

PENSION AND DISABILITY INSURANCE LAW

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I GENERAL PROVISIONS

Article 1

The pension and disability insurance in the Republic of Montenegro shall consist of:

1. mandatory pension and disability insurance based on "generational solidarity",
2. mandatory pension and disability insurance based on individual capitalized savings, and
3. voluntary pension insurance based on individual capitalized savings.

Article 2

This Law shall govern mandatory pension and disability insurance based on generational solidarity.

Article 3

Mandatory pension and disability insurance based on individual capitalized savings and voluntary pension and disability insurance based on individual capitalized savings shall be governed by a separate law.

Article 4

Mandatory pension and disability insurance based on "generational solidarity" (hereinafter: pension and disability insurance), founded on the principles of reciprocity and solidarity, shall secure rights for Participants based on work, time for which contributions were paid and the amount of base on which contributions were paid, in the event of old-age, disability and bodily injury, and rights to members of their families in the event of a Participant's or Beneficiary's death.

Article 5

Rights arising from pension and disability insurance shall be personal and inalienable rights.

Rights arising from pension and disability insurance shall not expire, except the rights on claims of due but outstanding amounts under circumstances determined by this Law.

Article 6

Pension and disability insurance resources shall be funded by contributions paid by Participants and employers.

Under circumstances and conditions determined by this Law, pension and disability insurance resources shall be funded by the Republic of Montenegro (hereinafter: the Republic) or other duty-bound institutions.

Article 7

Pension and disability insurance resources and the rights arising from this insurance shall be provided, that is realized in the Republic Fund for Pension and Disability Insurance (hereinafter: the Fund).

Article 8

Rights arising from pension and disability insurance shall be accrued, realized and used only under conditions and in a manner determined by this Law and cannot be regulated by any other regulations.

Accrued rights arising from pension and disability insurance may be revoked only under circumstances stipulated by this Law.

II PARTICIPANTS

Article 9

For the purposes of this Law, Participants shall be deemed to be:

1. Employees (hereinafter: Participant – employee)
2. Persons performing independent activities (hereinafter: Participant – self-employed person).
3. Farmers (hereinafter: Participant – farmer)

If a person is eligible at the same time for insurance on several bases from paragraph 1 of this Article, the base of insurance shall be determined in such manner that the existence of insurance basis according to previous point shall exclude the insurance base from the following point.

Obligations towards payment of contributions based on insurance shall be determined in compliance with this Law.

Article 10

Participants – employees shall be:

- 1) persons employed in business organization, other legal entity, state body, unit of local government or with private individual (hereinafter: the employer)
- 2) civil servants in service with the Army and military units and military institutions;
- 3) elected or appointed persons, if entitled to wage for the performed functions;
- 4) Members of Board of Directors in business organization and other legal entity and members of Managing boards in public companies and institutions who are entitled to compensation for their work unless insured on other basis
- 5) employed persons sent to work abroad, i.e. employees in business organization, or other legal entity that perform activity or services abroad, unless insured according to regulations of that country or unless specified otherwise by international agreement;
- 6) citizens of Serbia and Montenegro, on the territory of Montenegro, employed with foreign or international organizations and institutions, foreign diplomatic and consular representative offices or with foreign legal entities or private individuals, unless specified otherwise by international agreement;
- 7) citizens of Serbia and Montenegro employed abroad, if during that time they are not insured on mandatory basis at a foreign Pension fund, or if the rights arising from pension and disability insurance, pursuant to regulations of that country cannot be realized or used out of its territory, and shortly before they went abroad they were insured in Montenegro, i.e. if they were residents of Montenegro before going abroad;
- 8) foreign citizens and persons without citizenship employed with foreign legal entities and private individuals on the territory of Montenegro unless specified differently in the international agreement, i.e. unless insured according to the regulations of another country;
- 9) foreign citizens and persons without citizenship employed with international organizations and institutions and foreign diplomatic and consular representative offices on the territory of Montenegro, if such insurance is specified by international agreement;
- 10) persons whose services are no longer needed, i. e. who stopped performing entrepreneur activities, while they are entitled to an allowance according to regulations pertaining to labor and employment.

Persons under paragraph 1 point 7 above shall be insured at the personal request as of the day of the employment, earliest from January 1 of the year in which the insurance application is submitted.

Article 11

Participants – self -employed persons shall be:

- 1) persons that in compliance with the law shall perform independently commercial or other activity, unless insured on mandatory basis based on employment;
- 2) persons that perform jobs based on civil contract, i.e. author's contract, as well as jobs based on other contracts, for the performance of which they are entitled to a compensation (hereinafter: contracted compensation), and are not insured on other basis;
- (3) priests and clergymen unless they insured on other basis.

Article 12

Participants – farmers are persons dealing with agricultural activities (farmers, members of farmer's households and members of mixed household) as the only or main profession who are not Participants – employees, self –employed, Beneficiaries and persons at school, with overall working capacity.

The household as under paragraph 1 above is deemed to be a community of living, earning and spending of income realized through work of its members, no matter of kinship.

The State administration authority competent for activities of agriculture, forestry and water-supply shall prescribe by a regulation what is regarded to be agricultural activity as the only and main activity and shall keep the register of persons from the paragraph 1 above.

The approval to the regulation under paragraph 3 of this Article shall be given by the State administration authority competent for pension and disability insurance.

Article 13

The status of Participant shall be acquired as of the first day of employment, and shall cease as of the day of termination of employment or performance of self-employed activities, i.e. entrepreneurship i.e. performance of contracted jobs.

The status of Participant – agriculturist shall be acquired as of the day of entry into the register from the Article 12, paragraph 3 of the above.

The status of Participant shall be established on the basis of an insurance application or notice of insurance termination, in accordance with this Law.

The status of Participant cannot be acquired under the age of 15.

III PERSONS ENTITLED TO RIGHTS IN THE EVENT OF DISABILITY AND BODILY INJURY

Article 14

In the event of disability and bodily injury rights arising from an injury at work or a professional disease shall be realized by Participants and persons:

1. who are undertaking professional training, additional training or retraining, sent by the Employment Bureau of Montenegro (hereinafter: the Employment Bureau);
2. pupils and students, when engaged, pursuant to the law, in compulsory manufacturing work, specialist practical training or practical instruction;
3. persons serving a prison sentence while employed in a commercial unit of the institution for serving a prison sentence / workshop, work-site, etc./.

Contributions for persons under paragraph 1, point 1 of this Article shall be paid the Employment Bureau.

The resources necessary for the realization of the rights under paragraph 1, points 2 and 3 of this Article and the rights under Article 42, paragraph 2 of this Law in the event of death of the person under paragraph 1, points 2 and 3 of this Article shall be funded by the Budget of the Republic (hereinafter: the Budget).

Article 15

Rights in the event of disability and bodily injury shall be realized by Participants and persons who suffer an injury at work while participating in:

1. rescue or defense operations in the event of a natural disaster or accident;
2. military training or performing other duties in the area of state defense, as determined by law;
3. other activities and tasks determined by law as being in the general interest;

The resources necessary for realizing the rights under paragraph 1 of this Article and the rights under Article 42, paragraph 2 of this Law, in the event of death of the person under paragraph 1 of this Article, shall be funded by the Budget.

IV ENTITLEMENTS ARISING FROM PENSION AND DISABILITY INSURANCE

Article 16

Entitlements arising from pension and disability insurance shall be:

- 1) in the event of old age – entitlement to an old-age pension
- 2) in the event of disability – entitlement to a disability pension
- 3) in the event of death :
 - entitlement to a survivor's pension;
 - entitlement to funeral cost compensation;
- 4) in the event of bodily injury caused by injury at work or professional disease – entitlement to subsidy for bodily injury.

1. OLD-AGE PENSION

Article 17

A Participant shall become entitled to an old-age pension upon reaching the age of 65 (man), i.e. 60 (woman) and accruing at least 15 years of pension service.

A Participant shall become entitled to old age pension upon reaching 40 (men), i.e. 35 (women) years of insurance service and minimum 55 years of age.

Article 18

For a Participant whose years of service are accrued at accelerated rate, the retirement age for entitlement to old age pension, determined in the Article 17, paragraph 1 of this Law, shall be reduced in relation to the degree of accelerated rate per one year, as follows:

- 1) for each six years spent on working position, i.e. job where the effectively spent 12 months are accrued as 14 months of insurance service;
- 2) for each five years spent on working position, i.e. job where effectively spent 12 months are accrued as 15 months of insurance service;
- 3) for each four years spent on working position, i.e. job where effectively spent 12 months are accrued as 16 months of insurance service;
- 4) for each three years spent on working position, i.e. job where effectively spent 12 months are accrued as 18 months of insurance service;

The retirement age based on paragraph 1 of this Article cannot be reduced beneath 55 years of age.

Article 19

The old-age pension shall be determined on the basis of average wages or pension insurance bases realized between 01.01.1970 and December 31 of the year that precedes the year when the entitlement is realized.

Article 20

The pension amount shall be calculated by multiplying the Participant's personal points by the pension value of one personal point on the day of the entitlement realization.

Article 21

Personal points of Participants shall be determined by multiplying personal coefficient of a Participant and his years of service.

Article 22

Annual personal coefficient shall be determined based on wages, i.e. insurance basis as of January 1, 1970 by dividing the wage, i.e. insurance base determined for each calendar year by the average annual wage in the Republic for the same calendar year.

Wages, i.e. insurance base determined in the Main registry for the period of January 1, 1970 to December 31, 2003 shall be divided by average net wage in the Republic, and wages, i.e. insurance bases determined in the Main registry for the period as of January 1, 2004 shall be divided by average gross wage in the Republic.

Annual personal coefficient as under paragraph 1 and 2 of this Article shall be one when the wage, i.e. insurance base in the calendar year is equal to the average wage of employees in the Republic in that calendar year.

Wages, wage compensations and insurance basis used for calculation and payment of contributions for pension and disability insurance that were subject to contributions payment and are determined in the Main registry except for the year of the realization of the entitlement shall be used when determining annual personal coefficient.

The data on the average annual wage in the Republic from paragraphs 1 to 4 of this Article, shall be published by the body competent for statistics.

Article 23

Personal point shall be determined by dividing the total of annual personal coefficients by the period they are calculated for, and each year is calculated as 1, each month of accrued service as 0.0833, and each day as 0.00274.

Article 24

When calculating annual personal coefficients for the period of service accrued between 01.01.1970 and 31.12.2003 during which wage compensations were realized by virtue of remaining work capacity, the bases upon which those compensations were determined shall be used, while in the event of compensation due to smaller wages at another appropriate job, realized wage shall be used for the calculation of annual personal coefficient.

Article 25

During the calendar year when a Participant realizes the wage compensation according to the health insurance regulations, i.e. during the maternity leave, the realized wage compensation shall be taken as the base for calculation of annual personal coefficient for that period.

When a Participant realized wage compensation according to health insurance regulations, i.e. during maternity leave in the period from January 1, 1970 to December 31, 2003, personal coefficient from the period when a Participant realized wage, i.e. base of insurance shall be taken for the calculation of the annual personal coefficient for that period until December 31, 2003.

Article 26

In case when annual personal coefficient cannot be determined for a Participant in any calendar year, as well as for a Participant who does not have a single year of insurance, the annual personal coefficient shall be one.

If there is no data on wage, wage compensation, i.e. insurance base for some calendar years, the personal coefficient from the period in which the Participant realized wage, wage compensation, i.e. insurance base shall be taken for the calculation of annual personal coefficient for that period.

For a Participant exercising the right to be absent from work according to labor regulations, until the child is three years old a personal coefficient from the period over which a Participant realized wage, wage compensation, i.e. insurance base shall be taken for the calculation of the annual personal coefficient for that period.

Article 27

The value of pension for one personal point is 1.42% of average wage from December 2003.

Maximum Pension

Article 28

The maximum old-age pension amount shall be determined in a manner prescribed in Article 20 of this Law, but the average coefficient of a Participant may not exceed 4.

Minimum Pension

Article 29

A Participant whose pension is determined pursuant to Article 20 of this law and lower than the minimum pension, shall be granted the minimum pension.

The minimum old- age pension shall be determined in a manner prescribed in Article 20 above, while the personal coefficient of a Participant shall be 0,5.

The pension from paragraph 2 of this Article cannot be lower than 45 Euros.

The provision of paragraph 3 of this Article shall also refer to a survivor's pension.

The amount form paragraph 3 of this Article shall be indexed in the same manner as the indexation of pension value for one personal point.

The provision of paragraph 3 of this Article shall not apply to proportional pensions realized in implementation of international agreements.

2. DISABILITY PENSION

Article 30

A disability shall be deemed to exist when a Participant, due to health changes that cannot be eliminated by treatment or medical rehabilitation, suffers complete loss of working capacity.

A disability shall also be deemed to exist when a Participant - employee, due to health changes that cannot be eliminated by treatment or medical rehabilitation, suffers a partial loss of working capacity of at least 75%.

A disability, as under 1 and 2 of this Article, may arise as a consequence of an injury at work, professional disease, an injury away from work or a disease.

The Fund shall set a mandatory control check up of a Beneficiary at latest three years after the day the disability was deemed to exist except in cases prescribed by the Fund regulation under Article 85, paragraph 1 of this Law.

Article 31

A Participant who has suffered complete loss of working capacity, as under Article 30, paragraph 1 of this Law, shall be entitled to a full disability pension.

A Participant who has suffered partial loss of working capacity, as under Article 30, paragraph 2 of this Law, shall be entitled to a partial disability pension

Article 32

A work-disabled person, under this Law, shall be deemed to be a Participant who is entitled to disability pension based on his disability.

Article 33

If it is determined that a Participant has suffered a loss of working capacity as the one referred to in Article 30, paragraph 2 of this Law, he/she may be employed a quarter of full time hours.

Article 34

For the purposes of this Law, an injury at work shall be deemed to be an injury sustained by the Participant in direct, causal, space and time connection with the performance of the job by virtue of which he/she is insured, and which is caused by an immediate and brief mechanical, physical or chemical cause, sudden changes in body position, sudden weighing down of the body or by other changes in the physiological condition of the body.

An injury at work shall also be deemed to be an injury caused in the manner under paragraph 1 of this Article, which the Participant sustains while doing a job he/she is not assigned to but which he/she does in the interest of the employer by whom he/she is employed.

An injury at work shall also be deemed to be an injury caused in the manner under paragraph 1 of this Article, which the Participant sustains on his/her regular way from home to work, and back, on a journey undertaken for the purpose of carrying out official business or on a journey undertaken to commence work, as well as under other circumstances determined by this Law.

An injury at work shall also be deemed to be the illness of a Participant which arises immediately after or as the sole consequence of an accident or a force majeure in the course of job performance by virtue of which he/she is insured or linked to that job.

Article 35

An injury at work shall also be deemed to be an injury caused in the manner stipulated in the Article 34 of this Law that the Participant sustains in connection with exercising the entitlement to health care.

An injury at work shall also be deemed to be an injury caused in the manner stipulated in the Article 34 of this Law that a person sustains while participating in the activities established in Articles 14 and 15 of this Law.

Article 36

Professional diseases, under this Law, shall be certain diseases that have arisen during the insurance period, caused by long and direct influence of processes and conditions at the work-place or in the jobs a Participant performed.

Professional diseases, work-places and jobs at which these diseases arise and the conditions under which they are regarded as professional diseases, as under paragraph 1 of this Article, shall be determined by the Republican administration body responsible for pension and disability insurance activities upon obtaining the findings of the State administration authority competent for health insurance.

Article 37

A Participant who suffered the loss of working capacity as under Article 30 paragraphs 1 and 2 of this law, shall be entitled to a disability pension:

1. if the disability was caused by an injury at work or professional disease – regardless of the accrued pension service;
2. if the disability was caused by an injury away from work or a disease – provided that the loss of working capacity occurred prior to the prescribed retirement age for entitlement to the old-age pension under Article 17, paragraph 1 of this Law and provided that his/her accrued pension service is at least equal to a third of his/her working life.

A Participant whose disability has been caused by a disease or an injury sustained away from work and prior to his/her reaching the age of 30, he/she shall become entitled to a disability pension:

1. if the disability occurred below the age of 20 – regardless of accrued service;
2. if the disability occurred between the age of 20 to 30 – provided that prior to the disability he/she accrued at least a total of one year of insurance service, if that is more favorable to the Participant than the requirement under paragraph 1, point 2 of this Article.

Article 38

A working life shall be deemed to be the number of whole years from the day the Participant reached the age of 20, or the age of 23 if he/she completed two years of junior college education, or the age of 26 if he/she obtained university qualifications, until the time the disability occurred.

A Participant who served the army after reaching the age of 20 shall be entitled to a reduction of the working life for the time spent serving the army.

Article 39

A disability pension in the event of the disability as under Article 30, paragraph 1 of this Law, caused by an injury at work or professional disease, shall be set at the same level as the old-age pension that the Participant would receive for 40 years of pension service.

A disability pension in the event of the disability under Article 30, paragraph 1 of this Law, caused by an injury away from work or disease, shall be set pursuant to implementation of provisions of Articles 19 to 27 of this Law, while when determining personal points, years of pension service shall be added from the day of the disability occurrence as follows:

- 1) a Participant below 55 years of age shall be provided with additional $\frac{2}{3}$ of the pension service he/she lacks until 55 years of age and $\frac{1}{2}$ of the pension service he/she lacks from 55 years of age to the age of 60.
- 2) A Participant above 55 years of age shall be added with $\frac{1}{2}$ of pension service lacking to 60 years of age.

Pension service under paragraph 2, points 1 and 2 of this Article may be added maximum up to 40 years.

When determining the amount of disability pension in the event of disability under Article 30, paragraph 1 of this Law that arose as a consequence of injury away from work or a disease, a Participant who completed the years of service at an accelerated rate shall be entitled to the reduction of retirement age of 55, i.e. 60 years of age under paragraph 2, points 1 and 2 of this Article to which, i.e. out of which, when determining personal points, years of pension service shall be added for the period that based on completed insurance period accrued at accelerated rate the retirement age was reduced as to be entitled to the old age pension by the implementations of the Article 18, paragraph 1 of this Law.

A Participant eligible to disability pension entitlement with respect to the pension service and who is disabled partially due to an injury at work or professional disease, and partially due to a disease or injury away from work shall be entitled to one disability pension that consists of proportional parts determined based on injury at work or professional disease, i.e. based on disease or injury away from work according to their

influence to the total disability, while such calculated pension cannot be of higher amount than the pension set for 40 years of pension service.

For a Participant who is disabled partially due to an injury at work or professional disease and partially due to an injury away from work or disease and who is eligible to be entitled to disability pension only on the basis of disability due to an injury at work or professional disease, disability pension shall be determined in the percentage that the injury at work or professional disease affected the total disability.

Article 40

Disability pension in the event of disability as under Article 30, paragraph 2 of this Law shall be determined, with respect to the cause of the disability, in the amount of 75% of disability pension from the Article 39 of this Law.

Article 41

Provisions of Articles 28 and 29 of this Law shall be accordingly applied when determining the maximum and minimum full disability pension.

5. SURVIVOR'S PENSION

Article 42

Entitlement to a survivor's pension may be realized by family members of:

1. a deceased Participant who had at least five years of accrued insurance service or at least ten years of pension service, or who was eligible to old-age or disability pension, or
2. a deceased Beneficiary of an old-age or disability pension .

Where the death of a Participant or person under Article 14 and 15 of this Law arose as a consequence of an injury at work or professional disease, members of his/her family shall become entitled to a survivor's pension regardless of the pension service length of the Participant or person.

Article 43

Family members of the deceased Participant or Beneficiary under Article 42 of this Law shall be deemed to be:

1. the spouse; and
2. the children (born in wedlock or out of wedlock or adopted; stepchildren who were the Participant's or Beneficiary's dependents).

A spouse from a divorced marriage may also be entitled to a survivor's pension, under the conditions stipulated in Articles 44 – 45 of this Law, provided that his/her right to financial maintenance was established by an effective court verdict.

Article 44

A widower, i.e. a widow shall be entitled to a survivor's pension provided that:

1. he/she reached the age of 50 prior to the death of his/her spouse; or
2. prior to the death of his/her spouse or within one year following the death of his/her spouse he/she became totally incapable of working; or
3. following the death of his/her spouse, one or more children are entitled to a survivor's pension based on that spouse and the widower, i.e. the widow is performing the parental duty. A widower, i.e. a widow, who has become totally incapable of working while exercising his/her right on the above mentioned basis shall remain entitled to a survivor's pension as long as the incapability remains.

A widower, i.e. a widow who has reached the age of 50 in the course of the exercise of entitlement to survivor's pension in accordance with paragraph 1, points 2 and 3 of this Article shall remain permanently entitled to a survivor's pension.

Article 45

A widow who is pregnant, as well as a widow who gave birth to the child of a deceased Participant or Beneficiary after his death, shall also be entitled to a survivor's pension, commencing from the death of the Participant or Beneficiary.

Where the child was stillborn or dies prior to reaching the age of six months, the widow shall be entitled to a survivor's pension for the six months following the birth.

Article 46

A child shall become entitled to a survivor's pension and shall have a right to it up to the age of 15.

Beyond the age of 15 the child shall become entitled to survivor's pension and shall have right to it until the end of education, but at latest until the child is:

1. 20 years of age, if attending high school
2. 23 years of age, if attending junior college;
3. 26 years of life if at University

A child shall become entitled to a survivor's pension and shall have right to it over the period of inability for independent life and work, until reaching the age up to which children are entitled to survivor's pension.

A child shall become entitled to a survivor's pension and shall have the right to it over the period of inability for independent life and work, after reaching the age up to which children are entitled to survivor's pension, prior to death of Participant or Beneficiary, under condition that the Participant or Beneficiary supported the child until his/her death.

A disabled child, in compliance with regulations on classification of children with different impediments, shall become entitled to a survivor's pension and shall have a right to it as of the termination of employment or self-employment.

The child whose education was interrupted due to illness is entitled to a survivor's pension for the duration of this illness, until reaching the age from the paragraph 2, points 1) to 3) of this Article as well as above that age, but not longer than the duration of the interruption due to illness.

The child whose education was interrupted due to military service in compliance with regulations that prescribe military obligation shall also be entitled to a survivor's pension during the military service, as well as for the period the education was extended for due to the military service, maximum up to one year beyond the years of age under paragraph 2, points 1-3 of this Article.

Article 47

A survivor's pension shall be determined on the basis of the old-age or disability pension that the Participant would have been entitled to at the time of death or on the basis of the pension the Beneficiary was entitled to at the time of death in the percentage that is determined based on the number of family members who are entitled to that pension, as follows:

- for one member 70%;
- for two members 80%
- for three members 90%
- for four or more members 100%

If both a spouse and divorced spouse of deceased Participant or Beneficiary are entitled to a survivor's pension, one survivor's pension shall be determined in the amount that one family member is entitled to and shall be divided in equal shares.

Article 48

The old age pension of deceased Participant determined for 20 years pension service shall be taken as the minimum base for determination of survivor's pension

Article 49

Children without either parent, in addition to a survivor's pension on the basis of one parent, shall also be entitled to a survivor's pension on the basis of the other parent as follows: for one child 20%, for two children 40%, for three children 60%, for four or more children 100% of the old age or disability pension under Article 47, paragraph 1.

The pension under paragraph 1 of this Article shall be determined as one pension the amount of which may not exceed the amount of the maximum old age pension for the pension service of 40 years.

Article 50

When financial support is a condition for becoming entitled to a survivor's pension, it shall be deemed that the deceased Participant, or Beneficiary of the right to a pension, financially supported a family member if the average gross monthly salary of the family member for the previous year did not exceed 25% of average gross monthly salary in the Republic for the previous year.

The following shall not count towards the income under paragraph 1 of this Article: pecuniary social security and child benefits, subsidy for aid and care, subsidy for bodily injury, income in the form of awards, severance pay due to retirement and income arising from pupil or student status.

Article 51

When education is a condition for exercising the right to a survivor's pension, the education that a child continues in a school of a lower or the same level as one he/she has already completed shall not be considered as the aforementioned education.

4. SUBSIDY FOR BODILY INJURY

Article 52

Bodily injury is deemed to exist when a Participant experiences a loss, severe injury or considerable disability of some organs or parts of the body, making the normal activity of the body more difficult and requiring more efforts in realizing living needs, regardless of the fact whether it causes disability or not.

A Participant or a person from Articles 14 and 15 of this Law with bodily injury caused by injury at work or professional disease of at least 50% shall be entitled to a subsidy.

Article 53

A list of bodily injuries under Article 52 of this law as well as percentages of those injuries shall be determined by the State administration authority competent for pension and disability insurance with the approval of the State administration authority competent for health matters.

Article 54

Bodily injury shall be classified based on impediments in six degrees, as follows:

- 1) first degree.....100% of bodily injury
- 2) second degree.....90% of bodily injury
- 3) third degree.....80% of bodily injury
- 4) fourth degree.....70% of bodily injury
- 5) fifth degree.....60% of bodily injury
- 6) sixth degree.....50% of bodily injury

Article 55

A Participant with bodily injury caused at an earlier date by injury at work or professional disease below 50%, experiencing deterioration of that bodily injury or in the event of new bodily injury caused by injury at work or professional disease, so that total bodily injury amounts 50% or more, shall be entitled to subsidy for bodily injury in the adequate percentage according to the new degree of bodily injury that is established based on new condition of the total bodily injury.

Article 56

Subsidy for bodily injury is determined like 90% of the base which is average monthly earnings for December 2003, reduced for taxes and contributions, and amounts:

- 1) for 100% of bodily injury 40% of the base;
- 2) for 90% of bodily injury 36% of the base;
- 3) for 80% of bodily injury 32% of the base;
- 4) for 70% of bodily injury 28% of the base;
- 5) for 60% of bodily injury 24% of the base;
- 6) for 50% of bodily injury 20% of the base.

The base under paragraph 1 above shall be indexed in the same manner as pensions.

5. ENTITLEMENT TO FUNERAL COSTS ALLOWANCE

Article 57

In the event of death of Beneficiary, the person who takes care of the funeral costs shall be entitled to funeral cost allowance.

The allowance for funeral costs shall be equal to the amount of three average pensions in the Republic paid out in the month prior to death of the Beneficiary.

The request for allowance for funeral cost should be submitted within 60 days as of the day of Beneficiary's death.

V. INDEXATION

Article 58

The pension value of one personal point shall be indexed as of January 1 and July 1 of the current year on the basis of statistical data, by changes in the cost of living and average gross salary of those employed within the territory of the Republic for the previous six months in the percentage representing half of the sum of the percentage increase, i.e. decrease in the cost of living and half of the percentage of increase, i.e. decrease of wages.

The indexation of pensions shall be performed in a manner and timeline stipulated in the paragraph 1 of this Article.

The regulations on indexation of pensions and value of pensions for one personal point shall be adopted by the Fund.

Article 59

The subsidy for bodily injury shall be indexed in a manner anticipated for pension indexation.

VI PENSION SERVICE

Article 60

Pursuant to this Law, the pension service on the basis of which rights arising from pension and disability insurance are realized shall comprise:

1. the insurance service period, pursuant to the provisions of this Law;
2. the period which, in the form of insurance service and a separate service, was calculated in the pension service in accordance with the regulations that were effective until the effective date of this Law.

Article 61

The insurance service under Article 60 of this Law shall include the time spent on work by the Participant, based on which he was mandatory insured and for which pension and disability insurance contributions were paid.

1. The Insurance Service With Effective Duration

Article 62

Time spent on work, i.e. while insured, in effective duration shall be counted towards the insurance service as under Article 60, point 1 of this Law.

For the employee who according to labor regulations works less than full working hours, insurance service shall be counted proportional to the realized working hours.

The insurance service in one calendar year may amount to maximum 12 months.

Article 63

The time during which the Participant referred to in Article 10, paragraph 1, point 10 of this Law is receiving cash compensation in compliance with the Labor Code, shall count towards insurance service.

Article 64

Where the Participant exercises the right to be absent from work until his/her child reaches the age of three, in accordance with the Labor Code, this time shall also count towards insurance service.

The resources necessary for realizing the rights arising from pension and disability insurance on the basis of insurance service, under paragraph 1 of this Article, shall be funded by the Budget.

Article 65

Time over which a Participant referred to in the Article 11 point 2 of this Law realized a contracted compensation on which contribution was paid shall be counted towards the insurance service.

The insurance service as under paragraph 1 above shall be proportionally determined in a manner that the amount of the base under Article 159 of this law shall be divided by average wage realized in the Republic in the previous calendar year.

Article 66

For a person whose mandatory insurance was terminated, the time for which contributions are paid following the termination of mandatory insurance (extended insurance) shall also count towards insurance service, in particular for the duration of:

1. additional professional training or specialization;
2. temporary unemployment, if he/she is registered during that time with the Employment Bureau and provided that he/she registered within the legally prescribed time period, up to five years for each individual instance of insurance termination;
3. residence abroad as the spouse of a Participant serving abroad with our employer or based on an international agreement;
4. care for a child aged up to 15 or older, that owing to full and permanent incapability requires full time care and assistance, but only up to five years for each individual instance of insurance termination;
5. unpaid leave which the Participant takes in accordance with the Labor Code.

The duration of extended insurance shall be taken into consideration with regard to entitlements to pension and disability insurance and for determining the pension level, but only up to the duration of time equal to the insurance service accrued based on mandatory insurance.

An application for extended insurance shall be submitted no later than six months after the termination of mandatory insurance.

Article 67

Extended insurance contributions shall be paid by the Participants under Article 66, paragraph 1 of this Law, at a rate of 24% on the base that comprises of wage, i.e. insurance base realized in the last month that precedes the month of termination of mandatory insurance.

The base under paragraph 1 above may not be lower than the minimum wage determined by a general collective agreement for the appropriate category of expertise.

The Fund PIO shall specify the method of indexation of the base under paragraphs 1 and 2 of this Article as well as the deadlines and method of payment of contributions for extended insurance.

Article 68

A right to extended insurance shall terminate if the appropriate contributions are not paid in within six months of becoming due.

2. Accelerated Accrual of Service

Article 69

For a Participant who is working on highly difficult, dangerous and health damaging positions, i.e. jobs and a Participant who is working on positions, i.e. jobs at which after reaching certain age he cannot successfully perform his professional duty, the insurance service in the effective duration shall be calculated at an accelerated rate under conditions stipulated by this Law.

The rate of acceleration of insurance service shall vary with respect to difficulty, danger and damaging effects of the work, i.e. job nature, maximum up to 50%.

Article 70

Working position, i.e. job for which the insurance service is calculated at an accelerated rate due to difficulty of the job, danger and damaging effects to Participants health, is deemed to be the position, i.e. job at which, regardless of all applied general and specific protection measures determined by regulations, there are substantial damaging effects on health condition and working capacity of a Participant who during his full time hours, works directly next to the source of damaging influences in the constant process of work.

Full working hours as under paragraph 1 above are also deemed to be working hours less than 40 hours per week established for certain jobs due to specific working conditions.

The working position, i.e. job at which the insurance service is calculated at an accelerated rate because the performance of professional activity is restricted when certain age level is reached is deemed to be the working position, i.e. job at which due to the nature and difficulty of the job, physiological functions are being reduced to the extent insufficient for further successful performance of the job.

Article 71

Insurance service for a Participant under Article 69, paragraph 1 above shall be calculated at an accelerated rate provided that he effectively spent 10 years, i.e. at least total of 5 years on working positions, i.e. jobs specified under the Article 70 of this Law, if the Participants disability arose as a consequence of work on those working positions, i.e. jobs.

The insurance service shall be accelerated only for the time effectively spent at work.

When accruing rights to pension and disability insurance, the insurance service shall be taken cumulatively at an accelerated rate for working positions, i.e. jobs stated under Article 70 above.

Article 72

Working positions, i.e. jobs for which the insurance service is accrued at an accelerated rate, procedures and manner for their determination, as well as the degree of insurance service accelerated rate shall be determined by the State administration authority competent for pension and disability insurance.

Working positions, i.e. jobs at which the insurance service is accrued at an accelerated rate shall be determined by the Government of the Republic of Montenegro (hereinafter: the Government) in compliance with the Law upon obtaining the opinion of the State administration authority competent for pension and disability insurance activities.

Working positions, i.e. jobs as well as the degree of insurance service accelerated rate as under paragraphs 1 and 2 above shall be subject to audit, at latest 5 years after their determination.

Article 73

The audit of working positions, i.e. jobs at which the insurance service is accrued at an accelerated rate and degree of acceleration of insurance service, under this law, shall be deemed to be renewed evaluation of existence of conditions stipulated in the Article 70 above based on which it is to be determined what are the working places, i.e. jobs where accrual of insurance service shall no longer be calculated at an accelerated rate, i.e. where the acceleration degree is to be changed as well as what are the working positions, i.e. jobs where this accelerated accrual of insurance service shall be introduced.

Audit of working positions, i.e. jobs stated under paragraph 1 above shall be performed in a manner and procedure established for their determination.

Article 74

Accelerated accrual of insurance service shall also be applied for Participants that are at work, based on which they were insured, working as under Article 62 like: Participants with bodily injury of at least 70%, military disabled persons from first to sixth group, civilian disabled war veterans from first to sixth group, blind persons, people with muscle dystrophy or similar muscle and neuro-muscle diseases like paraplegia, cerebral palsy, infantile paralysis and sclerosis multiplex.

Participants under paragraph 1 above shall have each 12 months effectively spent on work based on which they are insured, as stipulated in Article 71 above, calculated as 15 months of accrued service.

The resources required for entitlements from pension and disability insurance realized based on insurance service at an accelerated rate under paragraphs 1 and 2 of this Article shall be provided by the Budget.

VII THE ACCRUAL AND EXERCISE OF RIGHTS ARISING FROM PENSION AND DISABILITY INSURANCE

1. The Accrual of Rights

Article 75

Rights arising from pension and disability insurance shall be accrued as of the day of the filed application, and the earliest six months before that date.

The procedure for accruing rights arising from pension and disability insurance shall be governed by the provisions of the law applying to general administrative procedures, unless otherwise stipulated by this Law.

Article 76

Pension service, wages, wage compensation or insurance bases, as well as other facts pertinent to the attainment and establishment of a right, based on data found in the Main register, shall be taken into consideration for the accrual of a right to a pension

Facts that are not found in the Main register, in accordance with the law, but which are of importance for the accrual of a right shall be established in the decision-making process pertaining to those rights.

Pension service, status of a Participant, base of insurance, wages, wage compensation or pension insurance basis and the amount of paid contributions may not be ascertained on the basis of witness statements.

Article 77

Rights arising from pension and disability insurance shall be realized in the Fund.

In the process of entitlements realizing, the Fund shall have the duty to ensure the efficient realization of these entitlements and to provide Participants and Beneficiaries with professional assistance.

Article 78

The Participant status of a person for whom an insurance application has been submitted shall be established without a written decision, by way of an entry into the Main register and the issuance of a confirmation of receipt of the insurance application.

Once an insurance application has been received, the information provided in the application shall be verified and proof of that information shall be required.

Provisions under paragraphs 1 and 2 above shall be applied on the occasion of insurance termination.

The applicant shall be obliged to provide to a person for whom the application to insurance, i.e. termination of insurance was submitted with a certified photocopy of receipt confirmation of the application, i.e. termination within eight days as of the day of its issue.

Where it is established, on the basis of a submitted insurance application, that the conditions for recognizing the status of Participant and making an entry into the register have not been met, a written decision shall be issued.

Article 79

A person on behalf of whom an insurance application has not been submitted may submit a request for establishing the status of Participant if he/she believes that he/she is entitled to pension and disability insurance.

The Fund shall also initiate the procedure for establishment of Participant's status when, while exercising control or in other manners, it determines that insurance application has not been submitted for a person that is entitled to pension and disability insurance.

As under paragraphs 1 and 2 of this Article, the Fund shall adopt a written resolution on establishment of Participant's status.

Pursuant to the resolution under paragraph 3 of this Article that establishes the status of a Participant, a Participant shall be obliged to submit the application for insurance.

Provisions under paragraphs 1 to 4 of this Article shall be applied in the event when a person obliged to terminate insurance did not submit the insurance termination.

Article 80

A person whose Participant's status has not been established within the period prescribed for insurance application to be submitted, can be provided with that status the earliest as of January 1, 1965 in a manner determined by this Law.

Article 81

The right to an old-age pension shall be accrued following the termination of insurance, although an application for the accrual of a right may be submitted prior to the termination of insurance, accompanied by relevant proof of the certainty of its termination.

Article 82

The procedure for the accrual of right to an old-age pension shall be initiated at the request of the Participant.

The procedure for the accrual of right to a survivor's pension shall be initiated at the request of a family member of the deceased Participant or Beneficiary.

The procedure for the accrual of right arising from disability shall be initiated at the request of the Participant or of the Participant's employer, and at the suggestion of the medical institution that provided the Participant with healthcare.

The procedure for the accrual of right to subsidy for bodily injury shall be initiated at the request of the Participant or Beneficiary based on medical documentation.

The procedure for accrual of right to subsidy for bodily injury shall be initiated in line of duty based on the opinion of the expertise body provided on the occasion of expertise on disability in compliance with the regulations of the Fund.

Health records shall be submitted together with the application or suggestion under paragraphs 3 and 4 of this Article.

Health records under paragraph 6 of this Article shall be obtained from medical institutions determined by the State administrative authority responsible for pension and disability insurance activities, upon obtaining the agreement of the State administrative authority responsible for healthcare activities.

Scope and contents of the health records under paragraph 6 of this Article shall be laid down by the State administrative authority responsible for pension and disability insurance activities, upon obtaining the agreement of the State administrative authority responsible for healthcare activities.

Article 83

The procedure for ascertaining pension service shall be initiated at the request of the Participant or Beneficiary, or at the request of a family member of the deceased Participant or Beneficiary.

Article 84

A Participant who is paying contributions by himself shall accrue rights based on insurance service for which he failed to make timely payment of contributions the earliest as of the day of payment.

Article 85

Where the existence of a disability, bodily injury or of a cause of disability and bodily injury needs to be established for a decision on entitlement to pension and disability insurance to be made, the Fund shall ascertain these facts on the basis of a findings, appraisal and opinion of an expert body whose formation and work shall be organized pursuant to the Fund's regulation.

The State administrative authority responsible for pension and disability insurance activities shall approve the regulation under paragraph 1 of this Article.

The findings, appraisal and opinion under paragraph 1 of this Article shall be subject to a prior verification by a body established pursuant to the Fund's regulation.

The expert body under paragraph 1 of this Article shall be required to act according to instructions given in the procedure of the prior control.

Article 86

The date on which a disability arose shall be deemed to be the date when findings, appraisal and opinion were given on the basis of a medical examination or some earlier date, supported by suitable medical documentation.

Article 87

The findings, appraisal and opinion under Article 85 of this Law, which determines the disability under Article 30 of this Law, shall specify that a check-up must be made, at the latest, within three years of the date of establishment of the disability, except under circumstances stipulated by the regulation under Article 85, paragraph 1 of this Law.

Due monthly amounts of disability pension, i.e. subsidy for bodily injury shall not be paid to a Beneficiary who without justified reasons within the anticipated deadline does not respond to the control check up for reassessment of disability, i.e. degree of bodily injury over the period he/she does not respond to the invitation.

Withheld monthly amounts according to paragraph 2 of this Article shall be subsequently paid to a Beneficiary who responds to the invitation within 30 days as of the day set for the check up if the existence of disability, i.e. bodily injury based on which the entitlement was accrued is confirmed at the check up.

A Beneficiary who fails to respond to the invitation within the deadline stipulated under paragraph 3 of this Article, shall not be paid the withheld monthly amounts of entitlements, while payment of entitlements shall be re-established as of the first day of the following month upon the response to the invitation if disability, i.e. bodily injury based on which the entitlement was accrued is confirmed to exist at the check up.

Article 88

Any changes with respect to disability that are of influence to the entitlement to disability pension, recognized by effective decision, shall be determined in the procedure initiated at the request of a Participant, i.e. in the line of duty.

Article 89

The decision adopted in the procedure for the realization of entitlement to disability pension shall also be handed to the Participant's employer.

Article 90

An appeal may be made to the State administrative authority responsible for pension and disability insurance activities against the original decision, within 15 days of receipt of the decision.

The appeal shall not delay the execution of the decision, unless the appeal denies the established disability.

Article 91

The original decision shall be subject to audit procedure performed by the State administrative authority responsible for pension and disability insurance, in accordance to his general act.

The audit shall not delay the execution of the decision,

If an appeal has been made upon the original decision, the audit and the appeal shall be addressed in the same decision.

Article 92

Audit procedure of the original decision may result in approval of the decision or the original decision may be amended, revoked or repealed.

Article 93

If an appeal is not made against the original decision, and audit is not performed within three months as of the expiry date for making an appeal, it shall be considered that the audit is performed and approval given to that decision.

Article 94

An administrative lawsuit may be filed with the competent court against the decision made on the basis of an appeal or in the audit procedure on entitlements to pension and disability insurance or on data found in the Main register.

2. Exercise Of Rights

Article 95

Old-age and survivor's pensions shall be paid out as of the date when eligibility conditions were met, but at the earliest as of the first day following the termination of insurance, if the request is submitted within six months from the date when conditions prescribed for accrual of rights were met.

Where the request for an old-age, i.e. survivor's pension is submitted after the six months deadline under paragraph 1 of this Article, the old-age, i.e. survivor's pension shall be paid out as of the date the request was submitted and for the six months retroactively, but at the earliest from the first day following the termination of insurance.

Article 96

Where a Participant has realized the right to a disability pension by way of proceedings initiated during the insurance period, the disability pension shall be paid out as of the effective date of the decision on disability, i.e. as of the date the disability arose, whichever is more favorable for the Participant.

Where the right to a disability pension is realized after the termination of insurance, and a disability existed before the request was submitted, the disability pension shall be paid out as of the date the disability arose, but no more than up to six months retroactively from the date the request was submitted.

The disability pension under paragraphs 1 and 2 of this Article shall be paid out, at the earliest, from the first day following the termination of insurance, i.e. as of the day when the Beneficiary of disability pension under Article 30, paragraph 2 of this Law started to work working hours under Article 33 of this Law.

Article 97

Subsidy for bodily injury shall be paid as of the day when the bodily injury arose, but at most six months retroactively as of the day of application, i.e. as of the day when the proceedings was initiated in the line of duty.

Article 98

A Participant, i.e. a Beneficiary of subsidy for bodily injury that becomes entitled to subsidy for bodily injury according to special regulations based on same bodily injury, may at his/her own choice use only one of those entitlements, unless prescribed otherwise by other regulations.

Article 99

In the event of changes in the status of disability or degree of bodily injury that are of influence to the determined entitlements, those entitlements shall be terminated, amended or new entitlements shall be set as follows:

1. if the change was determined at the request of a Participant – as of the first day of the month following the application;
2. if the change determined at the request of a Participant occurred after the application was submitted – as of the first day of the month following the change;
3. if the change was determined in a line of duty – as of the first day of the month following the adoption of the original decision on determination of entitlements based on the established change.

Article 100

Pensions and subsidies for bodily injury shall be set in monthly amounts and shall be paid out retrospectively.

The Fund shall be obliged to pay out the pension and subsidy for bodily injury in the Beneficiary's place of residence in the Republic, or in the Republic of Serbia.

Payments of pensions and subsidies for bodily injury in a foreign country shall be made under circumstances provided for by an international agreement or under conditions of reciprocity.

Article 101

Where the monthly amounts for pension and subsidy for bodily injury are outstanding due to circumstances caused by the Beneficiary, they shall be paid out subsequently but only up to twelve months retroactively as of the date on which, after the end of such circumstances, the Beneficiary submits a request for payment.

Article 102

A pension Beneficiary or Beneficiary of subsidy for bodily injury may authorize a proxy who will receive the pension or subsidy for bodily injury on his/her behalf.

The authorization under paragraph 1 of this Article shall be valid maximum for 12 months and can be renewed.

Article 103

A Beneficiary of partial disability pension shall cease to be entitled to partial disability pension when he/she becomes entitled to the old age or full disability pension.

Article 104

A survivor's pension shall be paid out as one pension even if it is intended for several Beneficiaries, unless the Beneficiaries request that the pension be paid out separately.

Article 105

Where two or more family members benefit from a survivor's pension and one of them loses the entitlement to the pension, the pension level for the other family members entitled to a survivor's pension shall be set again. The pension amount determined in this way shall be granted from the expiry date of the Beneficiary's entitlement to a pension.

Where the payment of a survivor's pension is suspended or if the right of one of the family members is dormant, the survivor's pension shall not be set again.

Where a survivor's pension to which a Beneficiary is entitled is not paid out to him/her due to employment, or self-employment or the exercise of an old-age or disability pension, the other family members shall, during this time, be paid a survivor's pension at a level set as if the pension Beneficiary was not entitled to the survivor's pension.

Article 106

A family member's entitlement to a survivor's pension shall be terminated if an effective sentence convicts him/her of the death of the person from whom the right to a survivor's pension is derived.

The person under paragraph 1 of this Article shall cease to exercise the accrued right as of the effective date of the verdict.

Article 107

A family member's entitlement to a survivor's pension shall be terminated when, due to certain changes, the Beneficiary ceases to be eligible to accrue and exercise that right.

Article 108

A right to a survivor's pension of a widow or widower under the age of 50 shall expire when he/she remarries, unless he/she accrued and retained the right due to total inability to work.

Where a widow's or widower's entitlement to a survivor's pension was terminated upon remarriage and he/she has not accrued a right to a survivor's pension through the spouse from the new marriage, his/her entitlement to the previous survivor's pension shall be reinstated, providing that:

1. at the moment when the new marriage ends he/she has children from the first marriage who are recipients of a survivor's pension; and
2. all the eligibility conditions of a widow or widower to a survivor's pension have been met.

The provisions under paragraphs 1 and 2 of this Article shall also apply to divorced spouses.

Article 109

Where a Participant or Beneficiary is entitled to two or more pensions, he/she may receive only one of these – at his/her own choice.

Notwithstanding the provisions of paragraph 1 of this Article, children whose both parents have died, may exercise the right to a survivor's pension derived from both parents, up to the amount determined by law.

Article 110

Entitlements to pension and disability insurance shall expire when, in the course of their exercise, the conditions for accruing and exercising those rights cease to exist.

Article 111

A Beneficiary of the entitlement must declare any changes that may influence that entitlement or the scope of exercising the entitlement within 15 days of the day when the change occurred.

Article 112

Payment of pension shall be ceased to a pension Beneficiary who gets employed or becomes self-employed on the territory of the Republic or the Republic of Serbia over the duration of the employment, i.e. self-employment.

The provision under paragraph 1 of this Article shall not apply to Participants under Article 11, point 2 of this Law and to Beneficiaries of the partial disability pension who get employed at working hours under Article 33 of this Law.

A Beneficiary of the old age pension who gets employed or becomes self employed shall be entitled to have his/ her pension level set again upon the termination of such

employment or self-employment if he/she spent at least one year in the insurance according to this Law.

VIII THE FUND

Article 113

The Fund shall be an organization that performs public authorities when deciding on entitlements and obligations arising from pension and disability insurance.

The Fund shall have the status of a legal entity with rights, obligations and responsibilities pursuant to this Law and the Statute of the Fund.

Article 113

The Fund shall have a Statute that governs:

- 1) the organization of the Fund;
- 2) the rights, duties and responsibilities of management bodies, as well as
- 3) other issues pertinent to the performance of the Fund.

The Statute shall be passed by the Managing Board of the Fund.

The Government shall approve the Statute.

The Statute shall be published in the Official Gazette of the Republic of Montenegro.

Article 115

The work of the Fund shall be public.

The Fund shall report on its performance to the Government at least once a year.

Article 116

The Fund shall perform the following duties:

1. ensure efficient, rational and legal realization of Participants' rights coming out of pension and disability insurance and offer expert assistance in the realization of rights;
2. adopt the Fund's annual budget, including the costs of the Fund's administrative department;
3. maintain records on Participants and Beneficiaries, pursuant to this Law and the Statute;

4. maintain records on wages, i.e. insurance bases on which contributions were paid in, on the amount of paid in contributions for Participants as well as all pensions paid out;
5. compile the Fund's annual financial reports and ensure their audit in accordance with the Law;
6. submit monthly reports to the Directorate of Public Revenues (hereinafter: the Directorate) on contributions paid in;
7. ensure the enforcement of international agreements on pension and disability insurance;
8. take measures necessary to ensure the regular collection of the Fund's revenues;
9. organize activities necessary for the execution of pension and disability insurance and provide information technology for this purpose;
10. pass regulations pursuant to this Law and the Statute;
11. perform other tasks concerning the execution and realization of rights arising from pension and disability insurance in accordance with this Law and the Statute.

Article 117

The bodies of the Fund shall be the Managing Board and the Director.

The Fund shall be managed by the Managing Board in compliance with the provisions of this Law, the Statute and other Fund's regulations.

The Managing Board of the Fund shall comprise 13 members that shall be appointed and dismissed by the Government, as follows:

1. two members proposed by the Association of Independent Unions of Montenegro
2. two members proposed by the Chamber of Commerce of Montenegro;
3. two members proposed by the Pensioner's Association of Montenegro;
4. five members proposed by the State administration authority responsible for pension and disability insurance activities.

Minister responsible for the labour and the Minister responsible for finance are members of the Managing Board by position.

Article 118

The members of the Managing Board shall be appointed for a four-year term.

The President and the Vice-President of the Managing Board shall be appointed and dismissed by the Managing Board.

President and Vice-President of the Managing Board of the Fund may not be the person referred to in Article 117 paragraph 4 of this Law.

Article 119

Persons appointed to the Managing Board must be persons with expert knowledge and experience in the field of pension and disability insurance, finance, investment or insurance.

Minimum seven out of the total number of members of the Managing Board must have at least five years of work experience in the areas under paragraph 1 of this Article.

A Managing Board member may not be:

1. a person who has been convicted of a crime that make him unworthy of performing that function as well as a responsible person in a business organization against which bankruptcy proceedings have been brought about;
2. a person who has lost the right to be a member of a body of a financial institution pursuant to domestic or international law
3. persons rendering services and selling products to the Fund, or persons whose activities might result in a conflict of interest;
4. the Fund's Director.

A member of the Managing Board shall be dismissed if:

1. the circumstances under paragraph 3 of this Article arise
2. there is a loss of professional ability longer than two months, and
3. there is an unexcused absence from at least three Managing Board meetings

After their appointment Managing Board members must submit statements on personal earnings and property, as well as once a year for the duration of their appointment.

A Managing Board member may not accept gifts or use any other benefits arising from their position. This prohibition shall extend to the members of his/her immediate family.

Article 120

The Fund's Managing Board shall:

1. pass regulations in compliance with this Law;
2. adopt the annual business plan and financial statements of the Fund;
3. adopt the Fund's budget pursuant to the Law
4. make decisions regarding the activities of the Fund;
5. pass a regulation on the indexation of pensions and pension value for one personal point pursuant to this Law;
6. decide on other matters and carry out other duties pursuant to the law and the Fund's Statute.

Article 121

The method of work and decision-making as well as other matters pertinent to the work of the Fund's Managing Board shall be defined in the Fund's Statute.

Article 122

The Director of the Fund shall:

1. organize the work and activities of the Fund;
2. represent and act for the Fund and be responsible for the legality of the Fund's work;
3. implement the decisions of the Managing Board;
4. propose a regulation on the organization and systematization of the job posts to the Managing Board ;
5. manage the work of the Fund's administration department;
6. carry out other duties pursuant to the law and the Statute.

The Director of the Fund shall be appointed and dismissed following a competition organized by the Managing Board upon the prior approval of the Government.

The Director of the Fund shall be appointed to a four-year term.

Article 123

For the purposes of carrying out expert, administrative, legal, economic and other activities the Fund shall have an administrative department.

The Fund's administrative department shall be organized in a manner that will ensure the efficient performance of the Fund's activities and realization of pension and disability entitlements.

Article 124

The State administrative authority responsible for pension and disability insurance activities shall supervise the legality of the Fund's activities and regulations in compliance with the Law.

IX MAIN REGISTER

Article 125

The Fund must maintain a Main register of Participants, contribution payers and Beneficiaries of entitlements arising from pension and disability insurance.

Exceptionally from the provision under paragraph 1 above, the Main registry for employees in the State administration body responsible for internal affairs shall be maintained by that body in the manner stipulated by this Law.

The Fund shall perform the control over the registry maintenance as under paragraph 2 above.

Article 126

The Main register shall be maintained in accordance with prescribed uniform methodological principles.

Data shall be entered in the Main register in accordance with the prescribed uniform system of codes.

Data shall be entered in the Main register on the basis of applications submitted on legally prescribed forms that may also be submitted by means of electronic data processing.

In the event when the application forms are submitted by means of electronic data processing, the applicant shall be obliged, at the request of the Fund, to submit these applications in the prescribed forms.

Regulations i.e. the forms under paragraphs 1 to 3 of this Article shall be prescribed by the State administration authority responsible for pension and disability insurance.

Article 127

The Main registry shall be organized by the entry of data on a Participant based on insurance application.

Article 128

The Main registry shall comprise the data about:

- 1) Participants;
- 2) Beneficiaries of pension and disability insurance;
- 3) contributors to the pension and disability insurance;

Article 129

The following data on the Participants shall be entered in the Main registry:

- 1) Last name and first name;
- 2) Personal identification number and tax identification number;
- 3) Gender;
- 4) Date, month and year of birth;
- 5) Profession;
- 6) Qualification;
- 7) Base of insurance;
- 8) Date of acquiring and termination of Participant's status;
- 9) Insurance service, wages, wage compensation, i.e. basis of insurance, that serve for establishment of the amount of the entitlement;
- 10) number of months, i.e. days spent at work and number of months, i.e. days for which the compensations were paid;
- 11) the amount of contributions paid in;
- 12) Whether the Participant is a Beneficiary of the pension;
- 13) persons obliged to pay in contributions;
- 14) pension service – by types;
- 15) Participants with bodily injury of at least 70%, disabled military persons from the first to the sixth group, civilian war disabled persons from the first to the sixth group, blind persons, persons diseased of muscular dystrophy or muscular and neuromuscular diseases, paraplegics, cerebral and infantile paralysis and sclerosis multiplex.

For Participants who are at working positions, i.e. jobs at which the insurance service is accrued at accelerated rate, the Main registry shall contain data on insurance service, i.e. on time spent on those working positions, i.e. jobs and the degree of accelerated rate.

The Participants who do not have personal identification number shall be granted with a number determined by the Fund.

Article 130

The Main registry, besides data under Article 129 paragraph 1 points 1 to 4 of this law shall comprise the following data on Beneficiaries of pension and disability insurance:

- 1) on type of pension
- 2) on legal basis for determination of pension
- 3) on date of entitlement to pension and date of commencement of payment, suspension and repayment of pension, as well as on legal basis for suspension, i.e. repayment of pension;
- 4) on disability, cause of disability and diagnosis;
- 5) on personal points and personal coefficient;
- 6) on the amount of pension as on the day of the entitlement.

The Main registry shall also include data on relationship of Beneficiary of survivor's pension to the deceased Participant, i.e. Beneficiary based on which one accrued right to survivor's pension.

Article 131

Application for entering data in the Main registry is filed by:

1. the employer
 - application of data on contributor to the pension and disability system including applications of the commencement and termination of work;
 - application of insurance and insurance withdrawal for Participants under Article 10, paragraph 1, points 1 to 6 and 8 and 9 and Article 11, point 2 of this Law;
 - application of data required for determination of the insurance period, wages and wage compensation that are used for determination of annual personal coefficient and the amount of contributions paid in for Participants under Article 10, paragraph 1, points 1 to 6 and points 8 and 9 of this Law;
 - applications of data changes referred to under lines 1 to 3 of this point;
2. Participant who is paying contributions by himself:
 - application of insurance and termination of insurance as well as changes of those data for Participants under Article 10, paragraph 1, point 7, Article 11, point 1 and Article 66 of this Law;
 - application of data for determination of insurance service, base of insurance that serve for determination of annual personal coefficient and the amount of paid in contributions for Participants under Article 10, paragraph 1, point 7 of this Law as well as changes of those data;
3. Orthodox Church, Islamic Religious Community and Catholic Church for the Participants under Article 11 point 3 of this Law – application of the insurance and termination of the insurance as well as changes of those data;
4. State administration authority competent for agriculture, forestry and water supply for Participants under Article 12 of this Law - application of the insurance and termination of insurance as well as change of those data.
5. The Directorate: - application of data for determination of insurance service, base of insurance that serve for determination of annual personal coefficient and the amount of paid in contributions for persons under Article 11 point 1 – 3 and Article 12 of this Law, as well as changes of those data; –
6. The Employment Bureau –
 - application of the insurance and insurance withdrawal for Participants under Article 10, paragraph 1, point 10 of this Law as well as the application of changes of data thereof;
 - application of data for determination of insurance period, wage compensation and amount of paid contributions for persons under line 1 of this point as well as changes of those data;
7. The Fund -enters in the Main registry data on established pension service, wage, wage compensations, insurance basis that serve for determination of annual

- personal coefficient for Participants under Article 66 of this Law and the amount of contributions paid in.
8. The Authorized registrar – applications of Beneficiary’s death.

Article 132

Data shall be entered in the Main register data forms only on the basis of public documents and records prescribed by law.

Article 133

Applicants shall be responsible for the accuracy of the data entered in the Main register data forms.

The Fund shall be responsible for verifying the data entered in the Main register application forms, requesting proof and examining the records and documents on which data entered in the applications is based.

The applicant shall be required to provide the Participant, the Beneficiary and the Fund with accurate statements, i.e. data that are significant in ascertaining facts of importance for the acquisition and realization of rights arising from pension and disability insurance and provide the Fund with evidence and enable the insight into the records and documentation.

Article 134

Main register application forms shall be submitted to the Fund, or its organizational unit, for:

1. employed Participants – under Article 10, paragraph 1, points 1 to 6 and points 8 to 10 of this Law - according to the head-office of the employer or the employer’s business unit (branch, sub-branch, local office, office, representative office and other business units);
2. employed Participants under Article 10, paragraph 1, point 7 of this Law – according to the Participant’s place of residence, i.e. place where they were insured prior to going abroad;
3. Participants under Article 10, paragraph 1, point 10 of this Law – according to the Head office of the organizational unit of the Employment Bureau;
4. self-employed Participants referred to in Article 11 point 1 of this Law – according to the place where the Participant registered performance of business activities based on which he/she is insured;
5. self-employed Participants under Article 11, points 2 and 3 of this Law according to the place of permanent residence or Participant’s temporary residence;
6. Participants - farmers under Article 12 of this Law according to the head office of the organizational unit of the Directorate .

Article 135

Participant's status, insurance period, wages, wage compensations, insurance basis, used for establishment of amount of entitlement shall be determined by the Fund based on application of data under Article 131 of this Law, by the entry of data in the Main registry.

Data under Article 129 paragraph 2 of this Law shall be established by the entry in the Main registry when the requirements under Article 71 of this Law are met.

Article 136

Data on pension service accrued by the Participant before December 31, 1969 and about special service accrued after that date, as well as changes of those data, shall be entered in the Main registry on Participants based on the application of data on pension service.

Article 137

Where the Fund ascertains, during the verification under Article 133 of this Law, that the application form on insurance period, wages, wage compensation, i.e. insurance basis used for determining the amount of the entitlement and the amount of paid contributions have not been accurately filled in or that the data have not been entered in accordance with pension and disability insurance regulations, it shall instruct the applicant to amend them within a time limit which may not exceed 30 days.

Article 138

At the request of the Participant, the Fund must issue a certification on the data entered in the Main register of Participants.

The certification under paragraph 1 of this Article shall be deemed to be a public document.

The Participant shall have a right to demand that the Fund adopts a decision concerning data on the insurance, pension service, wages, wage compensation, i.e. insurance basis and the amount of paid contributions entered in the Main register.

The Fund must adopt the decision under paragraph 3 of this Article within 15 days of receipt of the request.

Article 139

Data entered in the Main register, pursuant to this Law, may be subsequently amended if:

1. the authorized body subsequently, by means of a legally prescribed procedure, ascertains a change of data;
2. the insurance, pension service, insurance period, wages, wage compensation, i.e. insurance basis used in setting a pension level, and data on the amount of paid contributions have been entered in the Main register on the basis of falsified documents;
3. it is subsequently found, by way of a verification of the data or in some other way, that false or incomplete data was entered in the Main register.

An amendment of the data entered in the Main register shall be made through the appropriate change of data form, in accordance with the procedure established by this Law.

Article 140

The contributors under Article 131 of this Law shall be obliged to submit data application forms to the Fund within the following deadlines:

1. contribution-payer data application forms – within eight days of the start of business, the end of business or of a change in the contribution-payer's business activities ;
2. insurance applications, notices of termination of insurance and notices of any changes during the insurance period – within eight days of the start of employment, i.e. as of the day when the contract was signed, the performance of activities or the beginning of performance of activities, i.e. of the day of termination of employment, performance of activities, i.e. a change to the insurance;
3. application of data used in establishing insurance service, wages, wage compensation, i.e. insurance basis used in establishing the amount of entitlement and the amount of paid contributions – no later than April 30 of the current year for the previous calendar year, and the Directorate by June 30 of the current year;
4. application on the change of data under point 3) of this Article – within eight days as of the day of the change, i.e. as of the day of receipt of effective decision that determined the change of data;
5. application on Beneficiary's death - within three days as of the day of the issue of certification on registry of dead persons;

Article 141

The Fund shall be obliged to enter the data from received applications into the Main registry within the following time limit:

- 1) data from applications under the Article 140 , points 1 and 2 of this Law – within 30 days from the day of the receipt of the application;
- 2) data from applications under the Article 140 , points 3 and 4 of this Law – within 60 days from the day of the receipt of the application, no later than the end of the current year for the previous year;

- 3) data from applications under the Article 140 , point 5 of this Law – within one day from the day of the receipt of the application;

Article 142

Application of data for organization and maintenance of the Main registry based on which the data were entered into the Main registry, shall be kept minimum 30 years as of the day when the right was accrued based on those data, but not less than 10 years from the day of the termination of the right.

Application of data for Participant who are not entitled to pension and disability insurance shall be kept minimum 40 years, as of the last entry of data into the Main registry.

Article 143

Instead of keeping original applications of data, applications may be registered on microfilms, i.e. by means of electronic data processing (magnetic media etc).

The Fund shall provide a Participant with a certified photo-copy of the application under paragraph 1 above.

Article 144

Elimination of original applications based on which data were entered into the Main registry shall be performed by an expert commission established by the Fund.

Article 145

The data contained in the Main register shall also be used for statistical research.

Protection of the data in the Main register shall be ensured in the prescribed manner.

X FUNDING

Article 146

Pension and disability insurance shall be financed from:

1. contributions
2. the Budget of the Republic, and
3. other sources, pursuant to the law

The Republic shall be the guarantor of the Fund's duties with respect to the realization of rights arising from pension and disability insurance.

Contributions

Article 147

Pension and disability insurance contributions shall comprise of:

1. Participants' contributions
2. employers' contributions
3. additional contribution for insurance service accrued at accelerated rate;
4. contributions from other contribution-payers specified in this Law;
5. contributions, i. e. resources in the event of an injury at work or professional disease.

Article 148

Resources of the Fund deriving from Participants' contributions shall be funded by a contribution on wages, wage compensation and insurance bases.

Participants, employers and compensation payers referred to in Article 149 paragraph 2 and Articles 150 to 152 of this Law cannot be exempted from paying pension and disability insurance contributions.

Article 149

Contributions for the Participants referred to in Article 10 paragraph 1, points 1 to 6 and 8 and 9 of this law shall also be paid by his/her employer, on the same base and rate as the Participant.

Contributions for Participants under Article 10, paragraph 1, point 10 shall be paid by the Employment Fund.

Article 150

Contributions for Participants who are receiving wage compensation due to a temporary inability to work pursuant to health insurance regulations shall be paid by the compensation payer.

Article 151

Contributions for Participants who are exercising the right to wage compensation on the basis of maternity leave, i.e. during work at half of full working hours due to special care for a child shall be settled and paid by the compensation payer in compliance with regulations on social and children protection.

Article 152

Additional contribution for insurance service at an accelerated rate shall be accrued and paid by the employer.

Article 153

The base on which contributions for Participants employees shall be accrued and paid comprises of wage and wage compensation in compliance with the Law, collective agreement and labor contract.

The base referred to in the paragraph 1 of this Article cannot be lower than the minimum wage prescribed by the General Collective agreement for corresponding category of qualifications.

Article 154

The base on which contributions for Participants under Article 10 paragraph 1 point 4 of this law shall be paid comprises of cash compensation for work in a Board of Directors, i.e. a Managing Board.

Article 155

The base on which contributions for Participants under Article 10, paragraph 1, point 5 of this Law shall be paid comprises of the wage that, in compliance with the law and collective agreement, those persons would realize in the Republic on the same or similar positions in compliance with the Article 153 of this Law.

Article 156

The base on which contributions for Participants under Article 10, paragraph 1, point 6 of this Law shall be paid comprises of paid wage that cannot be lower than the base under Article 153, paragraph 2 of this Law.

Article 157

The insurance bases for the Participants under Article 10, paragraph 1, point 7 of this Law shall be determined by the State administration authority competent for pension and disability insurance, but they cannot be higher than the base under Article 164 of this Law.

The base on which contributions for Participants under Article 10, paragraph 1, point 10 shall be paid comprises of cash compensation that they receive according to labor and employment regulations.

Article 158

The base on which contributions for Participants under Article 11, point 1 of this law shall be established and paid comprises of taxable income arising from self-employment in compliance with the Personal Income Tax Law.

The base under paragraph 1 of this Article may not be lower than the average wage in the month for which the contribution is paid.

Article 159

The base on which contributions for Participants under Article 11, point 2 of this Law shall be paid comprises of taxable income in compliance with the Personal Income Tax Law.

Article 160

The insurance base for the Participants under Article 11, point 3 of this Law shall be determined by the State administration authority competent for pension and disability insurance.

Article 161

The mandatory base that is subject to contributions for Participants under Article 12 of this Law shall amount to 50% of the average wage in the Republic in the month for which the contribution is paid.

The insurance bases above the mandatory base under paragraph 1 of this Article, on which a Participant can be insured at his/her own choice, shall be prescribed by the State administration authority competent for pension and disability insurance.

Article 162

The insurance base on which contributions are paid for Participants who due to temporary inability to work under regulations on health insurance realize cash compensation shall comprise of that compensation.

Article 163

The insurance base on which contributions for Participants under Article 151 of this Law shall be paid comprises of paid compensation in compliance with regulations on social and children protection.

Article 164

The base for payment of contributions for the year 2004 shall not exceed 12.000 EUR per annum.

From 1st January 2005 the base under paragraph 1 of this Article shall be indexed annually according to changes of the average wage in the Republic in the previous calendar year.

The regulation on indexation of the maximum base shall be adopted by the Fund.

Article 165

The insurance base on which contributions for Participants under Article 14, paragraph 1, point 1 of this Law shall be paid comprises of minimum wage prescribed by the General collective agreement for the adequate category of qualifications that the person possesses.

Article 166

The contribution rates according to which contributions are paid on the prescribed base shall be:

1. for the Participants referred to in Article 10, paragraph 1, points 1 to 6 and 8 and 9 of this Law
 - at the expense of the employer 12%
 - at the expense of the employee 12%
2. for the Participants referred to in Article 10, paragraph 1, point 7 and Articles 11 and 12 of this Law 24% at the expense of the Participant;
3. for the Participants referred to in Article 10, paragraph 1, point 10 and Articles 150 and 151 of this Law 24% at the expense of the institution that pays out the compensation.

The contribution rate for persons under Article 14, paragraph 1, point 1 of this Law shall amount to 4% at the expense of the Employment Bureau.

Article 167

Additional contribution for insurance service accrued at an accelerated rate paid by the contribution payers under Article 152 of this Law amounts to:

1. 7% for Participants assigned at working positions where 12 months of effective work shall be accrued as 14 months of insurance service;
2. 11% for Participants assigned at working positions where 12 months of effective work shall be accrued as 15 months of insurance service;
3. 14% for Participants assigned at working positions where 12 months of effective work shall be accrued as 16 months of insurance service;

4. 20% for Participants assigned at working positions where 12 months of effective work shall be accrued as 18 months of insurance service.

Article 168

Participants employees, i.e. Participants self employed who realize income on several basis under Articles 10 and 11 of this Law, pay contributions on all income, while the total amount of the income on which contributions are paid cannot exceed the base under Article 164 of this Law.

Participants employees who also realize income based on extra work in compliance with labor regulations pay contributions on wage based on extra work, in a manner and at the rate as contributions are paid on wage realized from employment based on which they are mandatory insured, while the total amount on which contributions are paid, including the income under paragraph 1 of this Article cannot exceed the base under Article 164 of this Law.

The amount under paragraph 1, i.e. paragraph 2 of this Article on which contributions for pension and disability insurance are paid shall be taken for the calculation of the annual personal coefficient when establishing the amount of the old-age, i.e. disability pension.

For Participants who also realize income besides the insurance under paragraphs 1 and 2 of this Article, that are subject to contributions for pension and disability insurance, the subject obliged to submit applications on the amount of these income (application of data on wage, compensation, i.e. insurance base that serves for determination of annual personal coefficient and the amount of paid contributions) shall be:

- The Employer – for income based on wage, i.e. compensation under Article 10, paragraph 1, point 4 of this Law;
- The Directorate - for persons who realize income under Article 11, points 1 and 2 of this Law.

The applications under paragraph 4 of this Article shall be submitted in a manner, within deadlines and according to procedure prescribed for filing of applications under Article 140, point 3 of this Law.

Article 169

Repayment of excess of paid contributions above the maximum base under Article 164 of this Law shall be performed in a manner and according to procedures determined by the regulation adopted by the State administration authority competent for pension and disability insurance.

Article 170

Contributions for the Participants under Article 10, paragraph 1, points 1 to 6 and 8 and 9 of this Law, at the expense of the Participant and the employer shall be settled and paid in by the employer in conjunction with the payment of wages and wage compensation.

The provision under paragraph 1 of this Article also refers to contributions under Article 147, point 3 of this Law.

Contributions for Participants under Article 10, paragraph 1, point 7 shall be paid by the Participant himself by 15th in the month upon the expiry of each calendar quarter.

Contributions for Participants under Article 10, paragraph 1, point 10 of this Law shall be accrued and paid by the Employment Fund in conjunction with the payment of the compensation.

Article 171

Contributions for Participants under Article 11, point 1 of this Law shall be accrued and paid by the Participant in the same manner as taxes are accrued and paid pursuant to Personal Income Tax Law.

Contributions for Participants under Article 11, point 2 of this Law shall be accrued and paid by the payer of the contracted compensation on the occasion of its payment.

Contributions for Participants under Article 11, point 3 of this Law shall be accrued and paid by the Orthodox Church, Islamic Religious Community and Catholic Church in compliance with the regulation under Article 160 of this Law.

Article 172

Contributions for Participants under Article 12 of this Law shall be accrued by the Directorate - on quarterly basis.

Article 173

Contributions for Participants under Articles 150 and 151 of this Law shall be accrued and paid by the payer of the wage compensation on the occasion of its payment.

Article 174.

Contributions for persons under Article 14, paragraph 1, point 1 of this Law shall be accrued and paid by the Employment Fund when a person is sent to professional training, retraining or additional training.

Article 175

The control of regularity of accrual and payment of contributions shall be performed by the Directorate in compliance with regulations that govern the tax procedure.

With respect to establishment of contributions, deadlines, interest rates, penalties, methods of payment and other issues that are not governed by this Law, except provisions that relate to obsolescence, tax exemptions and reduction, the applicable provisions shall be those governing Personal Income Tax Law, i.e. the Law governing tax procedure.

The Budget of the Republic

Article 176

The Budget of the Republic shall provide the Fund with:

- 1) Resources for increased liabilities due to the accrual and realization of rights arising from pension and disability insurance under special circumstances, pursuant to previous Federal and Republican regulations;
- 2) Resources for increased liabilities due to the accrual and realization of rights to the minimum pension, in the amount of difference between the minimum pension under Article 29 of this Law, i.e. the minimum pension realized under regulations that were effective prior to the effectiveness of this Law and pension to which a pensioner is entitled in connection with the realized wage, i.e. insurance base on which contribution for pension and disability insurance was paid and the accrued pension service.
- 3) Resources required for the entitlements arising from pension and disability insurance of persons under Article 14, paragraph 1, points 2 and 3 and Article 15, paragraph 1 of this Law;
- 4) Resources required for the entitlements under Article 52 and 57 of this Law;
- 5) Resources required for the entitlements arising from pension and disability insurance realized based on accrued insurance service under Article 64 of this Law;
- 6) Resources required for entitlements arising from pension and disability insurance realized based on insurance service at an accelerated rate under Article 74 of this Law
- 7) Resources required for the increase in liabilities with regard to Participants paying pension and disability insurance contributions at a rate below the rate specified by the Law.

The Government shall prescribe the manner of calculation and determination of the amount of funds under paragraph 1 of this Article, control of calculation, procedures, dynamics and deadlines for transfer of funds at the proposal of the Ministry competent for pension and disability insurance.

Other Sources

Article 177

Other sources of funding the pension and disability insurance shall be as follows:

1. income derived from property which is at the disposal of the Fund;

2. income coming from pension and disability insurance organizations with whom Participants accrued part of their service;
3. subsidy and endowment income;
4. income earned from financial investments, dividends, interest, and
5. other sources

Article 178

The Fund's expenditures shall be:

1. Pensions;
2. Subsidy for bodily injury;
3. Funeral cost allowance;
4. Care and aid allowance realized according to regulations prior to the effectiveness of this Law;
5. Expenses based on contributions for health insurance of Beneficiaries;
6. Expenses related to disability evaluation;
7. Expenses related to the payment of pensions and other pension income;
8. Costs of effecting insurance and costs of the Fund's managing bodies.

XI FUND ASSETS

Article 179

The property of the Fund under this Law consists of objects, rights, shares and portions, money and other securities acquired by of the Fund that is managed by the Fund in the interest of Beneficiaries established by this Law.

The property of the Fund consists of shares and portions assigned to the Fund in the procedure of property and management transformation of the economy.

Article 180

The Fund shall be obliged to manage the property conscientiously and reliably in the best interest of Beneficiaries and in addition to activities under Article 116 of this Law it shall also:

1. Maintain records and create financial statements on all assets including an annual market based evaluation showing the market price;
2. Keep records on all income from property on a separate account;
3. Inform the State administration authority competent for finances on the adopted annual report containing the plan for sale, i.e. privatization of property under Article 179 of this Law.

Article 181

The property under Article 179, paragraph 1 of this Law that is not in the function of the Fund's basic activity shall be sold no later than January 1, 2009 according to the proceedings and in a manner prescribed by Law.

The Fund may use the proceeds of sale of the property under paragraph 1 of this Article for:

1. Investments of direct interest to the Fund designed to improve the efficient functioning of the Fund. This includes but not limits to, information technology, staff training, compensation for staff redundancies, covering of Fund's deficit and transitional costs that will arise due to the introduction of the mandatory pension and disability insurance based on individual capitalized savings;
2. The payment of Pensions to Participants or Beneficiaries pursuant to this Law if the income anticipated by this Law does not provide it.
3. Investment in other commercial real estate that the Fund already owns which requires additional capital in order to be privatized or sold on more advantageous terms.

Such use of the proceeds of sale or dividends is to be set forth in the Fund's budget.

Expenses created due to sale of property under Article 179 of this Law shall be compensated out of funds that represent the income from sale of shares and portions under Article 179, paragraph 2 of this Law.

The Fund may not use the proceeds of such sale for purchase of real estates or shares.

Article 182

The property of the Fund stipulated under Article 179, paragraph 2, shall be privatized in a manner and according to the procedure stipulated by privatization regulations.

The Fund may use the proceeds acquired in the privatization procedure under paragraph 1, including income from dividends, for payment of entitlements derived from pension and disability insurance.

Article 183

For the purpose of ensuring normal working conditions and providing a service to Participants the Fund may purchase real estates and equipment, only if those real estates

and equipment are in the function of exercise of rights arising from pension and disability insurance.

XI COMPENSATION OF DAMAGE

Article 184

Compensation of damage made to the Fund and the return of illegal and improper pension payments and payments of other cash payments from pension and disability insurance shall be carried out in accordance with the provisions of the Law on Contracts and Torts, unless otherwise provided by this Law.

The Fund shall have the right to claim compensation of damage from an employer if the bodily injury, disability or death of a Participant is a result of non-compliance with prescribed measures of safety at work or measures for the protection of the environment, based on which the right to a disability or survivor's pension was realized.

The Fund shall have the right to claim compensation of damage from a person who, consciously or with the utmost carelessness, caused the bodily injury, disability or death of a Participant, if a right arising from pension and disability insurance was realized on that basis.

When determining the level of compensation of damage, paid contribution amount and the length of accrued pension service shall not be taken into consideration.

Article 185

A compensation claim may include the full amount of damage or a part of the damage.

The amount under paragraph 1 of this Article shall be calculated according to the level of the established pension, i.e. the subsidy for bodily injury, and the expected average period in which that right will be exercised.

Article 186

The Fund shall have the right to demand compensation directly from an insurance company for damage arising from the use of a motor vehicle.

XIII SUPERVISION

Article 187

The implementation of this Law shall be supervised by the State administrative authority responsible for pension and disability insurance activities, in accordance with a separate law.

XIV PENAL PROVISIONS

Article 188

An employer with the status of legal entity shall be fined with a civil penalty between fifty and two hundred times the minimum wage in the Republic if it:

1. fails to report the start or termination of business or any changes to business activities or if it does so after the prescribed time-limit (Article 140 point 1);
2. prevents the examination of records and documents and does not provide the necessary evidence on which data entered in the application forms are based (Article 133, paragraph 3);
3. fails to register or cancel insurance or any change in the course of the insurance period or does so after the prescribed time-limit (Article 140, point 2);
4. fails to submit application of data for determination of insurance service, wage, wage compensation, i.e. insurance base that serve for determination of the amount of entitlement and the amount of paid contributions or does so after the prescribed time limit (Article 140, point 3);
5. fails to submit application of data on wage, compensation, i.e. insurance base that serves for determination of annual personal coefficient and the amount of paid contributions or does so after the expiry of the prescribed time limit (Article 168, paragraphs 4 and 5);
6. pays out wages without the payment of pension and disability insurance contributions (Article 170, paragraphs 1 and 2);
7. enters false information in the documents based on which data is entered into the Main register (Article 133, paragraph 1);
8. fails to correct irregularities on the application forms within the time-limit specified by the Fund (Article 137);

An employer – private individual shall be fined with a civil penalty between five and twenty times of the minimum wage in the Republic for the violation under paragraph 1 of this Article.

The Directorate shall be fined with a civil penalty between fifty and two hundred times of the minimum wage in the Republic if it:

- 1) fails to submit application of data for determination of insurance service, wage, wage compensation, i.e. insurance base that serve for determination of the amount of entitlement and the amount of paid contributions or does so after the prescribed time limit (Article 140, point 3);
- 2) fails to submit application of data on wage, compensation, i.e. insurance base that serves for determination of annual personal coefficient and the amount of paid contributions or does so after the expiry of the prescribed time limit (Article 168, paragraphs 4 and 5).

The Employment Bureau shall be fined with a civil penalty between fifty and two hundred times of the minimum wage in the Republic if it:

- 1) fails to submit insurance application or termination of insurance application or any change in the course of the insurance period or does so after the prescribed time-limit (Article 140, point 2);
- 2) fails to submit application of data for determination of insurance service, wage, wage compensation, i.e. insurance base that serve for determination of the amount of entitlement and the amount of paid contributions or does so after the prescribed time limit (Article 140, point 3);

The person responsible for a violation under paragraphs 1, 3 and 4 of this Article shall also be fined with a civil penalty between five and twenty times of the minimum wage in the Republic.

Article 189

A Beneficiary of a right arising from pension and disability insurance who does not report, i.e. who fails to report in a timely manner a change pertinent to the right or its exercise shall be fined with a civil penalty between five and twenty times the minimum wage in the Republic (Article 111).

Article 190

A Participant paying a pension and disability insurance contributions by himself shall be fined for a violation with a civil penalty between five and twenty times the minimum wage in the Republic if he/she:

1. fails to report the start or termination of activities or a change in the course of carrying out those activities or does so after the prescribed time-limit (Article 140 point 1);
2. fails to register or cancel insurance or changes in the course of the insurance period or does so after the prescribed time-limit (Article 140, point 2).

Article 191

The Employment Bureau shall be fined with a civil penalty between fifty and two hundred times the minimum wage in the Republic if it pays out the compensation based on unemployment without paying contributions for pension and disability insurance (Article 170, paragraph 4).

A wage compensation payer shall be fined with a civil penalty between fifty and two hundred times of the minimum wage in the Republic if it pays out the wage compensation based on unemployment without paying contributions for pension and disability insurance (Article 173).

A person responsible for violations under paragraph 1 and 2 of this Article shall be fined between five and twenty times the minimum wage in the Republic.

Article 192

A payer of contracted compensation with the status of a legal entity shall be fined for a violation with a civil penalty between fifty and two hundred times the minimum wage in the Republic if it pays out contracted compensation without paying in a pension and disability insurance contribution (Article 171, paragraph 2).

A payer of contracted compensation – private individual shall be fined for the violation under paragraph 1 of this Article from five to twenty times amount minimum wage in the Republic.

The person responsible for the violation under paragraph 1 of this Article shall be fined with a civil penalty between five and twenty times the minimum wage in the Republic.

XV TRANSITIONAL AND FINAL PROVISIONS

Article 193

Beneficiaries of the right to old-age pension, disability pension, survivor's pension, the minimum pension, the maximum pension, subsidy for bodily injury, allowance on the basis of the remaining working ability, i.e. aid and care allowance, who acquired that right according to regulations from pension and disability insurance that were applied till the beginning of implementation of the present Law, shall be provided with these rights in the same volume even after the specified date and shall be indexed in accordance with Article 58 of this Law.

Before the implementation of Article 58 paragraph 2 of this Law, the rights referred to in paragraph 1 of this Article, 1 January 2004 is adjusted by the applicable regulations before the start of the application of this law according to the movement of wages, reduced for paid taxes and contributions for December 2003 in the Republic in relation to the last month that the adjustment made by the applicable regulations before the start of the application of this law.

Article 194

Where the Beneficiaries of a right arising from remaining work capacity accrued that right according to the regulations in effect until 31st December 2003, as of 1st January 2004 their rights shall be converted into a disability pension based on the disability under Article 30 paragraph 2 of this Law, the amount of which shall be established in compliance with this Law in the following percentages:

1) a Beneficiary of temporary compensation registered with the Employment Bureau - 100%;

2) a Beneficiary of a right to employment with shortened work hours who is employed 60%;

3) a Beneficiary of a right to reassignment or employment in another appropriate job who is employed 40%.

When setting the pension under paragraph 1 of this Article the pension service of a Participant accrued by 31st December 2003 and the wages, insurance bases, wage compensation, or the bases on which wage compensation were determined, realized by 31st December 2003 shall be taken into consideration, and as of that date pension service shall be added to him as under Article 39, paragraph 2 of this Law.

A Beneficiary of disability pension under paragraph 1, points 1 to 3 of this Article shall not be deemed a pension Beneficiary in terms of Article 42, paragraph 1, point 2 and Article 57 of this Law where in the event of his/her death the entitlement to a survivor's pension would be provided or funeral cost allowance.

Article 195

A Beneficiary of disability pension under Article 194, paragraph 1, point 1 of this Article shall cease to be entitled to that right when he/she becomes eligible to old-age, i.e. survivor's pension, i.e. as of the day when he/she becomes eligible to disability pension under Article 31 of this Law.

When a Beneficiary of disability pension under Article 194, paragraph 1 point 1 of this Law gets employed, i.e. becomes self-employed and accordingly mandatory insured in compliance with provisions of this Law, disability pension under Article 194, paragraph 1, point 2, i.e. Article 194, paragraph 1, point 3 of this Article shall be set instead of the disability pension he/she was receiving until then.

Article 196

The time over which a Beneficiary of disability pension under Article 194, paragraph 1, point 1, of this Law receives that pension in the period from January 1, 2004 to December 31, 2005 shall count towards insurance service.

Exceptionally from the provision of Article 62 of this Law, the time spent in insurance with shortened working hours from January 1, 2004 to December 31, 2005 for a Beneficiary of disability pension under Article 194, paragraph 1, point 2 of this Article shall count towards insurance service as if he/she is working full time working hours.

When exercising the right to the old age, i.e. disability pension under Article 31 of this Law, personal coefficient from the period over which the Participant realized wage, wage compensation, i.e. insurance base shall be taken for the calculation of the annual personal coefficient for persons under paragraphs 1 and 2 of this Article.

The Fund shall enter into the Main registry data on insurance service under paragraphs 1 and 2 of this Article.

Funds required for entitlements based on insurance service under paragraphs 1 and 2 of this Article shall be provided by the Budget.

Article 197

Notwithstanding the provisions of Article 17, paragraph 1 of this Law, a Participant shall accrue the right to an old-age pension when he/she reaches:

1. in the year 2004 – the age of 60 and 6 months (men) or the age of 55 and 6 months (women) and 19 years and 6 months of pension service;
2. in the year 2005 – the age of 61 (men) or the age of 56 (women) and 19 years of pension service;
3. in the year 2006 – the age of 61 and 6 months (men) or the age of 56 and 6 months (women) and 18 years and 6 months of pension service;
4. in the year 2007 – the age of 62 (men) or the age of 57 (women) and 18 years of pension service;
5. in the year 2008 – the age of 62 and 6 months (men) or the age of 57 and 6 months (women) and 17 years and 6 months of pension service;
6. in the year 2009 – the age of 63 (men) or the age of 58 (women) and 17 years of pension service;
7. in the year 2010 – the age of 63 and 6 months (men) or the age of 58 and 6 months (women) and 16 years and 6 months of pension service;
8. in the year 2011 – the age of 64 (men) or the age of 59 (women) and 16 years of pension service;
9. in the year 2012 – the age of 64 and 6 months (men) or the age of 59 and 6 months (women) and 15 years and 6 months of pension service;

The years of age under paragraph 1, points 1 to 9 of this Article, when reached by a Participant in the period from January 1, 2004 to December 31, 2012 who becomes entitled to the old age pension, shall be deemed to be the years of age when, in that period, pursuant to provision of the Article 37, paragraph 1, point 2 of this Law, entitlement to disability pension is accrued.

If a participant, whose disability was caused by an injury away from work or disease occurred after reaching the age of life prescribed for accrual of entitlement to old age pension under paragraph 1 of this Article, does not meet eligibility conditions with respect to pension service for accrual of right to old age pension, he/she shall accrue right to disability pension provided that the loss of working capacity arose before reaching the age under Article 17, paragraph 1 of this Law and that he/she has accrued pension service that covers minimum 1/3 of working life.

Article 198

Exceptionally from the provision of the Article 17, paragraph 2 of this Law, an entitlement to old age pension shall be accrued by a Participant – woman when she accrues 35 years of insurance service and:

- 1) in the year 2004 –50 years of age and 6 months ;
- 2) in the year 2005 –51 years of age ;
- 3) in the year 2006 –51 years of age and 6 months ;
- 4) in the year 2007 –52 years of age;
- 5) in the year 2008 - 52 years of age and 6 months;
- 6) in the year 2009 - 53 years of age;
- 7) in the year 2010 – 53 years of age and 6 months;
- 8) in the year 2011 –54 years of age;
- 9) in the year 2012 –54 years of age and 6 months.

Article 199

Exceptionally from the provision of the Article 18 paragraph 2 of this Law, the retirement age for accruing the right to and old age pension can be reduced to a Participant – woman maximum to:

- 1) in 2004 – 50 years of age and 6 months;
- 2) in 2005 – 51 years of age;
- 3) in 2006 – 51 years of age and 6 months;
- 4) in 2007- 52 years of age;
- 5) in 2008 – 52 years of age and 6 months;
- 6) in 2009 – 53 years of age;
- 7) in 2010 - 53 years of age and 6 months;
- 8) in 2011- 54 years of age;
- 9) in 2012 - 54 years of age and 6 months.

Article 200

On the basis of the annual personal coefficient determined for a particular calendar year, pursuant to the provisions of Articles 19-27 of this Law, the most advantageous personal coefficients realized in any of the following consecutive years shall be calculated:

1. in the year 2004 – 12 years;
2. in the year 2005 – 14 years;
3. in the year 2006 – 16 years;
4. in the year 2007 – 18 years ;
5. in the year 2008 – 20 years;
6. in the year 2009 – 22 years;
7. in the year 2010 – 24 years;
8. in the year 2011 – 26 years;

9. in the year 2012 – 28 years;
10. in the year 2013 – 30 years;
11. in the year 2014 – 32 years;
12. in the year 2015 – 34 years;
13. in the year 2016 – 36 years;
14. in the year 2017 – 38 years;
15. in the year 2018 – 40 years;

Minimum ten consecutive years under paragraph 1 points 1 to 4 of this Article are the calendar years over which a Participant realized wage, wage compensation, i.e. insurance base for minimum six months of insurance service.

For a Participant who has not accrued ten consecutive years under paragraph 2 of this Article over which he/she realized wage, wage compensation, i.e. insurance base for minimum six months of insurance service, the number of consecutive years over which a Participant realized wage, wage compensation, i.e. insurance base for minimum six months of insurance service, as many as he/she accrued them, shall be taken for the calculation of the most favorable personal coefficient under paragraph 1 of this Article.

The most advantageous personal coefficient shall be calculated by dividing the annual personal coefficient total under paragraph 1 of this Article by the time period for which they were accrued.

The total personal points shall be established by multiplying the total pension service by the most advantageous personal coefficients under paragraph 4 of this Article.

Article 201

In the period from January 1, 2004 to December 31, 2008 pension service under Article 21 of this Law can amount maximum up to:

- 1) in the year 2004 – 41 years;
- 2) in the year 2005 - 42 years;
- 3) in the year 2006 – 43 years;
- 4) in the year 2007 – 44 years;
- 5) in the year 2008 – 45 years.

Article 202

When determining the amount of the old age pension, i.e. disability pension in the event of disability caused by a disease or injury away from work for a Participant woman who has less than 40 years of pension service, the insurance service accrued before December 31, 2003 shall be increased by 15% while the total pension service may not exceed 40 years.

Article 203

Proceedings for exercise of rights arising from pension and disability insurance or for ascertaining pension service initiated prior to the effective date of this Law shall be concluded under the conditions and in the manner specified by the regulations in effect at the time of the proceedings being initiated, unless prescribed otherwise by this Law.

Article 204

Persons who had the status of Participant according to the regulations in effect prior to the effective date of this Law, their family members and the family members of a Beneficiary of a right pursuant to those regulations, shall realize rights arising from pension and disability insurance under the conditions specified by this Law.

Article 205

A widow who met the eligibility conditions to survivor's pension according to regulations effective until December 31, 2003, and has not exercised that right before the implementation of this Law, may at her own request become entitled to the survivor's pension according to regulations effective until December 31, 2003.

The provision under paragraph 1 of this Article shall also refer to a widow whose spouse died prior to the effectiveness of this Law who reached the age of 40 before he died, and according to the regulations implemented until December 31, 2003 she was ascertained the entitlement to survivor's pension when she reaches the age of 45.

Article 206

Exceptionally from the provision of Article 44, paragraph 1, point 1 of this Law, a widow shall be entitled to a survivor's pension:

- 1) in the year 2004 - if she reached the age of 45 and 6 months prior to her spouse's death;
- 2) in the year 2005 - if she reached the age of 46 prior to her spouse's death;
- 3) in the year 2006 - if she reached the age of 46 and 6 months prior to her spouse's death;
- 4) in the year 2007 - if she reached the age of 47 prior to her spouse's death;
- 5) in the year 2008 - if she reached the age of 47 and 6 months prior to her spouse's death;
- 6) in the year 2009 - if she reached the age of 48 prior to her spouse's death;
- 7) in the year 2010- if she reached the age of 48 and 6 months prior to her spouse's death;
- 8) in the year 2011 - if she reached the age of 49 prior to her spouse's death;

- 9) in the year 2012 - if she reached the age of 49 and 6 months prior to her spouse's death;

Article 207

Exceptionally from the provision of Article 44, paragraph 2 of this Law, a widow shall be permanently entitled to a survivor's pension during the exercise of right to a survivor's pension accrued pursuant to Article 44, paragraph 1, points 2 and 3 of this law if she reached:

- 1) in the year 2004 – 45 years of age and 6 months;
- 2) in the year 2005 – 46 years of age;
- 3) in the year 2006 – 46 years of age and 6 months;
- 4) in the year 2007 – 47 years of age;
- 5) in the year 2008 – 47 years of age and 6 months;
- 6) in the year 2009 – 48 years of age;
- 7) in the year 2010 – 48 years of age and 6 months;
- 8) in the year 2011 – 49 years of age;
- 9) in the year 2012 – 49 years of age and 6 months

Article 208

A Beneficiary of allowance for aid and care according to regulations that were effective prior to the implementation of this Law who is placed into an institution providing social protection to old people shall not be paid the allowance for aid and care during his/her stay in that institution.

If a Beneficiary of aid and care allowance takes care, fully or partially, of accommodation under paragraph 1 of this Article, payment of aid and care allowance shall not be terminated.

Entitlement to allowance for aid and care shall not be granted to a Beneficiary who is entitled to such cash compensation on other basis.

Article 209

The control of regularity of accrual and payment of contributions, besides the body under Article 175, paragraph 1 of this Law until December 31, 2004 shall also be performed by the Fund.

Article 210

According to provisions of this Law, persons meeting conditions under Article 12 of this Law who at the moment of entering the insurance are less than 50 years of age (men) and 45 years of age (women) shall be insured on mandatory bases as Participants farmers.

Persons meeting conditions under Article 12 of this Law, who reached the age of 50 (men) and 45 years of age (women) shall also be insured on mandatory basis as Participants farmers if prior to reaching the retirement age they were insured based on employment, i.e. self-employment.

Article 211

Persons who were insured on mandatory basis as Participants farmers prior to the effective date of this Law shall continue to be insured as Participants farmers if meeting the conditions under Article 12 of this Law.

Persons who were insured on mandatory basis as Participants farmers prior to the effective date of this Law who are not meeting the conditions under Article 12 of this Law may remain in the mandatory insurance of farmers if they submit an application to the Fund within 6 months as of the effective date of this Law.

Article 212

Notwithstanding the provisions of Articles 19 and 22, paragraphs 1 and 2 and Articles 24 and 25, paragraph 2 of this Law, when ascertaining annual personal coefficient wages, wage compensation and insurance bases from the years 1992 and 1993 shall not be taken into account.

Article 213

Data on wages in 2003 shall be entered in the Main registry based on data on wages reduced for paid taxes and contributions.

Article 214

The rights under Article 16 of this Law shall also expire when the Participant realizes a right from this insurance with the insurance organization of a country formed on the territory of the former SFRY, unless otherwise provided by an international agreement.

Notwithstanding paragraph 1, a Beneficiary eligible to pension based on remaining pension service that was not considered by an insurance organization formed on the territory of former SFRY when determining pension amount, shall not be deprived of this right but the right to a pension shall be determined again based on pension service and wages from that period.

Article 215

For a pension Beneficiary meeting eligibility conditions under Article 112, paragraph 3 of this Law according to which he/she is entitled to have the pension level set again and for whom the amount of pension was set according to the regulations applicable until the effective date of this Law, the found nominal amount of the pension shall be first converted into the personal points of the Beneficiary to enable the pension amount to be set again.

The conversion under paragraph 1 of this Article shall be performed such that the pension amount on the day of submitting application shall be divided by the indexed value of the pension for one personal point.

Personal points under paragraph 1 of this Article shall be adjusted later on by the realized insurance service, wages, wage compensation as well as insurance bases on which contributions are paid in compliance with provisions of this Law.

Personal points set in a manner under paragraph 3 of this Article shall represent the basis for setting a new pension amount in compliance with this Law.

For a Beneficiary of the right under paragraph 1 of this Article more favorable pension amount shall be set.

For a Beneficiary who realized the right under special conditions, more favorable than general conditions that were effective prior to the effective date of this Law, and who is meeting eligibility conditions under Article 112, paragraph 3 of this Law, a pension level shall be set under conditions and in the amount stipulated by this Law if that is more favorable for him than the previously set pension level.

Article 216

Realization of right on the base of pension service accrued in the Republic of Serbia as of the effective date of this Law shall be governed by the Agreement between the Republic of Montenegro and the Republic of Serbia.

The issue of compensation based on entitlements realized on the basis of pension service accrued in the Republic of Serbia until the effective date of this Law shall be governed by the agreement between the Republic of Montenegro and the Republic of Serbia

Article 217

The application of data under Article 131, point 1 line 3 for the year of 2005 and in future shall be submitted to the Fund by the Directorate.

Article 218

The Managing Board shall be appointed within 60 days of the effective date of this Law.

Until the appointment of the Managing Board the Council of the Fund shall continue to perform the duties under its competence even after this Law enters into effect.

Article 219

Enabling acts and other regulations implemented prior to the implementation of this Law shall continue to be implemented until new regulations are passed, provided they do not conflict with this Law.

Article 220

Enabling acts and other regulations necessary for the implementation of this Law shall be passed within 6 months of the effective date of this Law.

Article 221

With the implementation of this Law the following shall cease to be valid:

1. The Law on Bases of Pension and Disability Insurance (Official Gazette of FRY, No. 30/96, 70/2001, 3/2002 and 39/2002)
2. The Law on Bases of Pension and Disability Insurance (Official Gazette of FRY, No. 5/2003)
3. The law on Pension and Disability Insurance (Official Gazette of the Republic of Montenegro, No. 14/83, 12/85, 14/89 and “Official Gazette of the Republic of Montenegro”, nos. 28/91, 2/92, 18/92, 20/93)
4. Provisions of the Social Insurance Contributions Law (“Official Gazette of the Republic of Montenegro nos. 39/93, 3/94, 17/94, 42/94, 1/95, 13/96 and 45/98) concerning Participants and pension and disability insurance contribution bases and rates;
5. Provisions of Article 50 of the Law on Internal Affairs (Official Gazette of RM, No. 24/94 and 29/94).

Article 222

The Law shall become effective eight days from its publication in the “Official Gazette of the Republic of Montenegro” and shall become applicable as of 1st January 2004.

THE LAW ON AMENDMENTS AND ADDITIONS TO THE LAW ON PENSION AND DISABILITY INSURANCE

The law was enacted in "Official Gazette of the Republic of Montenegro", No. 39/2004 from 09.06.2004.

Article 1

In the Pension and Disability Insurance Law ("Official Gazette of the Republic of Montenegro", No. 54/03) in the article 13 paragraph 2 the word "agriculturist" shall be replaced with word "farmer".

Article 2

Article 27 shall be changed to read as follows:

"The value of pension for one personal point for the first half of 2004 shall be in amount of EUR 2,97".

Article 3

Article 56 shall be changed to read as follows:

„The base for determining bodily injury subsidy for the first half of 2004 shall amount to EUR 114.61.

The bodily injury subsidy shall be determined from the base under paragraph 1 of this Article and amounts to:

- 1) for 100% of bodily injury 40% of the base;
- 2) for 90% of bodily injury 36% of the base;
- 3) for 80% of bodily injury 32% of the base;
- 4) for 70% of bodily injury 28% of the base;
- 5) for 60% of bodily injury 24% of the base;
- 6) for 50% of bodily injury 20% of the base.

The base under paragraph 1 above shall be indexed in the same manner as pensions."

Article 4

In the article 67 paragraph 1 number "24%" shall be replaced with number "21,6%".

Article 5

In the article 149 words: "on the same base" shall be deleted.

Article 6

In the article 166 paragraph 1 shall be changed to read as follows:

“The contribution rates according to which contributions are paid on the prescribed base shall be:

4. for the Participants referred to in Article 10, paragraph 1, points 1 to 6 and 8 and 9 of this Law
 - at the expense of the employer 9,6%
 - at the expense of the employee 12%
5. for the Participants referred to in Article 10, paragraph 1, point 7 and Articles 11 and 12 of this Law - 21.6% at the expense of the Participant;
6. for the Participants referred to in Article 10, paragraph 1, point 10 and Articles 150 and 151 of this Law - 21.6% at the expense of the institution that pays out the compensation.”

Article 7

Article 167 shall be changed to read as follows:

“Additional contribution for insurance service accrued at an accelerated rate paid by the contribution payers under Article 152 of this Law amounts to:

5. 6% for Participants assigned at working positions where 12 months of effective work shall be accrued as 14 months of insurance service;
6. 9% for Participants assigned at working positions where 12 months of effective work shall be accrued as 15 months of insurance service;
7. 12% for Participants assigned at working positions where 12 months of effective work shall be accrued as 16 months of insurance service;
8. 18% for Participants assigned at working positions where 12 months of effective work shall be accrued as 18 months of insurance service.”

Article 8

In article 193 the paragraph 2 shall be deleted.

Article 9

In article 197 after paragraph 1 shall be added the new paragraph 2 to read as follows:

"For a Participant whose insurance service is accrued at accelerated rate, the retirement age for eligibility to old age pension under paragraph 1 of this Article shall be reduced in accordance with Article 18 of this Law."

Previous paragraphs 2 and 3 becomes paragraphs 3 and 4.

Article 10

In article 205 after paragraph 2 shall be added the new paragraph to read as follows:

“The provision of paragraph 1 of this Article shall also apply to a widow who, on the basis of performing parental duty to children, accrued right to survivor’s pension according to regulations in effect until December 31, 2003 and to who the entitlement to survivor’s pension was ceased prior to the beginning of implementation of this Law if she was 40 years of age on the day of the cessation of the entitlement.”

Article 11

After article 217 shall be added the two new articles to read as follows:

"Article 217a

Notwithstanding provisions of Article 67, paragraph 1 of this Law contribution rate for extended insurance by December 1, 2004 shall amount to 22,8.

Article 217b

Notwithstanding provisions of Article 166, paragraph 1 of this Law, contribution rate at which contribution is paid on the prescribed base by December 1, 2004 shall amount to:

- 2) for Participants under Article 10, paragraph 1, points 1 to 6 and points 8 and 9 of this Law
 - at the expense of employer 10.8%
 - at the expense of Participant 12%
- 3) for Participants under Article 10, paragraph 1, pint 7 and Articles 11 and 12 of this Law at the expense of the participant 22.8%
- 4) for Participants under Article 10, paragraph 1, point 10 and Articles 150 and 151 of this Law at the expense of compensation payer 22.8%.

Article 12

The Law shall become effective eight days from its publication in the “Official Gazette of the Republic of Montenegro”

THE LAW ON AMENDMENTS AND ADDITIONS TO THE LAW ON PENSION AND DISABILITY INSURANCE

The law was enacted in the "Official Gazette of the Republic of Montenegro", No. 79/2004 from 23.12.2004 and 81/2004

Article 1

In the Pension and Disability Law ("Official Gazette of the Republic of Montenegro", no: 54/03 and 39/04) in article 58 paragraph 1 after words: "in previous half-year" shall be added words: "with reference to the preceding half year".

Article 2

In article 86 after words: "arose disability" shall be added words: "inability of a family member".

After paragraph 1 shall be added new paragraph 2 to read as follows:

“Notwithstanding paragraph 1 hereof, inability for independent life and work can be established before the date for which there is medical documentation, in cases of innate conditions and diseases that characteristically emerge in early childhood.”

Article 3

In article 87 paragraph 1 words: "article 85" shall be replaced with words: "articles 85 and 91a".

Article 4

In article 91 paragraph 1 after words "insurance", instead of coma, shall be putted a dot, and words: "in accordance to his general act" shall be deleted.

After paragraph 1 shall be added new paragraph 2 to read as follows:

“In the procedure of audit under paragraph 1 hereof, findings, appraisal and opinion of the expert body under Article 85, paragraph 1 hereof shall also be the subject to compulsory audit.”

Previous paragraphs 2 and 3 becomes paragraphs 3 and 4.

Article 5

After article 91 shall be added new article to read as follows:

"Article 91a

In the procedure on the appeal, i.e. audit procedure, the facts under Article 85, Paragraph 1 hereof shall be established on the basis of findings, appraisal and opinion of the expert body, whose establishing and method of work is determined by the general act of the state administration for pension and disability insurance affairs.”

Article 6

In article 92 after paragraph 1 shall be added new paragraph 2 to read as follows:

“In the case when during the procedure of audit the first instance decision is changed, cancelled or nullified, provisions of the Law regulating the general administrative procedure referring to the second instance decisions on the appeal shall be correspondingly applied.”

Article 7

After article 93 shall be added new article to read as follows:

"Article 93a

The state administration body in charge of pension and disability insurance affairs, within the period of one year from the date of the decision becoming final in the administrative procedure, may annul the decision of the Fund if it evidently violates the substantive provisions.”

Article 8

In article 117 paragraph 3 point 4 word "five" shall be replaced with words "seven".

Article 9

In article 118 paragraph 3 shall be deleted.

Article 10

In article 164 paragraph 1 words: "EUR 12.000" shall be replaced with words: "EUR 15.000".

At the end of paragraph 2 shall be deleted dot and added words: "with reference to the calendar year that precedes".

Article 11

In article 168 paragraph 1 words: "Participants - employees, i.e. Participants self employed" shall be replaced with words: "For Participants - employees, i.e. Participants self employed ", and words: "pay contributions" shall be replaced with words: "contributions shall be paid ".

In paragraph 2 words: " Participants - employees " shall be replaced with words: " For Participants - employees ", and words: "pay contributions" shall be replaced with words: "contributions shall be paid ".

Article 12

Article 193 shall be changed to read as follows:

“Beneficiaries of the right to old-age pension, disability pension, survivor’s pension, the minimum pension, the maximum pension, subsidy for bodily injury, allowance on the basis of the remaining working ability, i.e. aid and care allowance, who acquired that right according to regulations from pension and disability insurance that were applied till the beginning of implementation of the present Law, shall be provided with these rights in the same volume even after the specified date.

Subsidy for part-time work for disabled workers, who became entitled to those rights according to regulations that were applied by December 31, 1996, shall be acquired in the same volume and under conditions stipulated by the said regulations.

Payment of subsidy from Paragraph 2 hereof shall be carried out by the employer that quarterly reimburses the funds paid from the Fund”

Article 13

After article 193 shall be added the three new articles to read as follows:

"Article 193a

Rights under Article 193, paragraph 1 hereof shall be indexed pursuant to Article 58 hereof.

For the period July 2002 – December 2003 harmonizing of rights under Article 193, Paragraph 1 hereof shall be carried out pursuant to regulations that were applied by December 31, 2003.

Article 193b

To beneficiary of the right to subsidy based on the remaining working capacity, i.e. beneficiary of the right to subsidy due to part-time employment who is employed, the said

right terminates with the date of termination of employment, i.e. of meeting conditions for old-age or disability pension, i.e. the date of exercising the right to survivor's pension in compliance with the present Law.

To beneficiary of temporary compensation who is registered with the Employment Bureau, the said right terminates with the date of his/her employment, i.e. becoming self-employed, on the basis of which he/she has compulsory insurance according to provisions of the present Law, as well as the date of meeting conditions for old-age or disability pension, i.e. the date of exercising the right to survivor's pension in compliance with the present Law.

Article 193c

To beneficiary of subsidy for part-time employment, the period spent in part-time employment insurance from January 1, 2004 to December 31, 2008 shall be calculated into the insurance service, as if he/she was working fulltime.

To beneficiary of temporary compensation who is registered with the Employment Bureau the insurance service shall be calculated for the time of receiving the said subsidy in the period from January 1, 2004 to December 31, 2006.

When exercising the entitlement to old-age, i.e. disability pension, the personal coefficient for calculation of the annual personal coefficient for persons under Paragraphs 1 and 2 hereof shall be taken from the period in which the beneficiary was getting wage, wage compensation, i.e. insurance base.

The Fund shall enter data about the insurance service under paragraphs 1 and 2 hereof into the Main registry.

Funds for entitlements on the basis of insurance service under paragraphs 1 and 2 hereof shall be provided from the budget of the Republic."

Article 14

In article 203 after paragraph 1 shall be added the new paragraph 2, 3 and 4 to read as follows:

"Participants who became redundant in compliance with the labour regulations and their employment was terminated by December 30, 2003, and who on the day of employment termination lacked up to five years of insurance service in order to become eligible to old-age pension, can become entitled to old-age pension by December 31, 2004 according to regulations that were applicable by December 31, 2003.

The base for the payment of contributions on the basis of insurance service under Paragraph 2 hereof that lacks, for the purpose of meeting the eligibility conditions for getting entitled to old-age pension, shall be the basic labour cost for the corresponding

category of professional skill determined in accordance with the General Collective Agreement for the month of December 2003.

Payment of pension under Paragraph 2 hereof shall start not earlier than the date of the fully paid obligations based on the insurance service that was lacking on the day of termination of employment for meeting the eligibility conditions for becoming entitled to old-age pension.”

Article 15

Alter article 203 shall be added the new article to read as follows:

"Article 203a

Control medical check-up for rolling assessment of disability condition of the beneficiaries – labour disabled workers who become entitled to part-time employment pursuant to regulations in force till December 31, 1996, and beneficiaries with whom, pursuant to regulations in force till December 31, 2003, the remaining working ability was established, shall be carried out ex officio by December 31, 2005.

To the beneficiary from Paragraph 1 hereof who does not have justified reasons for not responding to the control check-up, the monthly amount of pecuniary compensation shall be suspended.

Renewed assessment of disability under paragraph 1 of this Article shall be carried out according to provisions of Article 30, paragraphs 1 to 3 of this Law.

Entitlements based on renewed assessment of disability under paragraph 1 hereof shall terminate, change, i.e. be accrued in compliance with the present Law starting from the first day of the month to follow the adoption of the first instance decision."

Article 16

In article 205 paragraph 3 the word "usage" shall be replaced with word "accrued ".

Article 17

This Law shall become effective eight days from its publication in the “Official Gazette of the Republic of Montenegro”.

After collating with the original text, it has been determined that in the text of the Law on amendments and additions to the Law on pension and disability insurance, which has been published in the “Official Gazette of the Republic of Montenegro”, No. 79/04 were some errors so there are the

**CORRECTIONS OF THE LAW ON AMENDMENTS AND ADDITIONS TO THE
LAW ON PENSION AND DISABILITY INSURANCE**

*Corrections are published in the Official Gazette of the Republic of Montenegro”, No.
81/2004 as of 30.12.2004.*

In the Article 14, paragraph 1 after the words „ yet working relations”, shall be putted coma and words: i.e. insurance”.

In the same Article in the paragraph 3 after the words: “working relations” shall be putted coma and words: i.e. insurance”.

LAW ON AMENDMENTS AND ADDITIONS TO THE LAW ON PENSION AND DISABILITY INSURANCE

*Law was published in the "Official Gazette of the Republic of Montenegro", No. 47/2007
as of 07.08.2007.*

Article 1

In the Law on pension and disability insurance (Official gazette of the Republic of Montenegro", No. 54/03, 39/04 and 79/04) in the Article 10, paragraph 1 the item 2 shall be amended to read as follows:

2) "professional military persons and civil persons engaged in the Army of Montenegro;"

Article 2

In the Article 72, in the paragraph 2 after the words „ endurance” shall be putted the comma and the following words: procedure and manner for its determinations as well as degree for increase of the insurance period”.

After paragraph 2 shall be added the new paragraph 3 which reads as follows:

“Obligations, i.e. jobs for which the insurance service in the effective duration shall be calculated at an accelerated rate, procedure and manner for its determinations, as well as the degree of the insurance service increase for the professional military persons shall be determined by Government in accordance to the law after previously obtained opinion of the governmental body in charge for the pension and disability insurance.”

In the Article 3 words: “paragraphs 1 and 2 shall be replaced with the words: “paragraphs 1, 2, and 3”.

Existing paragraph 3 becomes paragraph 4.

Article 3

In the Article 100, paragraph 2 after word: “Republic” instead of comma shall be putted a dot and words “i.e. Republic of Serbia” shall be deleted.

Article 4

In the Article 112 paragraph 1 words “or Republic of Serbia” shall be deleted.

Article 5

In the Article 178 after item 4 shall be added new point 5 which says:

"5) right on the basis of retained working capability realized until December 31 of 2003."

Existing items 5, 6, 7 and 8 becomes items 6, 7, 8 and 9.

Article 6

After Article 215 shall be added four new Articles which says:

"Article 215 a

The period conducted in the service as the military insurancee as of January 1st 2004 until entering into force of this Law shall be calculated in the insurance period for realization of the rights on pension in accordance to this Law.

Funds for realizations of the rights from the pension and disability insurance on the basis of insurance from the paragraph 1 of this Article shall be provided from the Budget of Republic.

Article 215 b

Data on insurance period, earnings and compensations to the salary for the military insurancee realized under regulations applied until this Law becomes effective shall be provided to the Fund by the governmental body in charge for the defense.

Article 215 c

User of the rights on old age, disability and family pension, rights on money compensation for the bodily injury and rights of allowance for the care with residence in the Republic of Montenegro who realized that rights under military regulations which used to be applied at the same extent of entering into force of this Law and are in use in accordance to this Law.

Rights from paragraph 1 of this article shall be adjusted in accordance to the article 58 of this Law.

The Fund shall, officially, perform transferring of the existing amounts of pensions on the pension points in accordance to the Law after this Law enters into force. The solutions on usage of rights from the paragraph 1 of this article Fund shall issue officially in terms of 90 days from entering into force of this Law.

The funds for rights from the paragraphs 1 to 4 of this article shall be secured from the Budget of Republic.

Article 215 d

Exceptionally from the Article 100 paragraph 3 of this Law, Fund shall make the payments of the lowest pension, allowance for the care and money compensation for the body injury to the users with the residence within the Republic of Serbia who realized this right before the entering into force of the Agreement between Republic of Serbia and Republic of Montenegro on social insurance ("Official Gazette of the Republic of Montenegro", No. 17/07)."

THE LAW ON AMENDMENTS AND ADDITIONS TO THE LAW ON PENSION AND DISABILITY INSURANCE

The law was enacted in the "Official Gazette of the Montenegro", No. 79/2008 from 23.12.2008.

Article 1

In the Law on Pension and Disability Insurance ("Official Gazette of the Republic of Montenegro", No. 54/03, 39/04, 79/04 and 47/07) in the introductory sentence of Article 1, Article 72 paragraph 2 and Article 114 paragraph 4 the word "Republic", in the adequate grammatical case, shall be deleted.

Article 2

In Article 6 paragraph 2 the words: "The Republic of Montenegro (hereinafter: the Republic)" shall be replaced by the word "state".

Article 3

In Article 7 the words: "Republic Fund for Pension and Disability Insurance" shall be replaced by the words: "Fund for Pension and Disability Insurance of Montenegro."

Article 4

In Article 10 paragraph 1 points 6, 7, 8 and 9 and in other provisions of the Law the word: "Republic", in different cases, shall be replaced by words: "Montenegro", in the adequate grammatical case.

In paragraph 1 points 6 and 7 the words "Serbia and" shall be deleted.

Article 5

In Article 11 point 3 shall be changed to read as follows:

"3) Priests, clergymen, monks and vestals if they are not compulsory insured on other basis."

Article 6

In Article 112, paragraphs 1 and 2 shall be deleted.

The previous paragraph 3 becomes paragraph 1.

After paragraph 1 a new paragraph 2 shall be added to read as follows:

"The beneficiary of survivor's pensions who employ or started with self-employed on the territory of Montenegro or abroad stops the payment of pensions."

Article 7

In Article 116 point 6, Article 131 point 5, Article 134 point 6, Article 140 point 3, Article 188, paragraph 3 and Article 217 the word: "Directorate" shall be replaced by the words "tax authority", in the adequate grammatical case.

Article 8

In Article 117 in paragraph 3 points 1 and 2 shall be changed to read as follows:

- 1) two members on the proposal of representative associations of trade unions,
- 2) two members on the proposal of representative associations of employers."

Article 9

In Article 125 paragraph 2 shall be changed to read as follows:

"Exceptionally from the provision under paragraph 1 of this Article, the Main registry for the employees in government agencies responsible for the police and the National Security Agency shall be maintained by these authorities in the manner stipulated by this Law."

Article 10

In Article 131 point 3 shall be changed to read as follows:

"3) A religious community for the Participants under Article 11 point 3 of this Law - the application of insurance and termination of insurance, as well as the application changes to those data."

Article 11

In Article 181 paragraph 1 after the words "prescribed by", the word "special" shall be added and after the word "law" the comma shall be replaced by a full stop, and the following words "no later than January 1, 2009. " shall be deleted.

Article 12

After Article 197 a new five articles shall be added, to read as follows:

"Article 197a

Exceptionally from the provision under Article 17, 197 and 198 of this Law, entitlement to an to old-age pension can make participants – employees who work on jobs at which insurance years of pension service are settled with extended duration, as follows:

- 1) Authorized officials in terms of regulations on the carrying out of the Interior and the police jobs;

- 2) Authorized officials of National Security Agency;
- 3) Professional military personnel serving in the Army of Montenegro;
- 4) Employees in the bodies and organizations that, in terms of regulations on defense, working on jobs at which insurance years of pension service are settled with extended duration;
- 5) Authorized officials in terms of regulations on execution of criminal sanctions.

Article 197b

Participant referred to Article 197a of this Law shall be entitled to old-age pension if he/she has reaching at least the age of 50 and accruing 20 years of pension service, of which at least 10 years of effectively spent on jobs at which insurance years of pension service are settled with extended duration.

In a period of 10 years effectively spent on jobs at which insurance years of pension service are settled with extended duration, in terms of paragraph 1 of this Article, is the cumulative period spent at working places, or jobs under the Article 197a point 1 to 5 of this Law at which insurance years of pension service are settled with extended duration.

Participants from paragraph 1 of this Article the right to a pension can be achieved, although do not have the status of authorized officials, and professional military personnel, or employees in the bodies and organizations in terms of regulations at the working places of the defense affairs where are the period of insurance account with enlarged duration, if spent on these jobs for at least 20 years.

Article 197v

Participant referred to Article 197b of this Law old-age pension or disability pension is determined in accordance with the provisions of Articles 19 to 27 and Articles 37 to 40 of this Law.

In the determination of the pension referred to paragraph 1 of this Article, personal coefficient of Participants is determined in accordance with Article 200 of this Law.

Exceptionally from the provision under paragraph 2 of this Article, if it is more favorable for the participant, personal coefficient is determined on the basis of wage and wage compensation in the calendar year proceeding the year of realization of rights.

Calendar year proceeding the year of realization of the rights referred to paragraph 3 of this Article is the last calendar year in which the participant the entire year was in the insurance and achieved wage or wage compensation for all 12 months of pension service.

Participant referred to Article 197b paragraph 3 of this Law the calendar year preceding the year of realization of the rights referred to paragraph 3 of this Article is the last calendar year in which the participant the entire year was in the insurance at working

places referred to Article 197a points 1 to 5 of this Law and achieved wage or wage compensation for all 12 months of pension service.

The amount of pension determined by applying the provisions of paragraphs 1 to 5 of this Article will increase for 20%.

The amount of pension referred to paragraph 6 of this Article can not be greater than the highest amount of old-age or disability pensions determined by the provision of Articles 28 and 41 of this Law.

The amount of pension referred to in paragraph 6 of this Article can not be less than the lowest old-age or disability pensions determined by the provision of Articles 29 and 41 of this Law.

Article 197g

The difference between the amount of pension determined by applying the provisions of Articles 197b and 197v of this Law and pensions completed by the application of the provisions of Articles 17, 197 and 198 of this Law as well as the whole amount of pensions determined to participant that do not meet the conditions for the realization of the right to a pension established in the Articles 17, 197 and 198 of this Law provides in the budget of Montenegro.

The provisions of paragraph 1 of this Article refer to the family pension determined from an old-age or disability pension in the Articles 197b and 197v of this Law.

Article 197d

The right to a pension with application of the provisions of Articles 197a, 197b and 197v of this Law can be achieved by 31 December 2012.

Article 13

In Article 215 paragraph 1 and 6 the words "paragraph 3" shall be replaced by the words "paragraph 1".

In paragraph 6 the words "of this Law" shall be replaced by the words "the provisions of Articles 17 to 29 and 197 to 200 of this Law".

After paragraph 6 a new paragraph 7 shall be added to read as follows:

"The provision of paragraph 6 of this Article referred to the beneficiary who is eligible conditions under Article 112 paragraph 1 of this Law and who achieved the right to the pension by application of the provisions of Articles 197b and 197v of this Law."

Article 14

The Law shall enter into force on the eighth day after its publication in the “Official Gazette of Montenegro”