

Market and Benchmark Insight Report for Moldova – 2021

Competitive benefit norms for mid-market employers in Moldova

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. Moldova Benefits Landscape

The importance of Employee benefits in Moldova is growing slowly but steadily during the last few years. The interest for EB depends upon the following factors:

- Origin of capital
- Salary level
- Location

1.1 Origin and size of the capital

Employee benefits packages are purchased mainly by companies with foreign capital, regardless of activity. (e.g., IT, petroleum, sales, and marketing)

Smaller companies buy premium employee benefits products with larger limits and include the best private services. Larger companies prefer economy packages that give their employees quality, affordable benefits.

1.2 Salary Levels

Salary levels impact benefit provisions. Employees pay tax on benefits, so it is essential benefits are affordable so employees accept them.

1.3 Location

Company location influences benefit provisions and salaries, with the average monthly salary in R. Moldova being about €350. The best remuneration was in Chisinau (the capital of R. Moldova, where about 50% of the business is concentrated), Balti, and a few small cities. Over the last few years, the economic importance of small localities grew due to foreign investment in industry and services. Still, the average salaries are higher in Chisinau.

2. Moldova Benefits Menu

Moldova used to have a relatively modest social security system in terms of provided benefits.

Health Insurance is the most valued and popular employee benefit in Moldova, and it seems that it will continue to be, along with personal accident insurance solutions.

In the future, we anticipate pension schemes to be an option offered by companies because older employees value them. In addition, other social benefits (perks) such as wellness, gym memberships, and company cars are gaining in popularity.

The table below highlights the range of mandatory employee benefits in Moldova.





2.1 Mandatory Benefits

Benefit	Comments
Workers' Compensation Insurance	<p>Qualifying Conditions</p> <p>There is no minimum qualifying period. The insured must be assessed with a Group I (incapacity for any work and requiring constant attendance), Group II (incapacity for any work but not requiring constant attendance), or Group III disability (incapacity for usual work). The assessed disability must be the result of a work injury or occupational disease.</p> <p>The National Council for Determining Disability and Work Capacity assesses the loss of work capacity.</p> <p>Temporary Disability Benefits</p> <p>100% of the insured's average monthly earnings in the six months before the work injury or occupational disease occurred is paid after a 20-day waiting period for up to 180 days in a calendar year (employer pays the first 20 calendar days).</p> <p>Permanent Disability Benefits</p> <ul style="list-style-type: none"> • Permanent disability pension – The monthly pension consists of a basic pension and supplemental pension. • Basic pension – The social insurance disability pension under old-age, disability, and survivors is paid based on the degree of disability. • Supplemental pension – 66.6% of the difference between the insured's average monthly covered earnings in the six months before the work injury or occupational disease occurred and the basic pension is paid. • Lump-sum benefit – The employer pays a lump sum that varies depending on the degree of disability. <p>Workers' Medical Benefits</p> <p>Public health facilities provide medical services directly to patients. Benefits include general, emergency, and specialist care, hospitalization, surgeries listed by the Ministry of Health, laboratory services, functional and vocational rehabilitation, transportation, and basic medicine.</p> <p>Survivor Benefits</p> <p>Survivor pension – A lump sum is paid depending on the category and number of dependents.</p> <p>Eligible survivors include a widower aged 62 and 4 months or older (no age limit if severely disabled), an unemployed widow or the deceased's parents if caring for a child younger than age 3; and children younger than age 18 (age 23 if a student; no limit if disabled).</p> <ul style="list-style-type: none"> • The minimum death grant is three times the national average monthly wage. • The maximum death grant is 24 times the national average monthly wage. • The national average monthly wage is 6,150 lei (about €300). <p>Funeral Grant</p> <p>Death grant – A lump sum of 1,100 lei is paid (about €50).</p> <p>Benefit adjustment – Benefits adjust in April based on changes in consumer prices in the previous year.</p>
Holiday Pay	<p>All workers are legally entitled to 28 calendar days paid holiday per year. However, there are legal provisions for a higher period of paid holidays up to 35 days for state employees in some areas of activity.</p>
Meal Allowance	<p>There is no obligation for employers to pay a daily meal allowance for their employees. This allowance is fully taxable, even if paid through a card or ticket.</p>



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2.2 Wider Benefit Provision (Perks)

The table below highlights the most common employee perks in Moldova.

Benefit	Comments
Company Cars	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.
Meal Allowance Cards	It is a relatively new benefit enforced by Law No. 166 of 21.09.2017 cu privire la tichetele de masa . There is no tax relief for the employee or the employer (the customary amount is €5 per day).
Voluntary Benefits	Large and mid-sized employers will often provide employees with a range of 'voluntary benefits' at discounted prices through the employer.
Work from Home	An increasing number of employers, especially in the technology sector, offer the choice to work from home.
Workplace Canteens	This benefit is common with larger employers and particularly with those operating industrial facilities. The food is free of charge and usually includes lunch.

3. Insured Benefits – Design and Typical Costs

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

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 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 are covered at the employer's expense.
Life & Disability Insurance	Typically, group life insurance schemes include lump sum benefits in case of death or survival, accidental death, and disability and usually amount to a multiple of each employee's salary. Because of the survival provision, the cost of the product is relatively high, and the demand is low.	Only senior staff covered. Minimum sum insured is €3,000.	All staff covered. Minimum sum insured is €3,000.	All staff covered. Sum insured equal to €20,000.
Pension Plan	There is no functioning private pension fund in R. Moldova. Still, in line with the last legal improvements, there are chances to have functioning private pension funds within the next 1-2 years.			
Personal Accident	Death and disability coverage due to professional or extra-professional accidents. Typically, there is a lump sum payment in case of trauma, disability, or death of the insured person. The treatment expenses are frequently not covered.	Only senior staff covered.	Only senior staff and employees with the most hazardous jobs are covered.	All staff covered.



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Workers' Comp Insurance	Mandatory cover by law, it is nevertheless a benefit for the employees. Treatment under a Workers' Compensation insurance policy is immediate and usually fast, contrary to what typically happens if processed 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.
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4. Setting Up Policies

Policy design considers the following information

4.1 Medical Insurance

- Selection of covers – (in-hospital, outpatient, dental, medicines), eligible health providers, its respective annual limits per person, and eligibility
- There is no minimum entry number, but smaller group insurance premiums are prohibitive. It is possible to go for a tailor-made plan
- Paperwork
 - Employer submits a signed list of the people to be insured with name, ID number, date of birth, and chosen plan (if different for each person)
 - During the insurance year, the employer sends cancellation/new entrant notices

4.2 Life & Disability Insurance

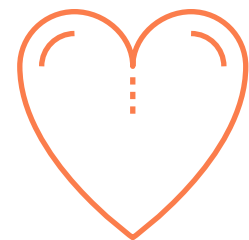
- Definition of the plan's design – selection of covers (death, disability, accidental death, accidental disability, sum insured per person (a multiple of salary), and eligibility
- Insuring base salary, and not bonuses or other remuneration, is the most common
- Paperwork
 - Employer submits a signed list of the people to be insured with name, ID number, date of birth, and chosen plan (if different for each person)
 - Employees must complete and sign a specific form with their personal data, a health questionnaire, and identification of their beneficiaries

4.3 Personal Accident

- Definition of the plan's design – selection of covers (accidental death, accidental disability), sum insured per person a multiple of salary and eligibility
- Paperwork
 - Employer submits a signed list of the people to be insured with name, ID number, date of birth, and sum insured
 - If otherwise provisioned, the beneficiary in case of death of the insured are the heirs

4.4 Workers' Compensation Insurance

- Level of benefit is pre-determined by law. All employees must be covered.
- Costs 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 all other remunerations
 - Midsized and larger groups provide the estimated annual payroll





5. Onboarding and Policy Administration

Onboarding

Policy design typically covers most employees. However, larger companies request policy designs that best meet their economic targets, and employees are automatically enrolled in those policies.

For employee communication, MAI CEE organizes staff presentations explaining the benefits and the insurance mechanics. In addition, employee's claims questions are quickly answered by MAI CEE as well.

Policy Administration

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

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

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