

Market and Benchmark Insight Report for Montenegro – 2022

Competitive benefit norms for mid-market employers in Montenegro

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.



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1. Montenegro Benefits Landscape

Employee benefits are important because they help employers motivate and retain workers. It also sets an excellent example for other employers to follow by caring for their employees by creating a positive working atmosphere.

Three factors influence benefits design in Montenegro:

- Industry Type
- Salary Level
- Location

1.1 Industry Type

Benefits vary widely according to industry type. For example, we see generous benefits in the financial services, 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 will impact benefit provision. For example, in lower-paid industries, you may find only senior managers receive supplemental employee benefits.

Please note that in 2021 the average base salary in Montenegro was €798.00.

The minimum salary determined by law in 2022 is €450.00. It recently increased with new government reforms called the 'Europe Now' program that began in 2022.

1.3 Location

Montenegro is recognizable as a tourism-dependent country, with the highest salaries in the south and central parts of the country. On the other hand, the north is relatively poor, and it is difficult to find health benefits there.

2. Montenegro Benefits Overview

From the break-up of Yugoslavia until today, Montenegro does not have a well-developed culture of private voluntary health insurance. Instead, a considerable percentage of the population relies on social insurance, which the law regulates for contributions for compulsory social insurance.

However, there is currently significant progress in the private health care sector, which is why interest in private health insurance and similar benefits is growing. However, employees' low earnings limit interest in voluntary benefits, but the feeling is that this sentiment will soon change.





3. Mandatory Benefits

Benefit	Comments
Workers' Compensation Insurance	<p>All employees are covered for accidents at work through insurance company coverage (including 'in-itinere' or on the road).</p> <p>There is no waiting period.</p> <p>According to Article 30 of the Law on Protection and Health at Work (Official Gazette of Montenegro No. 34/2014):</p> <p>The employer is obliged to insure the employees against injuries at work, professional diseases, and work-related diseases.</p> <p>Insurance premiums referred to in paragraph 1 of this Article shall be paid by the employer and shall be determined depending on the level of risk of injuries at work, professional diseases, and work-related illnesses.</p> <p>This form of insurance is a form of protection for workers that is very common in Montenegro's economy and creates trust between employers and employees.</p> <p>The insurance covers the following risks:</p> <ul style="list-style-type: none"> • Death due to an accident • Disability as a consequence of an accident • Death due to disease (natural death) • Daily fee • Costs of treatment (covers the costs during treatment from the results of an accident that the insured would have to pay themselves) <p>The insurance covers the stated risks during and outside the regular occupation of the insured (24 hours without space and time limit). The insurance also covers temporarily employed workers under the same conditions as employees in permanent employment.</p> <p>According to the General Terms and Conditions for Insurance of Persons from the Consequences of an Accident, the Insurer (insurance company) has the obligation, when the insured event occurs, to pay the insured amounts you have chosen, as follows:</p> <ul style="list-style-type: none"> • The entire sum insured in the event of death from illness and accident or complete disability. • Percentage of the sum insured contracted for disability, corresponding to the percentage of partial disability, determined upon completion of treatment. • Costs of treatment, if the insured required medical assistance due to an accident, and if they had medical expenses. • Daily allowance, in the agreed amount paid to the insured for all days of temporary incapacity for work caused by a non-accident, but not more than 200 days.
Holiday Pay	<p>All workers are legally entitled to 22 paid holidays per year. However, in some industries, collective labor agreements establish a higher period of paid holidays (typically 25 days).</p>
Meal Allowance	<p>N/A</p>



4. Insured Benefits and Perks – Design and Typical Costs

When designing your benefits, you need to consider your sector, employee census data, and objectives. As advisors, we will help you create benefits that work for you and are within your budget.

The most popular insured employee benefits in Montenegro and their typical levels of cover are shown below.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
Medical Insurance	The most valued benefit by employees. Managed care schemes are the most common. Employees have access to the network of private healthcare providers of the insurance company by presenting the respective insurance card.	Only employees are covered.	Family members (spouse and children) can also receive coverage at the employee's expense.	All staff and dependents are covered at the employer's expense.
Life & Disability Insurance	It is possible to mix life insurance with additional cover for death (in case of death, the insurance amount is paid), serious illness, surgical interventions, and disability (the insured chooses the insured amounts, and the premiums are calculated according to them).	Only death-risk insurance policies are offered. This is often required so that the insured can apply for a loan.	All staff covered. Sum insured equal to 1 annual salary.	All staff covered. Sum insured equal to 2 annual salaries or more.
Pension Plan	Mandatory employee benefits acquired and exercised under the conditions prescribed by law assure contributors' material and social security. Note: brokers are not allowed by law to service pension insurance for their clients.	N/A	N/A	N/A
Personal Accident	Death and disability coverage due to professional or extra-professional accidents. Typically, it also includes a sum insured for treatment expenses and another one for funeral expenses.	Only senior staff covered.	Only senior staff and employees with the most hazardous jobs are covered.	All staff covered.
Workers' Comp Insurance	Mandatory cover by law, but considered a benefit for employees. Treatment under a workers' compensation insurance policy is immediate and usually fast, contrary to what typically happens if it is dealt with under the National Health System.	All staff must be covered, and the level of coverage is identical to all and determined by the applicable legislation.		



4.1 Wider Benefit Provision

In addition to the mandatory benefits, employers will often provide a range of benefits to help recruit and retain employees. The most common benefits are shown below.

Benefit	Comments
Company Cars	A small number of employees may receive company-financed cars and/or fuel or an allowance in lieu. In a work environment where employees travel on business, you may see either company cars provided or a car allowance paid.
Meal Allowance Cards	N/A
Childcare Vouchers	N/A
Voluntary Benefits	Large and mid-sized employers will often provide employees with a range of 'voluntary benefits that can be provided at discounted prices through the employer.
Flexible Benefits	Employees select several types of benefits from a menu, most of them being tax efficient.
Work from Home	An increasing number of employers use working models that include the possibility of employees working from home, particularly in the technology sector.
Workplace Canteens	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.

5. Setting Up Policies

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

5.1 Medical Insurance

- Definition of the plan's design: selection of covers (in-hospital, outpatient, dental, vision, medicines, childbirth, and other secondary supplemental covers), its respective annual limits per person, and eligibility.
- Up to 50 lives, the available options are standard modules for several insurance companies. Over 50 lives, it is possible to have a tailor-made plan.
- Paperwork:
 - Employer must complete and sign a specific form.
 - Employees must complete and sign a specific form with their personal data and a health questionnaire.
 - For larger populations, it is enough to complete a specific Excel spreadsheet provided by the insurance company with the employees' data (and dependents' data, if applicable).

5.2 Life & Disability Insurance

- Definition of the plan's design: selection of covers (death, disability, accidental death, accidental disability, death due to traffic accident, disability due to traffic accident and other secondary supplemental covers), sum insured per person (a multiple of salary), and eligibility.
- Insuring base salary, not bonuses or other remuneration, 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, a health questionnaire, and identification of their beneficiary(ies).
 - Under some circumstances, to be assessed case by case, employee forms may be waived.



5.3 Pension Plan

- Definition of the plan's design: amount of the contribution (a percentage of salary), eligibility, vesting, and tax regime.
- Paperwork:
 - Employer must complete and sign a specific form.
 - Employees must complete and sign a specific form with their personal data and identification of their beneficiary(ies) in case of death.
 - Under some circumstances, to be assessed on a case-by-case basis, employee forms can be waived.

5.4 Personal Accident

- Definition of the plan's design: selection of covers (accidental death, accidental disability, treatment expenses, funeral expenses, and other secondary supplemental covers), sum insured per person, a multiple of salary, and eligibility.
- Paperwork
 - Employer must complete and sign a specific form.
 - Employees must complete and sign a specific form with their personal data and identification of their beneficiary(ies) in case of death.
 - Under some circumstances, to be assessed on a case-by-case basis, employee forms can be waived.

5.5 Workers' Compensation Insurance

- Level of benefit is pre-determined by law. All employees must be covered.
- Cost will vary according to the employers' activity (or its main activity, in case there is more than one).
- Paperwork:
 - Small groups must identify each employee by providing their full name, function, salary, and other remunerations.
 - Midsized and larger groups must disclose the estimated annual payroll for the year. The negotiated rate is applied to that estimation. An additional premium or a refund is issued at year-end depending on whether the year's actual payroll is lower or higher than the estimation given.

6. Onboarding and Policy Administration

Onboarding

Employee communication: we can support the following approach to meet client 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 to use the benefit, particularly in the case of Medical Insurance

Policy Administration

As advisers, we provide full policy administration support. This includes answering any queries raised, ensuring policies are updated, and claims process correctly.

We base the administration on an IT platform developed in-house, which gives us the updated status of any process.

For employers, we provide secure access to a web-based portal directly connected to our IT central system, giving us instant access to all information on the employers' insurance policies, invoices, and claims.





7. Adviser Remuneration

We base our costs on the client's requirements and the time spent providing that service. Commissions 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:

- Every client with a Key Account Manager and Policy Administrator (both are responsible for the enrollment process)
- 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 assist your employees directly
- The size of policies (expected claims volumes) under management

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Celebrating 30 years of brilliant connections in employee benefits, Asinta delivers weekly legislative alerts and updates from across the world.