

# Market and Benchmark Insight Report for Serbia – 2021

Competitive benefit norms for mid-market employers in Serbia

## 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. Serbia Benefits Landscape

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

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

- 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, high-tech, and professional services sectors. However, in the retail and hospitality sectors, benefits are far lower.

### 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. However, employees with substantial salaries may have limitations applied to sums insured for risk covers (mostly will not exceed 2x annual salary).

Please note that in 2020 the average base salary in Serbia is €537.00. The minimum salary determined by law is €260.00.

### 1.3 Location

The location of employees can influence benefit provision and salaries. For example, costs are higher in Belgrade, Serbia's capital.

## 2. Serbia Benefits Menu

Serbia has sound social security systems. However, the increasingly understaffed and overcrowded National Health Service (NHS) has raised awareness about the critical role individuals and employers must play in providing retirement benefits and health insurance.

Health insurance is the most valued and popular employee benefit in Serbia, followed by life insurance. There is a continued interest in defined contribution plans. Most of the new schemes implemented by employers are defined contribution plans with the possibility of voluntary individual contributions made by employees. Also, fringe benefits are becoming more and more valued, such as company cars.

The table on the next page highlights the range of benefits typically available to employees in Serbia.





## 2.1 Mandatory Benefits

Benefit	Comments
<b>Workers' Compensation Insurance</b>	<p>Coverage for accidents at work is mandatory (per law on safety and health at work), and it must come from an insurance company.</p> <p>There is no waiting period.</p> <p>The bases for assessing benefits are:</p> <ul style="list-style-type: none"> <li>• For permanent disability</li> <li>• In case of death due to an accident</li> </ul> <p>The payable benefits include:</p> <p><b>Insured person</b> – receives 14% of covered earnings.</p> <p>The minimum monthly earnings used to calculate contributions are 35% of the national average gross monthly wage in the previous three months. The maximum monthly earnings used to calculate contributions are five times the national average gross monthly wage in the last month.</p> <p><b>Self-employed person</b> – receives 26% of covered income.</p> <p>The minimum monthly income used to calculate contributions is 35% of the national average gross monthly wage in the previous three months. The maximum monthly income used to calculate contributions is five times the national average gross monthly wage in the last month.</p> <p><b>Employer</b> – 12% of covered payroll; a temporarily reduced contribution rate for newly hired workers.</p> <p>The minimum monthly earnings used to calculate contributions are 35% of the national average gross monthly wage in the previous three months. The maximum monthly earnings used to calculate contributions are five times the national average gross monthly wage in the last month.</p> <p><b>Government</b> – covers any deficit; contributes as an employer.</p>



<p><b>Pensions</b></p>	<p><b>Old-age pension</b> – age 65 (men) or age 62 (women), gradually rising by six months a year until reaching age 63 in 2020 and then by two months a year until reaching age 65 in 2032) with at least 15 years of coverage. Eligibility comes at any age if a person has at least 45 years of coverage.</p> <p><b>Early pension</b> – age 60 (men, gradually rising to age 60 by 2023) or age 56 and four months (women, gradually increasing to age 60 by 2023) with at least 40 years (men) or 38 years (women, rising progressively to 40 years by 2023) of coverage.</p> <p>The old-age pension is payable abroad under reciprocal agreement.</p> <p><b>Disability pension</b> – must be younger than the normal retirement age, be assessed as incapable of all work (total disability), and have one year of coverage if younger than age 20 when the disability began; two years if aged 20 to 24; three years if aged 25 to 29; and at least five years if aged 30 or older.</p> <p>There is no minimum qualifying period for a disability resulting from a work injury or occupational disease. However, if the insured is younger than age 58, work capacity must be reassessed within three years of the original assessment.</p> <ul style="list-style-type: none"> <li>• Cash compensation for body impairment – paid for a body impairment of at least 30% resulting from a work injury or occupational disease</li> <li>• Constant-attendance supplement – paid if the insured requires the constant attendance of others to perform daily functions</li> </ul> <p>The disability pension is payable abroad under a reciprocal agreement.</p> <p><b>Survivor pension</b> – receives if the deceased was a pensioner or had at least five years of coverage.</p> <p>Eligible survivors include a widow aged 53 or older or a widower aged 58 or older who is disabled or caring for a child younger than age 15 (age 26 if a student; no limit if disabled); a dependent mother aged 60 or older or disabled; a dependent father aged 65 or older or disabled; children younger than age 15 (age 26 if a student; no limit if disabled); and dependent grandchildren, brothers, and sisters.</p> <p>A widow(er) must have been married to the deceased for at least two years or had a child with the deceased if the deceased was age 65 or older (men) or age 60 or older (women) at the time of marriage.</p> <p>The widow(er) 's pension does not cease upon remarriage.</p> <p>The survivor pension is suspended if the survivor has coverage through an employer or through self-employment.</p> <p>If a survivor is entitled to a pension in their own right, they can only receive one pension.</p> <p>The survivor pension is payable abroad under reciprocal agreement.</p> <p><b>Funeral grant</b> – paid on the death of a pensioner to the person who paid for the funeral.</p> <p>The funeral grant is payable abroad under a reciprocal agreement.</p>
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	<p><b>Old-Age Benefits</b></p> <p><b>Old-age pension</b> – the pension is calculated based on the number of contributing years (up to 45 years), the ratio of the individual's gross earnings to the national average annual wage in each year of contributions, and the value of the general point.</p> <ul style="list-style-type: none"> <li>• Early pension – the pension is reduced by 0.34% for each month it is claimed before the normal retirement age, up to 20.4%.</li> <li>• Schedule of payments – pensions pay twice a month; once a month for previously self-employed pensioners.</li> <li>• Benefit adjustment – benefits adjust twice a year in April and October based on changes in the consumer price index in the previous six months.</li> </ul> <p><b>Permanent Disability Benefits</b></p> <p><b>Disability pension</b> – the pension is calculated based on the number of years of contributions, the ratio of the individual's gross earnings to the national average annual wage in each year of contributions, and the value of the general point.</p> <ul style="list-style-type: none"> <li>• Cash compensation for a body – monthly benefit paid</li> <li>• Constant-attendance supplement – monthly benefit paid</li> </ul> <p>Schedule of payments – pensions are paid twice a month, once a month for previously self-employed pensioners.</p> <p>Benefit adjustment – benefits adjust twice a year in April and October based on changes in the consumer price index in the previous six months.</p> <p><b>Survivor Benefits</b></p> <p><b>Survivor pension</b> – 70% of the old-age pension the deceased received (or was entitled to receive) is paid for one survivor (140% for a full orphan); 80% for two survivors (160% for full orphans); 90% for three survivors (180% for full orphans); or 100% for four or more survivors (200% for full orphans). The pension is split equally among all eligible survivors.</p> <p>The minimum survivor pension is the old-age pension calculated based on 20 years of coverage.</p> <p>Benefit adjustment – benefits adjust twice a year in April and October based on changes in the consumer price index in the previous six months.</p> <p><b>Funeral grant</b> – the funeral cost is paid, up to 150% of the average pension paid in the last quarter before the pensioner's death.</p>
<b>Holiday Pay</b>	All workers are legally entitled to 20 days of paid holidays per year.
<b>Meal Allowance</b>	Employers must pay a meal allowance per each day of work of their employees. This allowance is fully taxable



## 2.2 Wider Benefit Provision

In addition to the mandatory benefits, employers often provide a range of perks to help recruit and retain employees. This table highlights the most common.

Benefit	Comments
<b>Company Cars</b>	A small number of employees 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.
<b>Meal Allowance Cards</b>	Common benefit
<b>Childcare Vouchers</b>	Not common
<b>Voluntary Benefits</b>	Large and mid-sized employers will often provide employees with a range of 'voluntary benefits' provided at discounted prices through the employer.
<b>Flexible Benefits</b>	Employees can select several types of benefits from a menu.
<b>Work from Home</b>	An increasing number of employers, particularly in the technology sector, offer the option for their employees to work from home.
<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.

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

The table below highlights the most popular insured employee benefits in Serbia and their typical levels of cover.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
<b>Medical Insurance</b>	The most valued benefit by employees. Managed care schemes are the most common. Employees have access to the network of healthcare providers of the insurance company by presenting the respective insurance card.	Only employees are covered.	Family members (spouse and children) can also be covered but at the employee's expense.	All staff and dependents covered at the employer's expense.
<b>Life &amp; Disability Insurance</b>	Typically, group 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 are covered. Sum insured equal to 1 annual salary.	All staff covered. Sum insured equal to 1 annual salary.	All staff is covered. Sum insured equal to 2 annual salaries.
<b>Pension Plan</b>	These are defined contribution schemes funded through an insurance contract. Pay-outs are via a lump sum, annuities, or a mix of the two.	Contribution equals 1% or 2% of each employee's salary.	Contribution equals 3% or 4% of each employee's salary.	Contribution equals 5% or more of each employee's salary.
<b>Personal Accident</b>	Death and disability coverage due to professional or extra-professional accidents. Typically also includes a sum insured for treatment expenses and another for funeral expenses.	Only senior staff are covered.	Only senior staff and employees with the most hazardous jobs are covered.	All staff is covered.



## 4. Setting Up Policies

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

### 4.1 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
- Paperwork
  - Employees must complete and sign a specific form with their personal data and a health questionnaire (in the case of small groups or selective groups – not all employees)
  - Larger populations fulfill a specific Excel sheet provided by the insurance company with the employees' data (and dependents if applicable)

### 4.2 Life & Disability Insurance

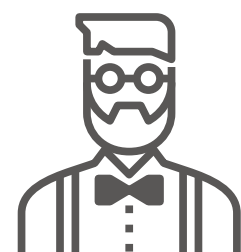
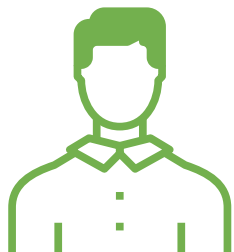
- Definition of the plan's design – selection of covers (accidental death, accidental disability), sum insured per person, and eligibility
- Paperwork
  - Employer must complete and sign a specific form
  - Employees must complete and sign a specific form with their personal data, a health questionnaire, and identification of their beneficiaries
  - Under some circumstances, the employee's completion of these forms may be waived

### 4.3 Pension Plan

- Definition of the plan's design – amount of the contribution (a percentage of salary), eligibility, vesting, and tax regime
- Paperwork
  - Employees must complete and sign a specific form with their personal data and identification of their beneficiaries in case of death
  - Under some circumstances, the employee's completion of these forms may be waived

### 4.4 Personal Accident

- Definition of the plan's design – selection of covers (accidental death, accidental disability, treatment expenses), 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 beneficiaries in case of death
  - Under some circumstances, the employee's completion of these forms may be waived







## 5. Onboarding and Policy Administration

### Onboarding

There is far less emphasis on this process in Serbia because, for most benefits, there is little choice, and employees are automatically enrolled in policies.

Regarding employee communication, we offer support through:

- Staff presentations
- Benefit communication packets, including new employee packets
- A 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 full policy administration support, including answering questions, ensuring policies are up to date, and claims.

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

## 6. Adviser Remuneration

We base our costs on the requirements of the client and the time spent providing that service. Commissions payable on insured policies are the typical market practice, but we are 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 directly
- The size of policies (expected claims volumes) under management

## 7. MAI CEE Group Team



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