

# Market and Benchmark Insight Report for Bosnia and Herzegovina – 2021

Competitive benefit norms for mid-market employers in Bosnia and Herzegovina

## 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 Asinta Partner and hopes this document is of use to you.



## Inside

Bosnia and Herzegovina Benefits Landscape . . . . .	2
Bosnia and Herzegovina Benefits Menu . . . . .	2
Insured Benefits – Design and Typical Costs . . . . .	4
Setting Up Policies . . . . .	5
Onboarding and Policy Administration . . . . .	5
Adviser Remuneration . . . . .	5
MAI CEE Group Team . . . . .	6



## 1. Bosnia and Herzegovina Benefits Landscape

Employee benefits are important in Bosnia and Herzegovina because they help recruit and retain employees and shape an employers' brand. They vary substantially based on a company's attraction and retention goals, culture, and industry.

Two other factors influence the definition of the benefits' design:

- Industry type
- Salary level

### 1.1 Industry Type

Benefits vary widely according to industry type. For example, we see generous benefits in the financial, high-tech, and professional services sectors. However, in the retail and hospitality sectors, benefits are far lower. We can provide sector-specific benchmarking and advise on appropriate benefit design.

### 1.2 Salary Levels

Salary levels could impact benefit provision, but employers typically choose the same benefits level for all employees.

Some employers (under 15%) are offering different benefits levels for different employee grades. Those employers offer various sums insured depending on the salary grade or provide additional benefits for some employee grades.

## 2. Bosnia and Herzegovina Benefits Menu

Bosnia and Herzegovina have a very complex benefits structure with three administrative entities:

- Federation of Bosnia and Herzegovina
- Republic of Srpska
- Brcko DC

The place of registration (administrative entity) dictates benefit mandates. For example, personal accident insurance is mandatory in the Republic of Srpska but voluntary in other administrative entities.

Workers' compensation, pension, and medical insurance are mandatory in Bosnia and Herzegovina, and the state regulates the scheme. Brokers are not authorized to intermediate.

Supplemental private health insurance is the most valued and popular employee benefit in Bosnia and Herzegovina. Life insurance is the second most popular. Other social benefits, such as company cars, are more and more valued.

The tables below highlight the range of benefits that are typically available to employees in Bosnia and Herzegovina.





# 2021 Market and Benchmark Insight

## 2.1 Mandatory Employee Benefits

Benefit	Comments
<b>Pension/Workers' Compensation/Medical</b>	The state scheme covers all employees (without a brokers' involvement).
<b>Personal Accident</b>	The administrative entity of the Republic of Srpska covers all employees in this area.

## 2.2 Supplementary Employee Benefits

In addition to mandatory benefits, employers will often provide various benefits to help recruit and retain employees. The table below highlights the most common benefits supplementary benefits.

Benefit	Comments
<b>Transportation Allowance</b>	This is the most common benefit in the administrative entity in the Federation of Bosnia and Herzegovina (non-taxable).
<b>Meal Allowance</b>	Meal allowances are a prevalent benefit with different taxation, as follows: <ul style="list-style-type: none"> <li>• The Republic of Srpska – meal allowance is taxable</li> <li>• Federation of Bosnia and Herzegovina – the amount of daily meal allowance over 1% of average net salary (average salary-March 2021: BAM 974.00/EUR 498.00) is taxable</li> <li>• Brcko DC – the amount of daily meal allowance over BAM 7.00/EUR 3.58 is taxable</li> </ul>
<b>Personal Accident</b>	Personal accident insurance is a widespread benefit in the Federation of Bosnia and Herzegovina and Brcko DC (mandatory in the Republic of Srpska).
<b>Holiday allowance</b>	Taxable in Republic of Srpska and Brcko DC. Non-taxable in Federation of Bosnia and Herzegovina under 50% of monthly net salary (average salary-March 2021: BAM 974.00/EUR 498.00).
<b>Supplemental-Private Medical/Health</b>	It is common practice for multinational companies to offer this benefit.
<b>Company Cars</b>	Company financed cars, fuel, or an allowance in lieu, is offered to only a small number of employees.
<b>Work from Home</b>	An increasing number of employers, particularly in the technology sector, offer working from home as a benefit.
<b>Workplace Canteens</b>	This benefit is common with larger employers and particularly in industrial facilities. Food is provided at a discounted rate and can include breakfast and lunch.
<b>Holiday Pay</b>	All workers are legally entitled to a minimum of 20 paid holidays per year.

When designing your benefits, you need to consider your sector, employee census data, and objectives. As advisors, we will help you develop a benefits package that works for you and is within your budget.



## 3. INSURED BENEFITS – DESIGN AND TYPICAL COSTS

Below we have shown the most popular insured employee benefits in Bosnia and Herzegovina and typical levels of cover.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
<b>Personal Accident Insurance</b>	<p>Typical coverage includes these risks:</p> <ul style="list-style-type: none"> <li>• Death due to accident</li> <li>• Permanent disability</li> <li>• Hospital days due to accident</li> <li>• Treatment costs due to accident (which are not covered by the mandatory medical)</li> <li>• Death due to illness</li> </ul> <p>Additional coverage includes:</p> <ul style="list-style-type: none"> <li>• Bone fracture</li> <li>• Severe diseases</li> </ul> <p>The number of employees and sums insured determines costs.</p>	5 basic risks	n/a	All 7 risks
<b>Private Medical Insurance (added to mandatory coverage)</b>	<p>It is very common for multinational companies to offer this benefit.</p> <p>The number of employees, age, and limits of coverage per employee determine costs.</p> <p>Insureds receive treatment in the private healthcare system.</p>	Lower scope of annual medical check-up and annual limit per employee up to €500.	Medium scope of annual medical check-up and annual limit per employee up to €1,000.	Upper scope of annual medical check-up and annual limit per employee up to €1,500.
<b>Life Insurance</b>	Life insurance schemes include lump sum benefits in the case of death, accidental death, and disability and usually amount to a multiple of each employee's salary.	Only senior staff covered. Sum insured equal to 1 annual salary.	All staff covered. Sum insured equal to 1 annual salary.	All staff covered. Sum insured equal to 2 annual salaries.



## 4. Setting Up Policies

Employers often ask us to comment on how policies need to be set up in Bosnia and Herzegovina and possible restrictions that could apply.

### 4.1 Personal Accident

- Definition of the plan's design – selection of covers (death due to accident, permanent disability, hospital days due to accident, treatment costs due to accident, bone fracture, severe diseases), number of employees, sum insured per person, and eligibility
- Paperwork
  - Employees must sign policy documents

### 4.2 Medical Insurance – private

- Definition of the plan's design – selection of the scope of cover and eligibility
- Provide age and sex of all eligible persons
- Up to 50 lives, the available options are standard modules for several insurance companies, tailored plans for 50+ lives
- Paperwork
  - Employees must sign policy documents
  - Employees must complete and sign a specific form with their personal data

### 4.3 Life Insurance

- Definition of the plan's design – selection of covers (death, disability, accidental death, accidental disability), sum insured per person (a multiple of salary), and eligibility
- Provide age and sex of all eligible persons
- Insuring only base salary is the most common
- Paperwork
  - Employer must complete and sign a specific form
  - Employees must complete and sign a specific form with their personal data, complete a health questionnaire and identify beneficiaries
  - Under some circumstances, the employee's completion of these forms may be waived

## 5. Onboarding and Policy Administration

### Onboarding

In the US, for example, the onboarding process and employee choices receive significant attention. In Bosnia and Herzegovina, there is far less emphasis on this process because, for most benefits, there is little choice, and employees are automatically enrolled in policies.

For employee communication, we can support the following approach to meet clients' needs:

- Staff presentations
- Benefit communication packets, including new employee packets
- Selection of insurance companies with portals allowing employees to have secure access to benefits data and learn how to use the benefit (particularly in the case of medical insurance)

### Policy Administration

As advisers, we provide complete policy administration, including answering any raised questions, ensuring policies are up to date, and claims support.

## 6. Adviser Remuneration

We base our costs on the requirements of the client and the time spent providing that service. Commission payable on insured policies is the typical market practice, but we will be happy to discuss fee or commission options whenever required.

When looking at fees, we consider:

- Time required to set up any new policies
- The total number of policies to manage
- Time required to administer the policies
- Frequency of pre-determined, face-to-face client meetings and conference calls
- Whether there is the need to directly assist your employees
- The size of policies (expected claims volumes) under management



## 7. MAI CEE Contact



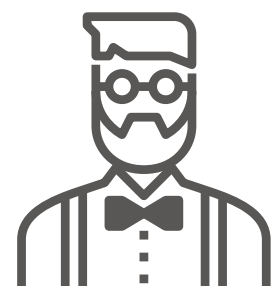
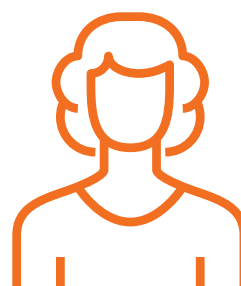
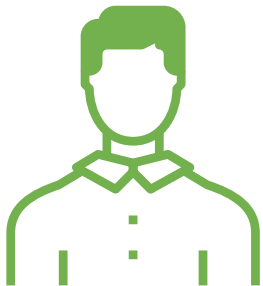
**Natalia Zaborovska**

Group Network Director  
MAI CEE

M: + 61 44 777 9001

M: +371 292 595 81

[n.zaborovska@mai-cee.com](mailto:n.zaborovska@mai-cee.com)



Asinta delivers legislative alerts and updates from across the world, weekly. Follow us to stay current.