

Market and Benchmark Insight Report for Slovakia – 2022

Competitive benefit norms for mid-market employers in Slovakia

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. Slovak Benefits Landscape

Most employee benefits in Slovakia are compulsory and government-controlled, including health, pension, and social insurance-based contributions, with no broker involvement.

Four other factors influence the definition of benefits design:

- Industry type
- Salary level
- Location
- Prevailing occupation

1.1 Industry Type

Additional employee benefits are most prevalent among high value-added segments of business, especially pharma, IT, and automobile manufacturing. However, they vary substantially based on the company's attraction and retention goals, culture, and actual life cycle position.

In retail, hospitality, general manufacturing, transportation, and other industries, employee benefits are rare.

1.2. Salary Levels

Salary levels, or in other words, job positions, impact benefit provision. In lower-paid industries, you may find only senior managers receive supplemental employee benefits.

Typically, the distribution of employee benefits is even, but they are also salary-related. The government regulates the minimum monthly salary, and it was €580 in 2020, €623 in 2021, and €646 in 2022.

1.3. Location

Employee location can influence benefit provisions and salary. For example, the employers in Western Slovakia, including the capital city of Bratislava, tend to offer more generous employee benefit packages more often than those located in Central and Eastern Slovakia, with its 2nd biggest city of Kosice having a higher unemployment rate.

1.4 Prevailing Occupation

Risky occupations, such as mining, are eligible for the third pillar of pension insurance by law. However, the third pillar is a voluntary scheme, and it is more typical for employees with less risky occupations to participate in it.

2. Slovak Benefits Menu

While social and health insurance is mandatory, the most popular, insurable employee benefit in Slovakia is, and it seems that it will continue to be, group life insurance. Also, companies are increasingly offering supplementary pension schemes because employees in older age groups value them.

Meal vouchers, or financial compensation of their value, are a must and some employers offer greater amounts than required by law.

Company cars are a widespread benefit for top and mid-management and often traveling sales staff. So were sports and culture vouchers during the pre-COVID-19 period.

The table below shows the range of benefits typically available to employees in Slovakia.





2.1 Mandatory Benefits

Benefit	Comments
Workers' Compensation Insurance	All employees must receive coverage for accidents at work and workplace disease through coverage by a special government fund called Socialna poistovna. Contributions to this fund come from a percentage of salaries.
Holiday Pay	All workers are legally entitled to 20 paid holidays per year. Workers age 33+ may take 25 days off per year. Employers with 50+ employees must participate in a subsidy scheme for domestic stays (in Slovakia), which employees use on-demand.
Meal Allowance	Employers must pay a meal allowance per each day of work of their employees. This allowance is fully taxable unless paid by a card or voucher, in which case it is tax-exempt up to a specific limit. The law here is under repeated changes/updates here during 2021.

2.2 Wider Benefit Provision

In addition to the mandatory benefits, employers will often provide a range of benefits to help recruit and retain employees. The table below highlights them.

Benefit	Comments
Company Cars	A few employees receive company financed cars and/or fuel, or rarely an allowance in lieu (since not attractive from the taxation point of view). In a work environment where employees travel on business, you may see either company cars provided for private use or a car allowance (rare).
Meal Allowance Cards	While the compulsory financial support for meal vouchers is 55% of its value, many employers offer more, up to 100% of its value. Some employers even increase the voucher compared to its minimum value, which is prescribed and regularly updated by the government.
Voluntary Benefits	Large and mid-sized employers provide employees with a range of voluntary benefits, such as sports and culture vouchers.
Flexible Benefits	Employees can select several types of benefits from a menu set by the employer.
Work from Home	An increasing number of employers, particularly in the technology sector, offer working from home as a benefit. This option was widespread during the waves of COVID-19 and after.
Workplace Canteens & Rest Zones (Islands)	This benefit is common with larger employers and particularly in industrial facilities. Food is provided at a discounted rate and may include breakfast, lunch, and dinner, especially in companies with 24/7 operations.

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



3. Insured Benefits – Design and Typical Costs

Below are the most popular insured employee benefits in Slovakia and frequently applied levels of cover. Note that sector-specific benchmarking and advice on appropriate benefit design for your company is a service MAI CEE provides.

Benefit	Comment/Cost	Lower Quartiles Approach	Medium Quartile Approach	Upper Quartile Approach
Medical Insurance	A compulsory government scheme where the employee chooses the medical insurance provider. Three are available; one state-owned and two privately-owned. It is possible to change the provider once per year.	The same service for all.	The same service for all.	The same service for all.
Pension Plan	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 covered. Sum insured equal to 1 annual salary.	All staff covered. Sum insured equal to less than 1 annual salary for blue-collar workers and 1-2-times annual salary for middle and top management.	All staff covered. Sum insured equal to 2 annual salaries.
Supplement. Pension Plan, (3rd pillar)	The third pillar is a defined contribution scheme with funding through an insurance contract. It pays out via a lump sum, annuities, or a mix of the two.	Contribution equals 1% or 2% of an employee's salary.	Contribution equals 3% or 4% of an employee's salary.	Contribution equals up to 6% of an employee's salary. (Maximum of 6% is tax-deductible for the employer.
Personal Accident	This benefit covers death and disability due to professional or extra-professional accidents. Typically, it also includes a sum insured for treatment expenses and another 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	Workers' compensation is mandatory by law and a system based on contributions related to salaries.	All staff receive coverage, the level of coverage is identical to all, and the applicable legislation determines coverage levels.		



4. Setting Up Policies

4.1 Medical Insurance

- Medical insurance is based on contributions related to salaries, the administration is based on announcements/declarations in line with the respective law, and no contracts exist.

4.2 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 a traffic accident, dread disease (such as cancer), daily indemnification during a hospital stay, daily indemnification during the recovery period, and other secondary supplemental covers), sum insured per person (a multiple of salary or a simple amount) and eligibility
- Insuring base salary, and not bonuses or other remuneration, is most common
- Paperwork
 - Employer must complete and sign an application or provide necessary u/w data
 - Employer must consequently sign a frame insurance contract
 - Employee must complete and sign a specific form with their personal data, a health questionnaire, and identification of their beneficiaries (depending on purchased product)
 - Fulfillment of forms by employee may be waived on a case by case basis

4.3 Supplementary Pension Plan (3rd pillar)

- Definition of the plan's design – amount of the contribution (a percentage of salary), eligibility
- Paperwork
 - Employer must complete and sign a specific form
 - Employee must complete and sign a specific form with their personal data and identification of their beneficiaries in case of death
 - Fulfillment of forms by employee may be waived on a case by case basis

4.4 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
 - Employee must complete and sign a specific form with their personal data and identification of their beneficiaries in case of death
 - Fulfillment of forms by employee may be waived on a case by case basis

4.5 Workers' Compensation Insurance

- Level of benefit is pre-determined by law, and every employee must be covered; government scheme managed by the fund Socialna poistovna collects contributions and pays indemnities.

4.6 New Article: Business Travel Insurance

- The employers are obliged by the Law on Business Travel Compensation to bind commercial business travel insurance for employees traveling abroad, or repay their costs related to such solution purchased individually. We typically place Frame Insurance Contracts for Foreign Business Travel.



5. Onboarding and Policy Administration

Onboarding

The key benefits in Slovakia require standard attention of the salary accountant and some documented approvals and choices by the insured employee. Other benefits need the support of the HR department, especially to prepare the underwriting data and collect the documented consents of employees.

MAI CEE also provides staff presentations and communications to support staff's awareness and understanding of their benefits.

Policy Administration

As advisers, MAI CEE provides full policy administrative support. This includes answering any queries raised, ensuring policies are up to date, and claims support. Note: due to personal data laws, most employers prefer to communicate directly with insurers about any changes to employee data.

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 will be happy to discuss fee or commission options whenever required.

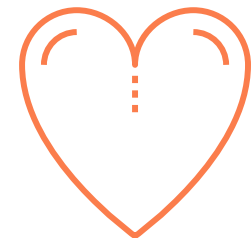
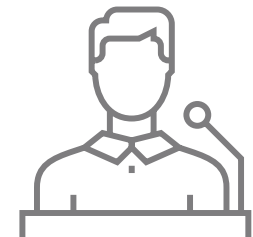
When looking at fees, we consider:

- 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 assist your employees directly
- The size of policies (expected claims volumes) under management

7. MAI CEE Contact



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