

Market and Benchmark Insight Report for Poland – 2021

Competitive benefit norms for mid-market employers in Poland

Introduction

MAI CEE group was founded in Hungary in 1991, and for 30 years, has provided insurance solutions and employee benefits consulting across Eastern Europe, the Commonwealth of Independent States, and the Caucasus region. With steady growth, MAI CEE now provides insurance advice and services to the 29 countries in the region while having a physical presence in 25.

Today, MAI CEE is the leading insurance broker in the region and enjoys strong and long-lasting ties with its associate Partners. The company prides itself on delivering excellent service with the highest levels of integrity to its clients and partners.

It has specialist divisions to assist multinational businesses as brokers with specific expertise in employee benefits, construction and real estate, cyber, marine and logistics, and claims. MAI-CEE's employee benefits consulting services include:

- A separate Employee Benefits Department Personal Manager for each client
- Significant staff experience ranging from three to 20 plus years in employee benefits management
- Effective resolution of all disputed issues during the insurance period, contract follow-up support, and advocacy for clients' interests
- Complimentary review of clients' existing insurance coverage and recommendations to improve financial and medical efficiencies
- Ongoing contract review to maintain quality and ensure client satisfaction

MAI CEE is proud to be an Asintato Partner and hopes this document is of use to you.



Inside

General Overview	2
Mandatory Benefit Requirements	3
Supplemental Benefits	4
Onboarding and Policy Administration	6
Adviser Remuneration	6
MAI CEE Group Team	6



1. Poland General Overview

Poland is struggling with significant changes in the labor market. Although just a few years ago, it was more an employer's market, now it is employee-driven. The pandemic slowed down the trend in 2020. Employers should also note:

- The Polish population is getting older, which means that there will be fewer employees in the job market.
- A considerable part of the younger population decided to leave and work outside Poland.
- Ukrainians who move to Poland help close this gap. There are about 1M Ukrainians who primarily work in construction, retail, agriculture, and production.
- The unemployment rate before COVID-19 was 5.4%, and in April 2021, it was 6.3% which is still low.

1.1 Social Insurance System

The Polish social insurance system includes old-age pension, disability and survivors' pension, sickness, and work accident insurance. But, in general, this system isn't enough to provide for people who become disabled during their working lives.

- In Poland, an employee receives a pension due to disability or inability to work. However, it is a basic benefit (minimal amount) and cannot ensure a minimum standard of living.
- Children of an employee who died receive a minimal pension if the Polish social security system insured the parent.

The social insurance system consists of:

- Old-age pension insurance (contributions of €9.76% and EEU 9.76%)
- Disability and survivor's pension insurance (contributions of €6.5% and EEU 1.5%)
- Sickness insurance (contribution of EEU 2.45%)
- Work accident insurance (contributions of €0.4% – 3.6%)

Benefits paid out of the Social Insurance Institution (ZUS) are for:

- Sickness and maternity
- Long-term incapacity for work
- Old-age
- The death of a breadwinner
- Accidents at work and occupational diseases

Although the scope of services is wide, local nationals cannot expect high benefit payments from the social system.

1.2 National Health System (NHS)

Public health care is free of charge but is also inefficient and considered to be of poor quality.

- The waiting period for specialist consultations may take a few weeks or several months (depending on the specialist type).
- The waiting period for advanced diagnostic examinations may take a few weeks or several months (depending on the examination type).
- The pandemic extended the waiting period for consultations and tests.





2. Mandatory Benefit Requirements

Occupational Medicine

The law strictly regulates the scope of occupational medicine (OM), and all employers must provide it (can be a rider to medical insurance). The coverage entails:

- Medical tests before and during employment covered by the employer
- Types of tests depend on the employee's position

Mandatory Pension (Employee Capital Plan/PPK)

The Employee Capital Plan (PPK) is a new and mandatory auto-enrollment plan for retirement (pension) savings. The legal basis for a PPK comes from a government Act signed on October 4, 2018. The general rules of a PPK are:

- Employer must set up a PPK
- Employer may be subject to a financial penalty of up to 1.5% of the corporate salary funds for the previous financial year if they delay establishing a PPK
- PPK set up is strictly regulated by law
- Employer has about 90 days to set up PPK from the date of hire of the first employee

Employer contributions

- Basic – 1.5% of salary
- Optional – up to 2.5% of salary
- Total max basic and optional – 4% of salary

Employee contributions

- Basic – 2% of salary
- Optional – up to 2% of salary
- Total max basic and optional – 4% of salary

State subsidies

- Welcome subsidy – 250 PLN
- Annual subsidy – 240 PLN

Helpful advice

- Auto-enrollment for employees between 18–55 years old
- Employer pays contributions only for PPK participants (if an employee decides to opt-out, the employer cannot pay contributions for that employee)
- Average participation rate is very low (about 30%)
- Matching is not applicable in PPK
- Work council needs to be involved in the selection process of the PPK vendor

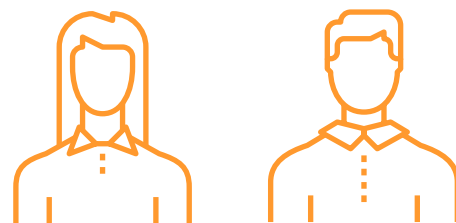
Occupational Health and Safety Training (OHS)

By law, employers must ensure safe and healthy working conditions. There are many obligations, and they include:

- Holding regular OHS training courses for workers
- Familiarizing workers with occupational health and safety provisions and rules relating to their work
- Issuing detailed instructions and guidelines on occupational health and safety at workstations
- Providing workers with free personal protective equipment and instructing them how to use it

For new employees, an employer must:

- **Provide OHS training for the worker before permitting that person to work.** The worker confirms completion of general training and on-the-job training in writing in an initial training sheet, which is included in the employee's personal file.
- **Familiarize the worker with occupational risks** and rules of protection against hazards.





3. Supplemental Benefits

The most popular benefit in the Polish market is supplemental health coverage, and 86% of companies in Poland offer it. The second most popular benefit is personal insurance, and 71% of companies provide it. Among those companies, 93% offer life insurance.

3.1 Group Medical Insurance / Supplemental Health Coverage

How does it work?

Private medical care is a supplemental benefit to the NHS, and the insured person receives access to a network of private clinics across Poland. In addition:

- Accessibility is much quicker
- Medical equipment is usually better (more advanced)
- No annual monetary limit (the scope of the cover and medical network are the limits in private medical care)
- Insured person can still use NHS
- In-patient treatment is usually done through the public system

What is covered?

Supplemental health insurance mainly covers out-patient treatment such as:

- Occupational medicine (mandatory by law)
- Basic and specialist consultations
- Laboratory and diagnostic tests and examinations (including ultrasound, X-ray, endoscopic examinations, CT, MRI, etc.)
- Ambulatory and nursing procedures
- Pregnancy management
- Home visits
- Rehabilitation
- Flu-vaccination
- Dental check-ups

Supplemental provision, DENTAL

Supplemental dental coverage is not prevalent, with only 17% of Polish companies offering it. However, 35% of companies offer dental as part of an advanced medical benefit package for senior executives.

Supplemental provision, VISION

Vision benefits are very limited, and companies only follow statutory requirements. Employers must provide a vision allowance:

- If they provide enough coverage to buy eyeglasses (typically PLN 200–500 annually)
- If the employee needs eyeglasses to perform work for their job

Typical costs

Employer contribution

- Depends on coverage scope and company size
- Typical monthly premium paid by organizations for employee coverage varies between PLN 81 and PLN 152 (standard package)
- For executives, the employer typically bears full cost of the plan for employee and family coverage
- For other employees, only the cost of employee coverage is fully paid

Employee contribution

- None for self
- Non-executives might have to pay to cover dependents



3.2 Group Life (Risk) Insurance

There are two types of plans available on the market:

- **Compulsory schemes** where employers finance the premiums and coverage for major risks; benefits come from the sums insured based on salaries (or fixed sums insured).
- **Voluntary schemes** where employees finance the premiums and the range of benefits is wide, but limits are relatively low and fixed.

For larger companies, it is common to have both plans in place at the same time.

Typical scope of compulsory scheme cover

- Death of the insured
- Accidental death
- Accidental detriment to insured's health
- Total and permanent disability due to accident or disease
- Critical illness of the insured
- Hospital cash benefit (fixed benefit per each day of stay in hospital)

Most common riders for voluntary schemes

- Death of a spouse or life partner
- Accidental death of a spouse or life partner
- Birth of a child
- Orphaning a child
- Death of a parent, parent-in-law, or life partner's parent
- Critical illness of a spouse or life partner
- Critical illness of a child



Helpful advice

Employers who pay premiums for life insurance are exempt from paying death benefits. However, employers cannot auto-enroll employees for group life insurance (each employee needs to complete the application form).

- It is popular to provide voluntary schemes to spouses or life partners of insured employees and their adult children (premium paid by the employee).
- Insurance usually starts on the first day of each month.
- Companies without local entities would not be able to implement group cover.

3.3 Group Personal Accident Insurance

Almost three-quarters (71%) of companies offer personal insurance. Among those companies, 93% offer life insurance. In most cases, this insurance is dedicated to blue-collar workers or specific types of employees (sales representatives, drivers, constructors).

For group personal accident insurance companies usually purchase riders for their life insurance (more common) or stand-alone product (less common), including:

- Fixed sums insured
- Various options offered

3.4 Business Travel Insurance (BTA)

BTA is again voluntary, but MAI CEE highly recommends it.

- According to Polish law, an employer who sends employees abroad is obliged to cover the costs of medical treatment outside of Poland, including the costs of medicines and transportation.
- BTA insurance is a more affordable way to be compliant with the law.



4. Onboarding and Policy Administration

Onboarding typically happens the first day of each month if the employee's application form is complete before the insurance start date (for example, by the end of June, for employees who enroll as of July 1). In addition, MAI CEE supports employees by providing:

- Every client with a Key Account Manager and Policy Administrator (both are responsible for the enrollment process)
- Distribution of communication materials from selected carriers (once the client approves them)
- Education session for the employees (webinars or traditional meetings) and a welcome package for each new employee
- Monthly plan administration (new joiners/ leavers/ premium settlement)
- Answers to employees' questions about their insurance, including the scope of cover, conditions, forms, claims, reimbursement, and complaints.

6. Adviser Remuneration

MAI CEE typically works on a commission basis for all insured benefits. However, if our commission does not reach a minimum of €1 000, the client pays the remainder.

PPK setup is done on a one-time fee basis calculated individually by the scope of work.

7. MAI CEE Contact



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