioners receiving pensions from the PAYG scheme but under more favourable conditions), exceeding certain thresholds, were reduced twice.[9] First pension cut of 10% was imposed in 2010, applying to benefits exceeding HRK 3,500. A second cut of also 10% was imposed in 2014, applying to benefits exceeding HRK 5,000. This was a temporary measure, i.e., in force until a real GDP growth of minimum 2% is achieved in each of the previous three consecutive quarters, according to the Croatian Bureau of Statistics, in comparison with the same quarter in the previous calendar year and if budget deficit in the same periods remains below 3%. Similarly, as of January 2014, portions of pension benefits paid out from the public PAYG scheme and granted under special regulations are adjusted separately from portions of pension benefits financed by paid contributions and this adjustment is linked to GDP as a trigger. Since 1st January 2017, adjustment of pension benefits granted under special regulations has been equal to general adjustment method (previously described Swiss formula).

In 2014, some positive changes were made to the pension formula for pension benefits paid out from the first pillar for the two-pillar participants. The basic pension formula (the so-called formula for pension benefits paid out from the first pillar for two-pillar participants) was changed in 2014 and is based on the same elements as the general formula, multiplied by the so-called basic pension factor representing an average share of the first pillar contribution rate in the total contribution rate.

As for the second pillar of individual capitalized savings in Croatia, it is still in place unlike in some other Member states. Moreover, several measures have been undertaken to improve the status of pensioners paying contributions for both pillars. In 2011, a decision was adopted providing the participants who first opted to enter the second pillar with an option to leave the two-pillar scheme (i.e., those aged between 40 and 50 in 2002), and aiming to increase their pension benefits which were lower than the pension benefits received only from the public PAYG scheme. There were several reasons for such a decision. Pensioners from the second pillar were not entitled to pension supplement from the first pillar (the supplement was and still is given only to pensioners insured in the first pillar, who were older than 50 in 2002). In addition, most of those pensioners were women who, on account of crisis and unemployment, retired early, leaving low-paid jobs and who paid second pillar contributions for a very short period (approximately 7 years). Their average retirement age was between 55 and 57. As a result, the average amount of pension benefit paid out from the second pillar was extremely low.

### *Current pension adequacy*

The ratio of the median equalised disposable income of people aged above 65 to the median equalised disposable income of those aged below 65 (median relative income ratio) in Croatia has been improving (0.82 in 2011, 0.84 in 2012, 0.88 in 2013 and 2014 and 0.85 in 2015, data provided by Eurostat), although still remaining below EU-28 average (0.93 in 2015).

Overall risk of poverty or social exclusion for people aged above 65 remains higher (31.9% in 2015[10]) than such risk for overall population (29.1% in 2015). However, the difference in the rate of poverty and social exclusion between the sexes is much higher for women aged above 75 who are much more at risk of poverty than the men of the same age (women 37.8% and

[9] Pursuant to the Act on reduction of pension benefits determined, or claimed under special regulations on pension insurance, 2010, (as amended in 2011 and 2013).

[10] http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do

men 30.5% in 2015), with that difference being minimally reduced in the period between 2008 and 2015.

Severe material deprivation rate for people aged above 65 or people aged above 75 was reduced in 2015. In 2015, severe material deprivation rate for people aged above 65 (14.5%) and people aged above 75 (14.7%) was higher than the rate for people aged 0 - 64 (13.7%)[11].

In terms of housing conditions of senior citizens in Croatia (65+) it could be said in general that their situation was satisfactory, given the fact that majority of them are home-owners (90.5% in 2015); however, in 2015, 7.2% of people at that age faced a financial burden of the total housing costs (financial burden of the total housing costs due to poverty, 2015, Eurostat[12]). Taking into account low pension benefits, this could mean higher bills for utilities paid for bigger apartments/houses, which is a frequent problem for single-person households.

In general, pensioners face a significant decline in their living standards in comparison with their earnings before retirement. The aggregate replacement rate[13] in 2015 was 0.40 compared to the EU-28 average which was 0.57. Low pension benefits can be linked to short working life (qualifying period) - only 14.2% of pensioners receive pension benefits based on a qualifying period of 40 or more years[14].

Current theoretical replacement rate in 2016 was 55% (net theoretical replacement rates)[15], which was calculated using hypothetical worker earning an average salary and working 40 years until the statutory retirement age. The current theoretical replacement rate for a person with low salary and short working life (2/3 of average earnings and qualifying period of 30 years) would be 38%, however, this hypothetical worker would be entitled to the minimum pension and would have theoretical replacement rate of 44%. The given scenario fails to comply with Articles 65 to 67 of the ILO Convention no. 102 concerning Minimum Standards of Social Security, however, it provides an overview of minimum indicators of pension adequacy.

The compulsory second pillar is a defined contribution scheme set to play a more important role in pension adequacy.

## II. *Constitutional provisions on the legal force of concluded international treaties in Croatia*

Conclusion of international treaties is regulated by the Constitution of the Republic of Croatia - Articles 138 to 140. In respect of the area covered in this report, the Croatian Parliament ratifies all international treaties which require the adoption or amendment to laws and those international treaties which give rise to financial commitments for the Republic of Croatia. International treaties which have been ratified and have entered into force shall be a component of the national legal order of the Republic of Croatia and shall have primacy over national law. Their provisions may be altered or repealed only under the conditions and in the manner specified therein or in accordance with the general rules of international law.

In line with these constitutional provisions, the Act on the Conclusion and Implementation of International Treaties was adopted and is implemented ("Official gazette" No. 28/96).

[11] http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mddd11&lang=en
[12] http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tessi163&plugin=1
[13] Data provided by Eurostat. The aggregate replacement rate - an indicator defined as gross median individual pension income of the population aged 65–74 relative to gross median individual earnings from work of the population aged 50–59, excluding other social benefits.
[14] Data provided by the Croatian Pension Insurance Institute.
[15] Data regularly updated and provided by the Croatian Pension Insurance Institute for the European Commission for the purpose of pension adequacy reports.

In this regard, ILO Convention No. 102 is applied in Croatia through national legislation on social security and all amendments to national law must be ratified by the Croatian Parliament.

The Republic of Croatia has been a member of the European Union since 1st July 2013 and since then has been applying EU regulations which prevail over national legislation.

**Article 6 - voluntary insurance:**

The so-called third pillar of pension insurance is regulated by the Act on Voluntary Pension Funds ("Official gazette" No. 19/14) and represents additional insurance scheme divided into open-end funds for citizens and close-end funds funded by employers, trade unions and other occupational associations. Croatia has no special system of occupational pension insurance. The participation rate in the voluntary third pillar is still low despite many incentives. This is a result of low salaries, high unemployment rate and traditional preference of Croatian people to invest in real estate or save in banks rather than in pension funds.

Within the third pillar, the contribution -accumulation and capitalization phase (managed by pension companies that run pension funds) is separated from the pension payment phase (managed by pension insurance companies). In addition, so as to protect pension fund assets, certain restrictions were prescribed for investments on financial markets. Pension funds are also required to inform their members of their account balance (annually and on demand).

Open-end voluntary pension funds accept membership applications from any person wishing to join the open-end fund. Close-end voluntary pension funds accept membership applications from persons who work for employers, or who are union members, or are members of associations of self-employed persons who are sponsors of the fund.

A member of a pension fund may claim his or her entitlements from voluntary pension insurance, at the earliest, upon reaching the age of 50, when they can transfer pension savings accumulated in the voluntary pension fund and conclude an agreement on pension with a pension insurance company of their choice. In exceptional cases, the entitlements may be claimed sooner in the case of death or disability, in line with the terms and conditions under the contract which a member of a voluntary fund concludes with the pension insurance company of their choice.

Pension company with the registered office in the Republic of Croatia may, via its subsidiary or directly, manage a close-end fund in which one or more sponsors come from a different EU member state. Pension company from a different member state may manage close-end fund in which one or more sponsors come from the Republic of Croatia.

Part XI

ARTICLE 66

TITLE I - DETERMINING ALL BENEFITS UNDER PENSION INSURANCE SCHEME:

Articles: 28 - old-age benefits; 62 point (a) - survivors' pension:

## A. Pension formula

Pensions are determined as a monthly amount. The amount of old-age and survivors' benefits depends on the length of completed qualifying period and on the amount of salaries compared to the average salary of all employed persons.

Formula for calculation of pension: personal points x pension factor x current pension value

Personal points = average value points x qualifying period x initial factor.

The pension amount includes the pension supplement, determined in the manner and under conditions prescribed by the Act on Pension Supplement (referred to in point 4 in regulations).

Value points per insurance year are determined on the basis of salaries and pensionable earnings earned since 1 January 1970, in such a way that a salary or pensionable earnings determined for every calendar year are divided by the average annual salary of all employed persons in the Republic of Croatia for the same calendar year. The gross salaries or pensionable earnings are divided by the average gross salary, while the net salaries or pensionable earnings are divided by the average net salary. Since 1 January 2003, the highest annual pensionable earnings are used for the year for which value points need to be determined, proportionally to insurance period achieved in that year. For the calculation of value points, other income for which pension insurance contributions are paid are also taken into account, up to the maximum pensionable earnings for the payment of contributions.

Initial factor depends on the age of the insured person on the day of the entitlement to pension and it defines the degree to which the value points will be taken into account when determining the pension. Initial factor = 1 for determining old age, disability and survivor's pensions after the death of the insured person.

Initial factor for determining early retirement is set by decreasing initial factor for old age pension for each month before the age qualifying insured person for old age pension (penalties), in particular, by 0.34% per month with a completed qualifying period of 35 years, by 0.32% per month with a completed qualifying period of 36 years, by 0.30% per month with a completed qualifying period of 37 years, by 0.25% per month with a completed qualifying period of 38 years, by 0.15% per month with a completed qualifying period of 39 years, and by 0.10% per month with a completed qualifying period of 40 years.

Initial factor for determining old age pension for an insured person qualifying for pension for the first time, after reaching 65 years of age and completing 35 years of qualifying period, is set by increasing initial factor for old age pension by 0.15% per month for each month after reaching the age which qualifies a person for old age pension, and for a maximum of five years.

Personal points for a survivor's pension after the death of the insured person are determined based on at least 21 years of qualifying period. Survivor’s pension after the death of the beneficiary is determined based on the monthly pension which was granted to the beneficiary on the day of death.

Pension factor: 1) for old age pension, early retirement or disability benefit granted on grounds of general incapacity to work. 1.0; 2) for survivors’ benefit depending on the number of family members entitled to it - from 0.7 for one member to 1.0 for four or more family

members. Survivors' benefit for children without both parents: pension factor is applied to the amount representing the sum of pension benefits of deceased parents.

The current value of pension (valorization and indexation) is a pension amount determined for one personal point, which is decided on by the Steering Committee of the Croatian Pension Insurance Institute on 1 January and 1 July every year based on the statistical data, in the amount of the difference between the annual pension growth rate and the current pension value adjustment rate defined six months before that day.

The annual pension growth rate is defined by adding the rate of change of the average consumer price index and the rate of change of the average gross salary of all employed persons in the Republic of Croatia in the previous calendar year compared to the year before, in the following way:

-when rates are added, if the share of the rate of change of the average consumer price index is less than 45%, the annual pension growth rate is determined by adding 30% of the rate of change of the average consumer price index and 70% of the rate of change of the average salary, or

-when rates are added, if the share of the rate of change of the average consumer price index ranges between 45 and 55%, the annual pension growth rate is determined by adding 50% of the rate of change of the average consumer price index and 50% of the rate of change of the average salary, or

-when rates are added, if the share of the rate of change of the average consumer price index is greater than 55%, the annual pension growth rate is determined by adding 70% of the rate of change of the average consumer price index and 30% of the rate of change of the average salary.

Theoretical periods for determining the pension amount. Added years of insurance for determining the amount of disability and survivor's pensions after the death of the insured person (for persons who are not 60 years of age): from the date of the disability for a disability pension or from the date of the death of the insured person for a survivor's pension, prior to 55 years of age - two thirds of that period; and from 55 to 60 years of age - half of that period.

The minimum pension. The entitlement to the minimum pension is granted to insured persons if their regular pension (all pension types), with the supplement to the pension, granted under the Act on Pension Supplement (point 4 on the list of regulations), is lower than the minimum pension, regardless of their other income or assets. The minimum pension is determined for each year of qualifying period in the amount of 0.825% of the average gross salary of all employed persons in 1998, as adjusted on the day of the entitlement If a disability was caused by an occupational injury or an occupational disease, the minimum pension is determined based on at least 40 years of qualifying period. The same applies to survivor's pensions if the death is the result of an occupational injury or an occupational disease. It is adjusted in the same way as other pensions.

Persons who are not entitled to the minimum pension: beneficiaries of an old age pension who are employed on a part-time basis and employed beneficiaries of disability pension which they claimed for partial loss of work capacity.

The maximum pension is determined by a special act. This is not a predetermined amount, but depends on the qualifying period. The limitation refers to the maximum amount of the average value point - 3.8 per year of qualifying period.

Family benefits for spouses (allowances and pension supplements) are not provided for by the Croatian legislation on pension insurance, nor by any other regulations on social security. In that sense, old age pension is determined in the same amount whether or not the beneficiary has a spouse.

**Pension formulas for specific benefits**

Article 28 - old age benefits:

***Old age pension***
Personal points (PP) = qualifying period x average value point (AVP) x initial factor 1

Old age pension = PP x pension factor (PF) x current pension value (CPV)

Pension supplement (granted as of 1/1/2017) = old page pension x 27.00%

***Early retirement***
PP = qualifying period x average value point x initial factor 1 [1 – (penalties depend on insurance period x number of months of early retirement)]

Early retirement = PP x PF 1 x CPV

Pension supplement (granted as of 01/01/2017) = early retirement x 27.00%

***Article 62 point (a) -survivors' benefit***
Survivors' pension must not be lower than the pension received for a qualifying period of 21 years. In the case of a death caused by occupational injury or occupational disease, survivors' pension is determined based on a qualifying period of a minimum 40 years.

PP = qualifying period (a minimum of 21 or 40 years) x average value point x initial factor 1

Survivors' pension = PP x PF (depending on the number of family members: from 0.7 to 1.0)

x CPV

Pension supplement (entitlement as of 01/01/2017) = survivors' pension x 27.00%.

**Minimum pension - all types of pensions**
The amount of minimum pension is determined as follows:

Qualifying period x amount of the minimum pension for one year of insurance period x

pension factor

According to this formula, the amount of minimum pension is not permanent and varies based on the length of qualifying period.

***B. Unskilled labourer (Article 66)***

1. The definition of an unskilled labourer referred to in Article 66 applies in Croatia to a worker in the construction sector (with the largest number of male workers) who is deemed, under Article 66 paragraph 5, ordinary adult male labourer.

2. Average monthly net salary of a worker referred to in point B, for 2016 amounts to HRK 3,365.

***C. Regions:*** Benefit amounts in Croatia do not differ regionally.

5. In case of insufficient funds for payment of pension insurance benefits, the state covers any shortfall.

**6. Main changes in the period from 2012 to 2017:**

Changes made to regulations on pension insurance after 2012:

In 2011, a transitional period was introduced for women, during which the retirement age should become equal to that for men and will increase by 3 months per year. Consequently, by 2030, the retirement age qualifying women for old-age pension and for early retirement would be equal to that of men. In 2017, women qualify for old-age pension upon reaching the age of 61 year and 9 months, for early retirement upon reaching the age of 56 years and 9 months and having completed 31 year and 9 months of qualifying period. A new transitional period is planned from 2031 until 2038, during which the retirement age for both men and women will be increased to 67.

A person also qualifies for old-age pension upon reaching the age of 60 and having 41 year of qualifying period.

After completion of transitional period, in 2038, early retirement age will increase both for men and women to 62 years, with 35 years of qualifying period both for men and women.

Regulations in force since 1st January 2014, grant the right to early retirement, not subject to any penalties, for insured persons who, following the termination of insurance due to bankruptcy and immediately before fulfilling qualifying conditions for early retirement, were registered continuously for a minimum of 2 years as an unemployed person with the competent employment service.

In 2014, the formula was changed once again and decrement rate for early retirement 5 years prior to the statutory retirement age ranged from 6% to 20.4% (for each month of earlier retirement ranging from 0.10% to 0.34%), which also depends on the number of years of paid contributions - a longer contribution period implies a lower decrement rate.

The indexation method changed (instead of the so-called Swiss formula 50:50, using the ratio of salary increase rate and price increase rate of 30:70 to 70:30, whichever is more favourable for the beneficiary.

The method used to determine basic pension also changed - the formula used to calculate basic pension (the so-called formula for pension benefits from the first pillar, for two-pillar participants) was changed in 2014 and includes the same elements as general formula, multiplied by the so-called basic pension factor representing an average share of the first pillar contribution rate in the total (first and second pillar) contribution rate.

A disability pension claimed for a complete loss of work capacity is converted into an old age pension upon reaching the qualifying age for old page pension (during the transitional period this age differs for men and women).

For the second pillar, certain investment restrictions were set for the purpose of protection of the insured - a pension fund may fall under the A, B or C category (lifestyle-based fund categories). Pension funds in different categories apply different investment strategies (A-active, B - balanced, C - conservative). The assumed risk should be the smallest in a C-category fund, and the greatest in an A-category fund. Pensions are adjusted in the same way and according to the same rate as the pensions from the first pillar, and the state guarantees a minimum rate of return on a personal account and pay-out of the arranged pension.

Pensions not exceeding HRK 3,800.00 are not subject to income tax, as of 1st January 2015. Personal tax allowances are also granted for dependent family members and family members with disability, that is, for pensioners with disability and increase personal tax allowance of HRK 3,800.00.

Old age pension is paid out to beneficiaries employed on a part-time basis.

**Article 68**

Foreign nationals enjoy equal rights and obligations with regard to pension insurance as Croatian nationals. The entitlement and exercise of rights, and the scope of such entitlement, are not conditional upon the citizenship of a person who claims this entitlement.

Pensions from pension insurance are paid as monthly amounts and are paid in arrear. For the duration of the employment, the following is paid: old age pension if a beneficiary is employed on a part-time basis, and disability pension claimed for partial loss of work capacity. All benefits can be paid out to other countries on condition of real reciprocity or in accordance with international agreements, without any restrictions in terms of payment or benefit amounts. Croatian regulations on pension insurance do not require a person to have residence to claim entitlements to benefits.

The Croatian Pension Insurance Institute pays out pension benefits directly to beneficiaries in the countries of their residence, in accordance with international agreements on social security, as well as in countries with which no such agreements have been concluded. Pension benefits are paid via banks. Regulations do not provide for any specific provisions on residence, however, pension benefits are paid to other countries in accordance with international agreements or based on the principle of reciprocity with a specific country, i.e., provided that this country pays out pension benefits to Croatia. The Croatian Pension Insurance Institute is competent for pension payments made to other countries.

**Article 69**

(a) Payment of pensions earned in Croatia is not suspended if the beneficiary is or has residence in another country, unless there is no reciprocity or payment system with the country in which the beneficiary resides.
(b) Pension benefits are not reduced if the beneficiary receives other social security benefits since pension benefits do not depend on income threshold. According to Croatian regulations, pension is an unalienable right and can be claimed once the pension qualifying period is completed.
(c) Please refer to the answer provided under the previous point.
(d) If a person files a fraudulent pension claim, he or she must return the unduly obtained amount to the pension insurance provider that paid such amount *bona fide*, and under the terms of a civil action compensate the damage if this is possible under civil law.
(e) If a person commits an offense in order to be granted pension insurance entitlement, he or she will be held liable under civil law. If a person is found guilty based on a judgment

having the force of *res judicata*, he or she forfeits their entitlement to pension and must return unduly obtained amounts.

(f) Where a person intentionally causes their own disability, the competent institution is entitled to damage compensation.

(j) Amendments to the Pension Insurance Act in March 2008 provided an equal status for marriage and non-marital partnerships, and in 2014, the same was provided for the same-sex unions.

**Article 70**

The procedure to claim one's entitlement to pension is a two-instance procedure - the right to appeal is guaranteed by the Pension Insurance Act.

Judicial protection is guaranteed as well - an action can be brought against the decision on appeal before the Administrative court adjudicating on matters in the field of administration, including matters such as pension insurance, in accordance with the General Administrative Procedure Act and other regulations on administrative law.

**Article 71**

**1.** Central financing of benefits from pension insurance scheme - benefits for old age, disability and survivors' benefits, including benefits for occupational injury or occupational disease:

Contributions are set out in the Contributions Act ("Official Gazette" No. 84/08, 152/08, 94/09, 18/11, 22/12, 144/12, 148/13, 41/14, 143/14 and 115/16).

Contribution rate for pension insurance amounted to 20% in 2017.

**The maximum monthly pensionable earnings for payment of contributions: HRK 46,434.00.**

**The minimum monthly pensionable earnings for payment of contributions: HRK 2,940.82.**

**<u>The first pillar (pay-as-you-go scheme)</u>**

On salaries, **the employer**: does not pay general contribution.

Employers whose commercial activity includes arduous or hazardous occupations pay special contributions on salaries of workers employed in such occupations, and such workers are entitled to insurance periods with extended duration - 12 months of effective work is calculated as: 14 months– 4.86%, 15 months – 7.84%, 16 months– 11.28% and 18 months– 17.58%. These contributions are reduced if a person is insured in the second pillar as well: when 12 months of work are calculated as: 14 months -3.61%, 15 months - 5.83% 16 months - 8.39% and 18 months - 13.07% on salaries. In addition to these contributions, contributions are also paid into the second pillar - see contributions for individual capitalization.

**The insured person**, from gross salary: 20% (15% if the person is also insured in the second pillar - see contributions for the second pillar).

**Self-contributors:** persons employed in all types of independent occupations pay contribution rate of 20% (15% if the person is also insured in the second pillar - see contributions for the second pillar.) The pensionable earnings basis is 35%, 40%, 55%, 65% of average salary of all employees or average salary of all employees increased by 10%. The pensionable earnings basis is determined by a decision issued by the tax administration and it depends on the commercial activity which the insured person carries out and on the fact whether the insured person is subject to payment of income tax, lump-sum income tax or corporate income tax.

Farmers - 20% if they pay income tax (pensionable earnings are 40% of average salary of all employees if the farmer pays lump-sum income tax, 55% of average salary if the farmer pays income tax based on their accounts, and average salary increased by 10% if the farmer is subject to corporate income tax) or 15% if they are also participants in the second pillar; however, they pay 10% of contributions if they are not subject to income tax (pensionable earnings basis is 35% of average salary of employees) or if they pay 5% of contributions in the first pillar if they are participants also in the second pillar.

**The state, from the state budget**: bears all or part of costs paid for benefits of insured persons who claim their entitlement under more favourable conditions (military and police personnel, duly authorised official in judiciary, disabled homeland war veterans) and for any contribution shortfalls in the PAYG scheme resulting from payment of contributions into the second pillar.

Contributions for insurance in PAYG scheme are paid into state budget but are considered as revenue of the Croatian Pension Insurance Institute.

*The second pillar (individual capitalization)*

**The Employer:** pays no contributions (Contributions are paid only on salaries for persons in arduous and hazardous occupations and 12 months of work are calculated as: 14 months– 1.25%, 15 months – 2.01%, 16 months– 2.89% and 18 months– 4.51%)

**The insured person:** 5% of gross salary. For persons insured in the second pillar, contribution to the first pillar is reduced by 5% and these 5% are paid in the private pension funds of the second pillar.

*Persons with second income are also insured* (service contract, and similar), whether or not they are unemployed or insured on different grounds.

Self-contributors: persons employed in all types of independent occupations (craftsmen, self-employed persons) pay the contribution rate of a specific minimum or selected higher insurance base.

**2.** Benefits for occupational injury are not provided for in special system. Such benefits are regulated by the legislation on health insurance and health care - short-term benefits and benefits in kind, and by legislation on pension insurance - long-term benefits (disability pension and cash benefits for physical impairment).

**3.** Data in accordance with Article 76 paragraph 1 item (b) for the year 2016 are as follows:

| Parts of Convention 102 for which such data is provided | The resources allocated for the protection of employees and their wives and children = **A** | Insurance contributions borne by the employees protected = **B** | **100 B**<br>**A** |
|---|---|---|---|
| Pension insurance (including occupational injury and occupational disease)<br><br>Part V, VI, IX, X | 36,805,261,849 | 19,772,130,943 | 53.7% |

Although this report refers only to Parts V and X, the funds referred to under A are shown as one sum for Parts V, VI, and X (pension insurance), since those resources are not shown separately by the pension insurance provider - Croatian Pension Insurance Institute. The funds under B are shown also as one sum for all Parts of the Convention relating to the pension insurance, because the pension insurance contribution is determined as a flat rate, and all types of benefits from the mentioned parts of the Convention are paid out from funds collected in this manner.

**Article 72**

The PAYG scheme is administered by the Croatian Pension Insurance Institute. The Institute is a public institution and a legal person associated with public authorities, competent for decisions on the rights and obligations related to pension insurance. At least once a year, it submits a report on its activities to the Croatian Parliament.

The Statute of the Institute is adopted by its Steering Committee and approved by the Government of the Republic of Croatia.

The Steering Committee consists of 13 members appointed by the Government for a 4-year term: 4 members at the proposal of the Minister of Labour and Pension System, 3 members at the proposal of association of insured persons, 3 members at the proposal of pensioners' association and 3 members at the proposal of employers' association.

The Director and his assistants are appointed by the Government.

The Ministry of Labour and Pension System is responsible for the control over the system.

**Article 76 - the year 2016, LILI**

| A. TITLE I (Article 33 (a)) | |
|---|---|
| a. The number of employees protected | **1,337,445** |
| b. The total number of employees | **1,337,445** |
| c. 100 b / a | **100%** |

Source: Croatian Pension Insurance Institute

| | |
|---|---|
| B. TITLE II (Article 27 (b), 41 (b), 61 (b) | |
| a. Number of protected economically active persons | **1,440,188** |
| b. The total population as of 31st December 2016. | **4,154,213** |
| c. 100 b / a | **34.7%** |

Source: HZMO (Croatian Pension Insurance Institute) (a)

Croatian Bureau of Statistics (b)

Article 77 paragraph 2

Croatia does not exclude sea fishermen from statistical data.

TITLE IV. and V. - pension insurance benefits are not conditional on income threshold and income received by the pension beneficiary does not affect the pension amount. If a person is insured, they cannot be denied their entitlement to benefits on some other grounds, unless they fail to meet legally prescribed requirements in terms of age and qualifying periods, i.e., disability requirements for disability benefits.

**OLD-AGE BENEFIT**

**Article 26**

1. Qualifying conditions for old-age pension: 65 years of age and 15-year qualifying period or period spent in employment on a part-time basis. A transitional period from 2014 to 2029 is currently in force, during which the age qualifying women for old age pension increases every year by 3 months. In 2017, a woman qualifies for old age pension upon reaching 61 years and 9 months and completing 15 years of qualifying period.

2. Old age pension is paid out to persons employed on a part-time basis.

**Article 27**

A. Croatian legislation on pension insurance falls under point (b) - encompassing economically active population, which represents more than 20% of the total population.

B. Insured persons in the pension insurance:
**Compulsory insurance:** employees, and equivalent persons, state officials if they receive a salary, persons who upon completion of their education are undergoing compulsory or voluntary training (whether or not they receive salary), unemployed persons according to employment regulations, top athletes, priests, members of management boards of companies, an unemployed parent of a child up to one year of age (at request), and persons insured under special circumstances only in the event of disability and physical impairment.

Croatian nationals employed in Croatia by foreign diplomatic missions or consulates or those in personal service of foreign nationals. Foreign nationals and persons without citizenship

who are employed in Croatia, Croatian nationals employed abroad or on an international ship, if they do not have compulsory insurance stipulated by international agreement in specific country, on demand.

Independent operator (craftsmen, person working in hospitality industry, transport provider, trader, and similar); self-employed persons; and farmers.

*Persons with second income are also insured* (service contract and similar, whether they are unemployed or insured on some other grounds)

C. Refer to data under Title II for Article 76.

D. The data do not refer to voluntary insurance - see answer for Article 6

**Article 28**

Benefits are determined in line with Article 66.

**TITLE I**

***A.*** A **method used to determine benefits** is described in part IX, under title I. A (sub-title ''Pension formula'').

Formula used to determine old age pension is as follows:

*Personal points (PP) = qualifying period x average value point (AVP) x initial factor 1*

*Old age pension = PP x pension factor (PF) x current pension value (CPV)*

Pension supplement = pension benefit x 27.00% in 2017.

As of 1st January 2017, current pension value (CPV) amounts to HRK 61.99, and the minimum pension per one year of qualifying period amounts to HRK 60.10, as of 2017.

If the pension is lower than the minimum pension that would have been granted for the full qualifying period, the insured person is entitled to receive the minimum old age pension. Pension formula for the minimum old age pension:

*Qualifying period x amount of minimum pension benefit for one year of insurance x pension factor*

***B and C. Standard employee and salary*** See Title I under B and C - for Article 66, Part XI - unskilled labourer in the construction sector whose average net salary for 2016 amounts to HRK 3,365, and for calculation of benefit he is entitled to as of 1 January 2017, gross salary in the amount of HRK 4,254 is used.

***Benefit amount from 1 January 2017*** Pension determined for salary of an unskilled labourer with 30-year qualifying period (Article 66) is:

Average value point (AVP) = gross salary in 2016 (C) / average gross salary of all employees in Croatia in 2017 = 4.254 / 7.752 = 0.5488.

This average point value is used to determine all types of benefits from pension insurance which are presented in this report for all Parts relating to pension insurance (Part V and X).

Personal point = qualifying period x average value point x initial factor

= 30 x 0.5488 x 1 = 16.4628

**Pension** = personal point x pension factor x current pension value

= 16.4628 x 1 x 61.99 = 1,020.53 HRK

Supplement = 1,020.53 x 27% = 275.54 HRK

Pension with a supplement of 27% = **1,296.08** HRK

Old age pension calculated in this way is lower than the minimum old age pension for the same qualifying period:

**The minimum pension** =years of qualifying period x pension factor x amount of the minimum pension for one year of qualifying period

= 30 x 1 x 60.10 = **1,803.00** HRK.

The minimum pension is higher than the pension calculated based on salary, as a result, the beneficiary will receive the minimum pension.

***Ratio of benefits to salary of standard beneficiary.***

**Old age pension:** (D + E) x 100 / C + F = 1,296.08 / 3,365.00 x 100 = **38.52%**

**The minimum pension:** (D + E) x 100 / C + F = 1,803.00 / 3,365.00 x 100 = **53.58%**

See note under D - beneficiary will receive the minimum old age pension.

**Article 28 paragraph 1**

***D. Old age pension for women as of 1 January 2017*** 30 -year qualifying period for a standard beneficiary.

Equal to that of men.

B. Article 27 point (c) does not apply to Croatia.

**C. Trends for the old age pension amount in the reference period:**

1. Pensions are adjusted once a year on 1st January, however, early adjustment is performed on 1st July every year. Consequently, adjustment is, in fact, performed twice a year (adjustment was explained previously in the document as part of general description of pension insurance scheme).

2. Pension adjustment in the reference period:

| 2016. | Consumer price index | Wage index |
|---|---|---|
| A. Period started -January 2016 | 100 | 100 |
| B. Period ended - January 2017 | 98.9 | 101.9 |
| The percentage B / A | -1.1% | 1.9% |

The data in this table are relevant for all benefits from pension insurance included in this report.

3. Old age pension:

| Reference period: | Benefits in HRK | | |
|---|---|---|---|
| January 2016 - January 2017 | I. the average amount per beneficiary | II. benefits of a standard beneficiary | III. other estimates |
| A. period ended - January 2016 | 2422.60 | 1785.00 | |
| B. period ended - January 2017 | 2437.07 | 1803.00 | |
| A. The percentage B / A | 0.6% | 1.0% | |

**Article 29**

To qualify for old age pension, a person should have a minimum of 15 years of qualifying period.

Qualifying period: insurance period; insurance of military personnel; special qualifying period - periods completed during Homeland war, special qualifying period and insurance period completed up until 31st December 1998 and granted under regulations in force on that date.

Insurance period: employment period on a full-time basis, or periods of self-employment, including self-employment in agriculture, completed after the age of 15, periods of extended insurance, periods on sick leave or occupational rehabilitation. Full-time employment: 40 hours per week. Employment on a part-time basis is converted to employment on a full-time basis under certain conditions.

Extended insurance scheme is a type of voluntary insurance within the compulsory insurance scheme; to be granted such entitlement, an application must be filed within a period of 12 months following the termination of compulsory insurance. Entitlement to extended insurance

scheme during the period of: unpaid leave, granting non-active status (suspension) in employment of parents until their child reaches the age of 3, training, unemployment, temporary or seasonal termination of employment or business operations, employment abroad for persons who are not participants in the compulsory insurance in Croatia, residence abroad as a spouse of the insured person - Croatian national working abroad, unemployment of seafarers after the termination of his or her fixed-duration employment contract. If the insured person pays contributions based on a decision, this period is credited as insurance period qualifying a person to receive pension from the compulsory insurance scheme.

Special regulation (see the list of regulations - point I. under 7) governs insurance of persons working in arduous or hazardous occupations whose insurance periods are calculated in extended duration and whose required retirement age for old age pension is proportionally decreased. The Act referred to previously contains a list of such occupations.

For the purpose of determining pensions (all pensions, and not only old age pensions), qualifying period is expressed as a decimal number. Whole numbers represent the number of completed years, and decimal numbers represent months and days, specifically, 1 month equals 0.0834, and a day equals 0.00274.

**2. Old age pension for 15 -year qualifying period - 01/01/2017**

The pension is determined in the same manner as specified in Title III for Article 28, the difference being that the pension is calculated for 15 year qualifying period.

**Pension with a supplement of 27%** = HRK 648.04 (19.26% of salary of standard beneficiary)

**The minimum pension** = HRK 901.50 (26.78% of salary of standard beneficiary)

Pension with the supplement amounts to HRK 648.04, however, the minimum pension of HRK 901.50 is paid instead.

3., 4, and 5. Article 29 paragraph 3 may not be applied to the Croatian pension insurance scheme.

**Article 30**

Old age pension shall be suspended if a person finds employment again or is insured on other grounds, except in cases when the person is employed on a part-time basis, in which case old-age pension is still paid in full amount.

## PART VIII. MATERNITY BENEFIT

*Maternity and Parental Benefits*

The *Act on Maternity and Parental Benefits* (Official Gazette, no. 85/08, 110/08) entered into force on January 1, 2009. All mothers/parents, regardless of their employment status, are entitled to maternity and parental benefits in amount of HRK 1,663.00 (50% of the budgetary base). In addition, the maternity leave benefit for employed mothers was increased. The right on assistance during maternal and parental care for new-born child is also awarded to *mother/parent outside of labour market* under provisions set in the new Act. Unemployed mothers exercising their right to parental exemption from work are entitled, in case of re-employment, to transfer such right on other unemployed parent, or to continue using the remaining period of the right on exemption from work in case of recurring unemployment.

Parental leave can be used until child turns 8 years of age; parents decide on the manner of use and division of time during parental leave. The right to adoption leave is now granted to all adoptive parents (previously, such right was granted only to those employed by the employer). Self-employed parents were granted right on leave which may be used until child turns 8, or right to part-time work due to increased care for a child with severe developmental disabilities.

Equally, the benefit granted for the 6-month parental leave was increased, from 2.500,00 HRK to 80% of the budget calculation base, or 2.668,20 HRK.

In order to monitor the implementation, the Committee for Monitoring the Implementation of the Act on Maternity and Parental Benefits was formed at the ministry exercising authority in the field of family. The Committee is composed of representatives from filed of economy and crafts, trade unions, Croatian Health Insurance Institute and the ministry exercising authority in the field of family.

In January 2010, a Working Group was formed to draft the proposal Act on Amendments to the Act on Maternity and Parent Benefits, including the Final Proposal of the Act. Drafting procedure was initiated on grounds of the EC requests presented in the European Union Common Position (Revision CONF-HR 13/08) of December 18, 2009, in regard to fulfilment of Chapter 19 obligations – Social policy and Employment, where the EC invited Croatia to include protection of maternity (pregnant, breastfeeding, and workers who gave birth to a child) into its national legislation. At the time, such measures were not part of the Act on Maternal and Parental Benefits, nor other legislation regulating the field of labour and health and safety at work.

Draft proposal of the Act was completed during 2010, regulating:

- terms “pregnant worker”, “workers who have recently given birth”, “workers who are breastfeeding” and time-off for ante-natal examination, in accordance to Council Directive 92/85/EEC on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding
- extension of mandatory maternity leave for employed and self-employed mothers (as per Directive, as an exclusive right to maternity protection) from 10 to 14 weeks of mandatory maternity leave. (Mandatory maternity leave is non-transferable to fathers, unlike additional maternity leave until the child reaches 6 months of age),
- Extension of mandatory maternal exemptions from work for unemployed mothers and mandatory maternal care for a child for mothers outside of labour market and job search, from 42 to 70 days following childbirth,

- the amount of the remuneration up to 80% of the budget calculation base during the use of additional 60 days of parental leave, which is added to the regular parental leave in case a father exercised during that period the right to parental leave in duration of 3 months,

- the possibility of transferring beneficiary rights from one parent to another, who are not of the same legal employment status (additional flexibility, but also avoiding situations where this right could not be transferred from an unemployed, severely ill, mother to a father)

- That the right on leave or work in 0,5 full time equivalent, in order to provide care for a child with a severe health impairments, could be used immediately after expiration of the maternity leave, since current Act prescribed that a parent could can only benefit if he or she is exercising the right to parental leave. (The existing legal solution was met with numerous criticism coming from beneficiaries, the Ombudsman, and the Ombudswoman for Persons with Disabilities, which was the argument for a new solution),

- a new method of calculation of benefit for a parent exercising their right on work in 0,5 full time equivalent in order to provide care for a child; parents asked that taxes, contributions and local taxes be calculated in the benefit for remaining 0,5 full time equivalent along with net salary compensation. The new provision should eliminate these ambiguities and explicitly prescribe what constitutes this benefit and how it is calculated for employed parents, and self-employed parents. This provision is drafted based on Ministry of Finance's proposal.

- Well-defined use of leave by both adoptive parents (Council Directive 92/85/EEC mentions in particular adopters as beneficiaries of rights) and the amount of benefit during the exercise of adoptive leave could be transferred to another adoptive parent, unlike prescribed by the current Act, and

- the right of aliens, having the status of aslyees or being under subsidiary protection, on maternity and parental benefits (obligations under Council Directive 2004/83/EC of 29 April 2004 on minimum standards for the qualification and status of third country nationals or stateless persons as refugees or as persons who otherwise need international protection and the content of the protection granted).

In addition, these amendments to the Act introduced harmonization of drafting procedure, terminology and gender-related matters in regard to specific provisions, in order to facilitate much clearer and simpler implementation and alignment with legislation in the field of labour and health and safety at work. Also, the Croatian Institute for Health Insurance is explicitly authorized to check the data in the procedure of recognition of rights and control of the exercise of the rights granted under this Act; the ministry exercising authority in the field of family is explicitly authorized to supervise the implementation of the Act. The European Commission gave their positive opinion on the Draft Proposal of the Act. The Croatian Parliament passed the Act in its session on March 11, 2011.

By signing the Treaty on Accession to the European Union, the Republic of Croatia has committed to align its national legislation with the *Acquis Communautaire* - the new directives that entered into force following the closure of negotiation on certain chapters.

Considering previous commitments and the entry into force of the Council Directive 2010/18/EU of 8 March 2010, implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UEAPME, CEEP and ETUC and repealing Directive 96/34/EC (hereinafter "the revised Framework Agreement") and Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity – which the Act on Amendments to the Act on Maternity and Parental Benefits in 2011 was aligned with – the provisions of the Act were necessary to amend or supplement in appropriate manner.

*The Act on Amendments to the Maternity and Parental Benefits Act* (Official Gazette, No. 54/13), regulated the following issues:

- The Act adjusted the duration of the parental leave for an employed and self-employed parent - by extending the minimum period of parental leave and increasing it from three to four months for each (self)employed parent.
- The Act prescribed transferable and non-transferable parts of the parental leave and conditions for the use of the right to parental leave by one parent – the Act rendered impossible to transfer two out of four months of parental leave to another parent (in most cases transferred to mother) to encourage fathers to use legally guaranteed rights.
- The Act made equal the duration of adoptive and parental leave for adoptive parents, regardless of child age.
- Consistent with amendments on duration of use of the parental leave, the Act prescribed the benefit amounts based on duration of use of particular right, taking into account the overall level of these rights in the past - in terms of benefits, the overall scope of the right to financial compensation has not changed but it became possible, through application of the new legal solutions, to achieve reduced reallocation of such benefits within family.

Taking into account that the *Central Disability Certification Institute Act* (Official Gazette, No. 85/14) came into force since the last amendments to the Act in 2013, it became necessary to amend and supplement the *Maternity and Parental Benefits Act* and to amend further the sections which relate to adjusting the rights to parental leave for adoptive parents of twins and adoptive parents who simultaneously adopt more children with the rights of employed and self-employed parents.

The provisions of the *Act on Amendments to the Maternity and Parental Benefits Act* (Official Gazette, No. 152/14) contributed to the fulfilment of preconditions for commencing the work of the Central Disability Certification Institute as the organizational unit within the Institute for Disability Certification, Professional Rehabilitation, and Employment of Persons with Disabilities, in accordance with the provisions of the *Central Disability Certification Institute Act*.

Also, by adjusting the rights of adoptive parents of twins and adoptive parents who simultaneously adopt several children with the rights of employed and self-employed parents in part related to the right to parental leave, the principle of equality of all citizens before the law has been achieved in full respect, as set in the Constitution of the Republic of Croatia.

The *Act on Amendments to the Maternity and Parental Benefits Act* (Official Gazette, No. 59/17) focused on strengthening the family, ensuring its economic stability, encouraging motherhood and supporting the use of parental leave by both parents. These amendments relate to an increase in the maximum amount of benefit paid during the period of parental leave for employed parents for the remaining six months. Increased are also benefits for unemployed and employed parents who do not meet the statutory period of insurance coverage - 12 months continuously or 18 months with breaks; benefits for parents who are entitled to parental leave for twins, third and every subsequent child up to the age of three; child support for employed and self-employed parents who use leave to provide care for a child with severe developmental disabilities; support for work on 0,5 full time equivalent in order to provide increased child care; other rights of concerned beneficiaries. Since July 1, 2017, when this Act came into force, benefits can be used by parents regardless of the expired months of their leave. In order to implement this Act, 156.6 million HRK were allocated to the Ministry for Demography, Family, Youth and Social Policy in the state budget, and additional 6 million HRK to the Croatian Health Insurance Institute. This is a structural and

systematic approach, with long-term sustainability, along with 313 million HRK and additional 12 million for CHII allocated for 2018, and another 346.5 million HRK allocated for 2019.

*One-off financial support for a newborn child*

In line with the *Maternity and Parental Benefits Act*, payments of one-off cash support for the new-born child is also provided. The benefit is paid to the parents, one-time, in cash, provided they have the health insurance on any ground and that they also meet other conditions set in the Act. The amount of one-off cash support for the new-born child amounts to HRK 2.328,20 (70% of the budget calculation base).

**Comments to Article 48 of the Convention**

In the Republic of Croatia, maternity benefits are granted, within the given categories in Article 48 of the Convention, to all women falling within the prescribed categories of economically active citizens specified in Article 48(b) of the Convention.

However, it is necessary to explain that the maternity and parental benefits system in the Republic of Croatia recognizes three categories of potential beneficiaries:

1. **employed parents** (persons in employment relationship, but also persons elected or appointed to permanent duty in government bodies or bodies of local and regional self-government units, members of the management of a company, persons who have concluded a vocational training contract without establishing an employment relationships, care-giving parents, and persons providing care and assistance to the Croatian War Military Invalids from the Homeland War) and **self-employed parents** (persons engaged in the economic activity of craftsmen and craftsmen with equal activities, self-employed persons engaged in professional activity as freelancers and agricultural workers who are income or profit tax payers and religious community officials);

Employed and self-employed users may use, under the terms and conditions set out in the Maternity and Parent Benefits act, the maternity and parental leave, the right to work half time in order to provide the child with more care, right to leave or work half time to care for a child with severe disabilities in development.

2. **unemployed parents** (who, according to the employment regulations have a recognized status of unemployed person, agricultural workers who are not income tax or profit tax payers and persons making other incomes for which compulsory insurance contributions have been paid)

Unemployed users are entitled to the right to maternity and parental exemption from work.

Maternity exemption from work is used from child's birth until the child is 6 months old, while parental exemption from work is used after the expiry of maternity exemption from work until the child is one year old (for 1st and 2nd child), i.e. until the child is three years old (for twins, third and every following child).

The financial compensation during maternity and parental exemption from work, during the period covered by this Report (2012-2016) amounts to 50% of the budget base (HRK 1,663.00), with the note that from July 1st 2017 this compensation has been increased to 70% of budget base (HRK 2,328.20).

3. **parents outside the labour system** (pension beneficiaries, beneficiaries of professional rehabilitation rights or disability pension beneficiaries due to professional inability to work under the pension insurance regulations of the Republic of Croatia or a person who, according to the regulations of social welfare, is not considered to be able to work or according to other regulations is considered to be a dependent person or is attending regular education or a university or professional study or a beneficiary who does not have the conditions for the achievement of the status of all the aforementioned beneficiaries and has a recognized status of a health insured person from compulsory health insurance)

The users outside the labour system for maternity and parental care of the new-born child.

Maternity leave for caring for a child is used from child's birth until the child is 6 months old, while parental leave for caring for a child is used after the expiry of maternity leave for caring for a child until the child is one year old (for 1st and 2nd child), i.e. until the child is three years old (for twins, third and every following child).

The financial compensation during maternity and parental care for a new-born child, during the period covered by this Report (2012-2016) amounts to 50% of the budget base (HRK 1,663.00), with the note that from July 1st 2017 this compensation has been increased to 70% of budget base (HRK 2,328.20).

All categories are entitled to one-off financial support for a new-born baby in the amount of 70% of the budget base (HRK 2,328.20).

Maternity benefits, as defined by Article 47 of the Convention, include health protection of women during pregnancy and after childbirth, and the right to salary compensation during the inability to work of employed and self-employed mothers, where such financial compensation is also paid to unemployed mothers and mothers outside the labour system.

However, since Article 48 of the Convention relates only to employed and self-employed mothers, i.e., as stated, to women belonging to the categories of economically active population, more detail would be presented solely for this group.

Employed and self-employed women exercise their rights in relation to pregnancy and childbirth in the system of compulsory health insurance (the right to the compensation of salary during the temporary inability to work due to complications during pregnancy and childbirth), as well as in the system of maternity and parental benefits (maternity and parental leave).

Therefore, the protected persons entitled to salary compensation during the temporary inability to work due to complications related to pregnancy and childbirth, according to the provisions of the Compulsory Health Insurance Act, encompasses the same group of persons who, under compulsory health insurance, are entitled to salary compensation for temporary inability to work due to illness, injury or other (previously explained) causes (as stated in comments to the Article 15 of the Convention):

1. persons employed by legal or natural person with its registered headquarter in the Republic of Croatia,

2. persons elected or appointed to permanent duty in certain bodies of state authority, i.e. units of self-government, if they receive salary for such work,
3. persons with temporary or permanent residence permit in the Republic of Croatia employed by an employer from another Member State or a third country with no health insurance of foreign holders of health insurance or who do not have compulsory health insurance under the regulations of the country in which they work in the manner specified by EU regulations, i.e. international agreement,
4. Members of management and executive directors of companies, if they do not have compulsory health insurance on grounds of employment with other legal or natural person in the Republic of Croatia or other Member State,
5. persons on the territory of the Republic of Croatia engaged in economic activity of craft and similar activities, persons who are independently, in form of free profession, conducting professional activity and persons conducting activities in agriculture and forestry in the Republic of Croatia as their sole or main profession, if they are paying income or profit tax, and if not insured on the grounds of employment or as users of the right to retirement,
6. persons who engage in agricultural activities as the sole or main occupation, who are registered in the registry of family-fun farm as holders or members of family-run farm, if they are not insured on grounds of employment or as users of the right to retirement or if they are participating in regular education,
7. priests, and other religious officials from the religious community officially registered by the competent state authority, if not insured on the basis of employment,
8. persons who provide care and help to Croatian war invalids according to the regulations on the Rights of Croatian Homeland War Veterans and their family members, if they are not subject to compulsory health insurance on other grounds,
9. persons who have been granted the status of parent care-giver on the basis of special regulation.

In the **system of maternity and parental benefits,** in accordance with the provisions of the Maternity and Parental Benefits Act, employed parents use maternity and parental leave:

- employed person
- persons who are elected or appointed to permanent posts in government bodies, i.e. units of local and district (regional) self-government,
- members of the management of a commercial company, persons who concluded a contract on professional training, without the establishing of an employment relationship,
- care-giving parents, and
- persons who provide care and help to disabled Croatian Homeland war veterans,

as well as self-employed parents:

- persons engaged in economic activity of craft and similar activities
- persons who perform their professional activities independently, as freelancers,
- agricultural workers that are income or profit tax payers, and
- officers of religious communities

**C.** During the requested period 2012-2016, the statistical data on the number of users of maternity and parental leave (i.e. employed and self-employed parents) and on the amount of funds allocated for this purpose, as officially kept by the CHIF, are given in the following table.

| Year | Maternity and parental benefits | Number of users | The amount of funds |
|---|---|---|---|
| 2012 | Compulsory maternity leave | 38,460 | 546,633,459.25 |
| | Additional maternity leave | 34,325 | 308,859,856.55 |
| | Part-time work during maternity leave | 14 | 175,481.94 |
| | Parental leave lasting 6, i.e. 8 months | 38,139 | 364,574,029.22 |
| | Parental leave lasting up to 30 months | 12,307 | 148,038,752.34 |
| | Part-time work during parental leave lasting 6, i.e. 8 months | 285 | 1,790,059.33 |
| | Part-time work during parental leave lasting up to 30 months | 242 | 2,144,558.07 |
| 2013 | Compulsory maternity leave | 35,165 | 493,580,672.38 |
| | Additional maternity leave | 33,037 | 322,553,614.21 |
| | Part-time work during maternity leave | 13 | 73,545.71 |
| | Parental leave lasting 6, i.e. 8 months | 36,326 | 350,196,881.06 |
| | Parental leave lasting up to 30 months | 11,209 | 134,508,590.13 |
| | Part-time work during parental leave lasting 6, i.e. 8 months | 354 | 2,623,732.36 |
| | Part-time work during parental leave lasting up to 30 months | 363 | 4,086,701.20 |

| | | | |
|---|---|---|---|
| 2014 | Compulsory maternity leave | 33,601 | 477,617,053.47 |
| | Additional maternity leave | 31,629 | 321,519,976.05 |
| | Part-time work during maternity leave | 15 | 145,722.47 |
| | Parental leave lasting 6, i.e. 8 months | 34,273 | 330,761,104.00 |
| | Parental leave lasting up to 30 months | 10,482 | 125,480,958.03 |
| | Part-time work during parental leave lasting 6, i.e. 8 months | 428 | 2,922,679.25 |
| | Part-time work during parental leave lasting up to 30 months | 559 | 6,679,544.18 |
| 2015 | Compulsory maternity leave | 32,329 | 462,562,372.32 |
| | Additional maternity leave | 30,553 | 317,300,422.93 |
| | Part-time work during maternity leave | 13 | 109,707.37 |
| | Parental leave lasting 6, i.e. 8 months | 33,379 | 323,760,372.97 |
| | Parental leave lasting up to 30 months | 10,011 | 117,135,415.14 |
| | Part-time work during parental leave lasting 6, i.e. 8 months | 508 | 3,909,785.45 |
| | Part-time work during parental leave lasting up to 30 months | 732 | 9,315,538.93 |
| 2016 | Compulsory maternity leave | 32,887 | 477,887,920.33 |

| | | | |
|---|---|---|---|
| | Additional maternity leave | 30,026 | 319,658,755.59 |
| | Part-time work during maternity leave | 14 | 85,106.70 |
| | Parental leave lasting 6, i.e. 8 months | 32,519 | 318,208,270.61 |
| | Parental leave lasting up to 30 months | 9,555 | 113,139,503.83 |
| | Part-time work during parental leave lasting 6, i.e. 8 months | 573 | 4,038,478.37 |
| | Part-time work during parental leave lasting up to 30 months | 987 | 12,321,405.14 |

**D.** Women who have a status in the compulsory health insurance as family members of their husbands are entitled to the right to health protection from compulsory health insurance (as any other insured person), but also to the right to maternity and parental child care (financial compensation for the users outside the labour system) provided that the conditions prescribed by the Maternity and Parental benefits are met.

**Comments to Article 49 of the Convention**

**A.** Health protection in case of pregnancy and childbirth and their consequences covers a full range of health care, as well as for other insured persons of the CHIF as stated in comments to Article 10 of the Convention, which includes the care before, during and after childbirth and admittance to hospital when necessary due to medical indications.

The right to health care of all those beneficiaries of the right to maternity and parental benefits, as well as women who do not have these rights from the system of maternity and parental benefits, provided that they have the status in the compulsory health insurance, does not differ from the rights of other insured persons and the same applies as stated in II. Part - Medical care.

**B.** In terms of participation in the costs of health protection, we hereby iterate that a woman who has a regulated status of the insured person of the CHIF (either as the insurance holder or as family member) exercise her right in full at the expense of the CHIF, without the obligation to participate in the costs of health care, complete preventive and curative health protection in relation to family planning, monitoring of the pregnancy and childbirth and other medical needs of women, as well as early detection of cancer, in accordance with the Compulsory Health Insurance Act, as specified in II. Part.

**C.** Measures and activities referred to in Article 49, paragraphs 3 and 4 of the Convention, which pertain to health protection of pregnant women and women after childbirth, have already been explained in the section pertaining to health protection in general, so we hereby refer to the part of this Report pertaining to the Part II. of the Convention.

**Comments to Article 50 of the Convention**

Salary compensation during temporary inability to work due to complications related to pregnancy and childbirth is paid to the beneficiary of such compensation every month, as compensation for the salary she would have earned by working in the absence of temporary inability to work due to complications related to pregnancy and childbirth, and to such beneficiary applies everything stated in the comments to the Article 16 of the Convention.

The salary compensation during maternity and parental leave amounts to 100% of the salary compensation base determined in accordance with compulsory health insurance regulations, which means that the base is the average salary paid to the beneficiary in the last six months prior to the month in which the case has happened that gave rise to the right to salary compensation.

However, the compensation of salary during maternity leave has been delimited and is paid in the amount of 100% of the base, whereas the salary compensation for parental leave is limited as prescribed by the Maternity and Parental benefits act.

Namely, during the use of parental leave, an employed or self-employed parent is entitled to a salary compensation in the amount of 100% of salary compensation base, but which, in the period covered by this Report (2012 -2016) cannot amount to more than 80% of the budget base per month (HRK 2,660.80) for full-time working hours during the first 6, i.e. 8 months of parental leave (used for the first and second child) and 50% of the budget base per month (HRK 1,663.00) for the remaining part of parental leave (if the parental leave is used for twins, the third and each following child and last up to 30 months).

It should also be noted that from July 1st 2017 (period not covered by this Report, but without this piece of information the system of maternity and parental benefits remains incompletely explained and presented) these limits have been changed and the salary compensation during the first 6, or 8 months of parental leave is limited to 120% of the budget base (HRK 3,991.20), and during the remaining part to 70% of the budget base (HRK 2,328.00).

**Comments to Article 51 of the Convention**

Health protection is ensured during the entire duration of the insured event, for active beneficiaries based on pregnancy, childbirth and their consequences, as well as for spouses of men from protected categories, and health protection may be extended if long-term care is required, in accordance with the provisions of the Compulsory Health Insurance Act and by-laws.

Salary compensation during **temporary inability to work due to pregnancy and childbirth complications** belongs to the beneficiary in the amount prescribed by the Compulsory Health Insurance Act and general acts of the CHIF, provided that the condition relating to previous insurance has been fulfilled, i.e. that prior to the occurrence of a case based on which the right to salary compensation is acquired, the beneficiary has years of insurance with the CHIF on the basis of:

- employment,

- performance of economic activity,
- independent engagement in professional activity in a form of a profession,
- the receipt of salary compensation after the expiry of employment, i.e. upon the termination of activities pursuant to the Compulsory Health Insurance Act during at least 9 consecutive months or 12 months with interruptions over the last two years (prior insurance), as explained in the comments to Article 17 of the Convention.

The beneficiary who does not meet the condition of prior insurance, the salary compensation during the entire term of temporary inability to work is paid in the amount of 25% of budget base (HRK 831.50).

In the **system of maternity and parental benefits,** the Maternity and Parental Benefits Act also prescribes the years of insurance required for salary compensation in the previously explained amount.

Therefore, employed parent or self-employed parent, who does not meet the requirement pertaining to the years of insurance of at least 12 consecutive months or 18 months with interruptions over the last two years, during the use of the right to maternity and parental leave is entitled to salary compensation in the amount of 50% of budget base, i.e. HRK 1,663.00. The above said pertains to the period 2012-2016, and after July 1st 2017 the salary compensation in case of failure to fulfil the conditions for the years of insurance amounts to 70% of budget base (HRK 2,328.20).

In addition, according to the Maternity and Parental Benefits Act, the years of insurance are the years during which a natural person was insured on the grounds of:

- working not independently,

- working independently, and

- based on the compensation of salary after the termination of such employment, gained according to the regulations pertaining to the compulsory health insurance.

**Comments to Article 52 of the Convention**

The compensation of salary during the temporary inability to work due to complications during pregnancy and childbirth, as well as the health protection during pregnancy, childbirth and their consequences are insured during the entire duration of the insured event and their duration depends solely on the existence of medical indications in each individual case.

In the system of maternity and parental benefits, the duration of benefits is explicitly prescribed by the Maternity and Parental Benefits Act.

Therefore, maternity leave starts no sooner than 45 and no later than 28 days prior to the expected delivery term and lasts until the child is 6 months old (seven and a half months in total).

Parental leave is a personal right of both parents which they use until their child turns 8 years of age. The duration of parental leave depends on the number of beneficiary's children, and thus for the first and second child - the parental leave lasts for 8 months (if used by both parents), i.e. 6 months (if used by only one of them), whereas for twins, third and every following child - the parental leave lasts for 30 months.

## PART X - SURVIVORS' BENEFIT

**Article 60**

1. A widow is presumed to be incapable of self-support, if, at the time of death of the insured person, she:

- reached the age of 50,

-performs parental duties in respect of children entitled to survivors' benefit,

- is unable to work (disability),

- a widow who reached the age of 45 is entitled to such benefit upon reaching the age of 50.

All these conditions also apply to a widower.

A divorced spouse is entitled to survivors' benefit under equal conditions provided he or she is entitled to spousal maintenance. If a divorced spouse and a widow or widower are entitled to such benefit, they share the pension benefit which would be granted to one family member.

Survivors' pension is not paid to beneficiaries having compulsory insurance (employees, self-employed persons, self-employed farmers).

**Article 61**

A. Point (b) is applicable.

B. The entitlement is granted to family members of insured persons referred to in Part V for Article 27 under B. Family members granted this entitlement are as follows:
Spouse:

- spouse aged 50, having parental responsibilities or unable to work;

- a widow aged 45 is entitled to such benefit upon reaching the age of 50;

-a divorced spouse is entitled to survivors' benefit under equal conditions provided he or she is entitled to spousal maintenance.

Children:

- under the age of 15,

- under the age of 18 if they are unemployed,

- under the age of 26 if they are in full-time education;

- disabled children permanently.

The entitlement is granted to the following children: born in marriage, outside marriage and adopted children regardless of the maintenance obligation; however, stepchildren, grandchildren and other children are granted survivors' pension only if they were dependent on the deceased beneficiary.

Other relatives:

- parents of the insured person, as well as siblings, however, only if they were dependent on the deceased insured person.

C. Please refer to answer under Title II for Article 76.

D. Voluntary insurance is not applicable.

**Article 62**

TITLE I

***A. Method of determining the benefits;*** Please refer to TITLE I. from Part IX, for Article 66, where the method of determining pensions is described.

Pension formula for a survivor's pension following a death of the insured person:

PP = qualifying period (a minimum of 21 years) x average value point x initial factor 1

Survivors' pension = PP x PF (depending on the number of family members: from 0.7 to 1.0)

x CPV

***B and C. Standard employee and salary.*** Unskilled labourer working in the construction sector; salary of 3,365.00 HRK in 2016.

TITLE IV

**D.** The amount of a survivor's pension after the death of the insured person, the entitlement since 1 January 2017. Article 1 paragraph is applicable, i.e., the basis for determining the benefits is a qualifying period of 15 years (Article 63 paragraph 1, point (a).

Assuming that the insured person found employment at the age of 20, at the time of contingency covered, he or she is 35 years old and has completed 15-year qualifying period, which presents a basis for determining credited period. Consequently, qualifying period which is used to determine survivors' benefit is 30.834 years (15 years of actual qualifying period + 15.834 of credited period).

The entitlement is granted to three family members (widow and two children) - pension factor of 0.9 is applied.

**Pension** = (30.834 x 0.5488 x 1) x 0.9 x 61.99 = HRK 944.01

Pension with a supplement of 27% = **1,198.90** HRK

Instead of a survivor's pension, the minimum survivor's pension is granted.

The minimum pension = 30 x 0.9 x 60.10 = HRK 1,622.70

***E. The amount of family benefits with salary*** - child benefit of HRK 498.90 HRK for two children with both parents in 2017 (HRK 249.45 per child, threshold based on a family of 4 if they have no second income).

*F. The amount of family benefits in addition to pension benefits.* Child benefit of HRK 598.68 is paid for the minimum pension of HRK 1,622.70 (HRK 299.34 per each child, threshold based on a family of three if they have no second income) in 2017.

***G. Ratio of benefits to salary of standard beneficiary.***

**Pension:**

$\frac{(D + F) \times 100}{C + E} = \frac{(1{,}198.90 + 598.68) \times 100}{3{,}365.00 + 498.90} =$ **46.52%**

**Minimum pension:**

$$\frac{(D + F) \times 100}{C + E} = \frac{(1{,}622.70 + 598.68) \times 100}{3{,}365.00 + 498.90} = \mathbf{57.49\%}$$

TITLE V

***D. Survivors' pension after the death of the insured person, for a widow with no children, entitlement 01 January 2017.***

Pension = (30.834 x 0.5488 x 1) x 0.7 x 61.99 = HRK 734.23.
Pension with a supplement of 27% = 932.47 HRK

Instead of a survivor's pension, the minimum survivor's pension is granted.

The minimum pension = 30 x 0.7 x 60.10 = HRK 1,262.10

***G. Ratio of benefits to salary of standard beneficiary.***

Pension = D / C x 100 = 932.47 / 3.365 x 100 = **27.71%**

Minimum pension = 1,262.10 / 3.365 x 100 = **37.51%**

TITLE VI

1. Pensions are adjusted once a year on 1st January, however, early adjustment is performed on 1st July every year. Consequently, adjustment is, in fact, performed twice a year (adjustment was explained previously in the document as part of general description of pension insurance scheme).

2. Pension adjustment in the reference period - the same data as in Part V for Article 28 under Title VI (in relation to Article 66).

**1.** Survivors' pension:

| Reference period: | Benefits in HRK | | |
|---|---|---|---|
| January 2016 - January 2017 | I.<br>the average amount per beneficiary | II.<br>benefits of a standard beneficiary | III<br>other estimates |
| C. period started -January 2016 | 1879.13 | 1606.50 | |
| D. period ended - January 2017 | 1880.55 | 1622.70 | |
| B. The percentage F / E | 0.0% | 1.0% | |

**Article 63**

I. Qualifying period necessary to claim survivors' benefit: after the death of pension beneficiary or person entitled to occupational rehabilitation, or after the death of an insured person who has completed 5 years of insurance period or a qualifying period of 10 years, or who has completed required qualifying period to receive disability or old age pension.
The amount of survivors' benefits is determined based on the qualifying period of a minimum 21 year.

To determine the amount of survivors' benefit, which is derived from a disability pension after the death of the insured person, in addition to actually completed qualifying period, additional period is also taken into consideration. Additional period, to determine the amount of survivors' benefits for insured persons who at the time of death were under the age of 60, is calculated from the date of death until the age of 55 - as notional insurance period covering two thirds of that period; and from the age of 55 to the age of 60 - as notional insurance period covering one half of that period. (See general the description of pension scheme in the section relating to disability pension.)

II. Survivors' benefit after the death of insured person with a qualifying period of 5 years.
The entitlement is granted to three family members (widow and two children) as of 1st January 2017.

It is determined based on a qualifying period of 27.5 years (5 years of effectively completed qualifying period + 22.5 years of additional qualifying period), pension factor is 0.9.

Pension with a supplement of 27% amounts to: **1,069.26** HRK.

Instead, minimum pension is granted: **1,460.43** HRK.

Points 3 and 4 are not applicable.

5. Article 63 paragraph 5 is not applicable - previous duration of marriage is not a requirement a surviving spouse needs to meet in order to be granted survivors' benefit.

**Article 64**

Survivors' benefit is paid for the duration of the contingency covered.

Payment of survivors' benefit is suspended if the beneficiary becomes employed.

A child is no longer entitled to survivors' benefit once the child reaches 15 years of age. The child may continue to receive survivors' benefit after the age of 15 if they are in full time education and such benefit is suspended once the child completes the schooling period (lasting up to a maximum of 26 years of age), or even sooner if the child is no longer a full time pupil or student.

A widow or a widower under the age of 50 is no longer entitled to survivors' benefit if they enter into a new marriage. Children of the insured person are no longer entitled to this benefit if they enter a marriage.

**Conclusion:**

Standard beneficiary of all pension insurance benefits (unskilled labourer working in the construction sector), specified under Article 66 of the Convention concerning Minimum Standards of Social Security, is as of 1st January 2017, entitled to the minimum pension since their regular pension is lower than the minimum pension in all cases.

A comparison table, as of 1st January 2017:

| Pension Insurance | Ratio of benefits and the standard beneficiary salary % | The minimum ratio prescribed under the ILO Convention 102 % |
|---|---|---|
| **PART V – old age pension** | **38.52** (minimum pension **53.58**) | 40 |
| **PART X - survivors' pension (with an allowance for two children - one parent)** | **46.52** (minimum pension **57.49**) | 40 |

**III. Please state to what authority or authorities the application of the abovementioned legislation and administrative regulations, etc., is entrusted, and by what methods application is supervised and enforced. In particular, please supply information on the organization and working of inspection.**

The application of the provisions of the Convention No. 102, and of the rights covered by its provisions, fall within the competence of several ministries and institutes. The pension insurance (old age benefit) is in the purview of the Ministry of Labour and Pension System and the Croatian Pension Insurance Institute, which is a public institution in the purview of the Ministry. Unemployment benefits are also within the competence of the Ministry of Labour and Pension System on the supervisory level and the Croatian Employment service on the operational level.

The medical care, sickness and maternity benefits are within the competences of the Croatian Health Insurance Fund (hereinafter CHIF). Also, maternity and parental benefits are partially within the competences of the Ministry for Demography, Family, Youth and Social Policy.

**IV. Please state whether courts of law or other tribunals have given decisions involving questions of principle relating to the application of the Convention. If so, please supply the text of these decisions.**

We are not aware of any such decisions.

**V. Please add a general appreciation of the manner in which the Convention is applied in your country, including, for instance, extracts from official reports, information regarding the number and nature of the contraventions reported, and any other particulars bearing on the practical application of the Convention.**

The Convention is implemented through national laws and bylaws.

We enclose the National Report on Social Protection for 2016 (in Croatian).

**VI. Please indicate the representative organizations of employers and workers to which copies of the present report have been communicated in accordance with article 23, paragraph 2, of the Constitution of the International Labour Organization.1 If copies of the report have not been communicated to representative organizations of employers and/or workers, or if they have been communicated to bodies other than such organizations, please supply information on any particular circumstances existing in your country which explain the procedure followed.**

**Please indicate whether you have received from the organizations of employers or workers concerned any observations, either of a general kind or in connection with the present or the previous report, regarding the practical application of the provisions of the Convention or the application of the legislation or other measures implementing the Convention. If so, please communicate a summary of the observations received, together with any comments that you consider useful.**

Copies of the present report for representative organizations of employers and workers were sent to:

- Croatian Employers' Association, (Hrvatska udruga poslodavaca (HUP)
- Union of autonomous Trade Union of Croatia,(Savez samostalnih sindikata Hrvatske (SSSH),
- The independent Trade Unions of Croatia, (Nezavisni hrvatski sindikati (NHS)
- Association of Croatian Trade Unions, ( Matica hrvatskih sindikata (MHS)
- Croatian Association of Trade Unions, Hrvatska udruga radničkih sindikata (HURS)