

## Introduction

The purpose of this set of instructions is to be of help to anyone who is in charge of the salary administration, in determining the total wages for the declaration with regard to the premiums of the Sickness Insurance and Accident Insurance (ZV/OV) by the employer.

This set of instructions consists of two parts.

By means of Part 1 you can determine who is covered by Sickness Insurance and who is covered by Accident Insurance. You need this part once a year (reference date). In addition Part I is an aid in completing the mutation forms (forms for commencement and termination of employment and mutations), for which you have to determine who is covered by Sickness Insurance and who by Accident Insurance. You can consult Part 2 every month when submitting the monthly declaration. Part 2 is a set of instructions for the calculation of the total wages for Sickness and Accident Insurance.

### **Part 1**

In determining who is covered by Sickness Insurance and who by Accident Insurance we distinguish the following steps:

- 1 Determine who is an employee in terms of the SVB;
- 2 verify what is understood by wages;
- 3 calculate the wages;
- 4 convert the wages into daily wages;
- 5 determine who is covered by Sickness Insurance and who by Accident Insurance.

For each step it is stated what you should do and what information is relevant. Also a number of special cases are brought up, in which it is made clear what the policy of the SVB is in the cases concerned.

#### **1 Determine who is an employee in the terms of the SVB**

Anyone who performs work for an employer is an employee. Exceptions to this rule are:

- an employee who personally performs contract work, but is considered to be an employer by the SVB (and, consequently, is registered with the Chamber of Commerce and the SVB);
- parents and children of the employer living with him, unless there exists a normal relationship of employment;
- domestic staff;
- home workers;
- captains and crew members of Dutch Antillean vessels;

- civil servants.

To some employees special rules are applicable:

a Casual workers

This is an employee who, as a rule, is not in the employment of an employer for twelve consecutive days (not including Sundays and public holidays). They are covered by Accident Insurance exclusively, not by Sickness Insurance.

b An employee earning wages exceeding the established maximum wage limit

This employee is not covered by Sickness Insurance, but by Accident Insurance. For the calculation of the daily wages we refer to steps 2 and 3. The maximum wage limit is adapted every year; for 1997 it amounts to Naf. 152.22 for a five-day workweek and Naf. 126.85 for a six-day workweek.

c Persons who perform contract work and are not considered to be employers by the SVB, are employees of the client.

This is also true for anyone who assists these persons in executing the work contracted for.

d A home worker is not an employee, unless work is done with hazardous materials. In that case the home worker is insured against accidents through the client.

- Attention:
- The manager of a company is also an employee.
  - The spouse of the owner of proprietorship cannot be his employee.

## 2 Verify what is included in the wages

Wages comprise "any payment in any form whatsoever, chargeable to the employer, which the employee enjoys by way of compensation for his labor, and also receipts from third parties which affect the conditions of the employment contract, except":

- overtime pay;
- allowance in addition to the wages in respect of Old Age, Widows' and Orphans' Insurance; (AOV/AWW)
- social insurance premiums that are chargeable to the employer;
- compensations for performing temporary work that is not considered as normal work;
- compensations that are granted exceptionally for an extraordinary performance on the job;
- mandatory contributions by the employer in savings funds;
- payment for education of children;
- gratifications for birthday and jubilee;
- remission of loans made by the employer;
- financial advantages from loans with a low interest made by the employer;
- What cannot be counted as wage according to article 6, paragraph 3, subsections d to h of the Federal Ordinance



- c) Items that are variable:  
 For the variable items you should make an estimate for the period in respect of which no payment has been made yet. In that connection the amount that was paid in the preceding months can serve as a point of departure, provided that these months are representative.

#### 4. Convert the wages into daily wages

It is possible that the calculation of the wage items are expressed in different periods, such as the salary per month, free board per day and the gratifications per year. You should convert all these components into daily wages in order to determine whether or not a person is covered by Sickness Insurance. Before making this conversion, you should first verify what is the number of hours per workday (often 8) and what is the number of workdays per week (often 5 or 6).

When the number of hours per day and/or the number of workdays varies, you should determine an average number on the basis of figures from experience (e.g., the preceding year).

Table 1 shows how a certain period should be converted into an amount per day (daily wages):

**Table 1**

Example conversion table: from period to amount per day (day wages)

Amount per hour	X	number of hours per workday	=	Wage component per day
Amount per day	X	1	=	Wage component per day
Amount per week	X	$\frac{1}{\text{(number of workdays per week)}}$	=	Wage component per day
Amount per fortnight per day	X	$\frac{26}{\text{(number of workdays per week X 52)}}$	=	Wage component
Amount per month per day	X	$\frac{3}{\text{(number of workdays per week X 13)}}$	=	Wage component
Amount per year	X	$\frac{1}{\text{(number of workdays per week X 52)}}$	=	Wage component per day
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Total			=	Daily wages

Now add up the various items. This will produce the daily wages.

Example: (see table 2)

An employee earns wages amounting to NAF 1,000.00 per fortnight, he/she enjoys "free lodgings without board", he/she has an 8% vacation allowance and an annual bonus of NAF. 2,400.00. This employee has an 8-hour workday and works 5 days a week. What are the daily wages of this employee?

Component	Period	Amount	Conversion	Amount per day
Salary	fortnight	1,000.00	x26:(5x52)	100,00
Free lodgings	month	300.00	x 3 :(5x13)	13,85
Vacation allowance	year	8%x1,000.00x26	x 1 :(5x52)	8,00
Bonus	year	2,400.00	x 1 :(5x52)	9,23
Daily wages				131,08

## 5. Determine who is covered by Sickness Insurance and who by Accident Insurance

Covered by Sickness Insurance are all employees (with the exception of Casual Workers) who earn less than or like to the maximum wage limit (NAf 152.22 per day for a five-day workweek and NAF 126.85 per day for a six-day workweek. These amounts are valid for 1997 and are adapted every year).

All employees are covered by Accident Insurance.

If the employee is covered by Sickness Insurance, his family members are also insured against medical expenses. From the wages of all the employees who are covered by the Sickness Insurance of the SVB, 2.1% will be deducted for providing coverage to the family members as well, regardless of the number of family members the employee involved has.

Reference date: By the wages as on this date it is determined who is insured against medical expenses for the coming calendar year. As soon as the employee changes employer or commences employment for the first time or anew, his new employer will determine the daily wages as at the moment of commencement of employment in order to establish if the employee is covered by Sickness Insurance.

Important!

You should compare the daily wages enjoyed by an employee as on November 1 (reference date) with the maximum wage limit of the coming calendar-year. In case the daily wages do not exceed the maximum wage limit, then the employee is covered by Sickness Insurance for the coming calendar-year, whether or not the employee's wages exceed the maximum wage limit after November 1 on account of a wage increase.

If on November 1 the daily wages exceed the maximum wage limit for the coming calendar-year, then the employee is covered for the coming year by Accident Insurance exclusively.

As soon as the employee changes employer or commences employment for the first time or anew, his new employer will determine the daily wages as at the moment of commencement of employment in order to establish if the employee is covered by Sickness Insurance.

## **Part 2**

With regards to the monthly declaration of the total wages on the declaration form we distinguish the following steps:

- 1a Verify who is covered by Sickness Insurance and Accident Insurance as on the reference date or on commencement of employment on a later date;
  - 1b Verify who is covered by Accident Insurance exclusively as on the reference date or on commencement of employment on a later date;
  - 2
    - Determine for group 1a the amount paid in wages to each employee during the past period for ZV and OV.
    - Determine for group 1b the amount paid in wages to each employee during the past period for OV.
  - 3 Add up the amounts paid in wages and fill them in on the declaration form.
  - 4 Special cases as regards calculating the wages
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- 1a Verify who is covered by Sickness Insurance and Accident Insurance as on the reference date or on commencement of employment on a later date  
See step 5 of part I
  - 1b Verify who is covered by Accident Insurance exclusively as on the reference date or on commencement of employment on a later date.  
See step 5 of part I
  - 2
    - Determine for group 1a the amount paid in wages to each employee during the past period
    - Determine for group 1b the amount paid in wages to each employee during the past period

Verify how much was paid in wages for the past month to persons who are covered by Sickness Insurance and persons who are covered by Accident Insurance. For the calculation, consider wages in kind, bonuses, vacation allowance, gratification and the like, and also other (variable) components, such as commissions, tips and trunk payments that were paid during the month under consideration. Add up the wages of all those covered by Sickness Insurance and those covered by Accident Insurance separately.

For persons covered by Accident Insurance whose wages exceed the maximum wage limit, consider the maximum amount of NAF 3,298.10 per month (SVB maximum wage limit 1997).

Attention:

- It may happen that the wages of someone who is covered by Sickness Insurance, exceed the maximum wage limit in a certain month. A case in point is the payment of vacation allowance. In this case you should consider the full amount paid in wages in that month for the wages in the sense of the Sickness Insurance (see case 2)
- In case someone's wages exceed the maximum wage limit after the reference date, then he is considered to be earning wages at the maximum wage limit, i.e. NAF 3,298.10 per month, for the rest of the year (see case 3).

In short, on the reference date (or the date of commencement of employment) it is determined whether a person is covered by Sickness Insurance. After that the amount paid in wages every month is considered in regard of persons covered by Sickness Insurance, up to a maximum of NAF 39,577.20 per year (12 months times NAF 3,298.10).

A number of examples are stated below.

**Case 1:**

Employee No. 1 has an income of NAF 1,500 per month for a 5-day workweek. On the reference date you have determined that this employee will be covered by Sickness Insurance and Accident Insurance in the coming year. What amount should be considered with regard to him for the Sickness Insurance and Accident Insurance in the monthly declaration?

Answer:

The amount to be considered with regard to him in the total wages for Sickness Insurance and the total wages for Accident Insurance, is NAF 1,500.

**Case 2:**

Employee No. 2 commences employment on January 1 after the reference date. He earns wages amounting to NAF 2,000 a month for a 5-day workweek. Apart from his monthly wages he enjoys only a vacation allowance of 8% which is paid out in May.

1) Is this employee covered by Sickness Insurance and Accident Insurance?

2) How much are his wages in the sense of the Sickness Insurance and the Accident Insurance in April and how much in May?

Answer:

1) This employee has daily wages amounting to NAF 99.69  $(2,000 \times 3) : (5 \times 13) = 92.31$  plus 8% vacation allowance = 99.69. So he is covered by both Sickness Insurance and Accident Insurance.

2) In April, NAF 2,000 is considered with regard to him in the wages in the sense of the Sickness Insurance and the wages in the sense of the Accident Insurance. In the month of

May he receives his vacation allowance to the amount of NAF 1,920 (2,000 x 12 x 8%). His total wages in May amount to NAF 3,920 (2,000 + 1,920). This amount is considered with regard to him in the wages in the sense of the Sickness Insurance and the wages in the sense of the Accident Insurance (on an annual basis his wages in the sense of the Sickness Insurance and his wages in the sense of the Accident Insurance amount to NAF 25,920 **12 x 2,000 + 1,920**), which is lower than the yearly maximum of NAF 39,577.20).

**Case 3:** On the reference date employee No. 3 enjoys wages amounting to NAF 3,000,00 a month for a 5-day workweek. On May 1, 1997 he is granted a wage increase of NAF 300, raising his wages to NAF 3,000.00 a month. How much are his wages in the sense of the Sickness Insurance and his wages in the sense of the Accident Insurance in April and in May?

Answer:

On the reference date employee No. 3 earned daily wages amounting to NAF 136.48 (3,000 x 3) : (5 x 13) ) which is below the wage limit of 152.22.

So he is covered by both Sickness Insurance and Accident Insurance. In April his wages in the sense of the Sickness and Accident Insurances amount to NAF 3,000.00. In May the amount of NAF 3,298.10 (the maximum) is considered for the Sickness and Accident Insurances.

**Case 4:** Employee No. 4 enjoys on the reference date wages amounting to NAF 3,500 a month for a 5-day workweek. So on the reference date his daily wages NAF 161.54 (3,500 x 3) : (5 x 13)) exceed the maximum wage limit. What is the amount of his wages in the sense of the Sickness and Accident Insurances?

Answer:

So employee No. 4 is covered by Accident Insurance only. His wages in the sense of the Sickness Insurance are nil, his wages in the sense of the Accident Insurance amount to NAF 3,298.10 (the maximum).

In table 3 it is stated how the amount has been calculated which the employer states on his declaration form as total wages in the sense of the Sickness Insurance and as total in the sense of the Accident Insurance, considering that during the month of May he had only the above mentioned four employees in his service.

**Table 3**

Employee	Covered by Sickn.Ins.	Amount paid in wages in May	Wages in the sense of the Sickn. Ins	Wages in the sense of the Acc. Ins.
1 (wages)	Yes	1,500.00	1,500.00	1,500.00
2 (wageshol. allow+)	Yes	3,920.00	3,920.00	3,920.00
3 (wages)	Yes	3,300.00	3,298.10	3,298.10
4 (wages)	No	3,500.00	0,000.00	3,298.10
Total wages			8,718.10	12,016.20

In practice most cases will be similar to employee No. 1 and employee No.4

**3 Add up the amounts paid in wages and fill them in on the declaration form  
The manner in which this is done appears from the above example of the  
employer with four employees.**

**4 Special cases in calculating the wages**

For "special cases" which occur fairly often in practice, guidelines will be given, stating how to act, so that it is done in a uniform manner.

**A Employment agency workers**

An employment agency worker is an employee of the employment agency. The employment agency should transfer the premiums due. The wages for verifying if a person is covered by Sickness Insurance are based on the wages as on the reference date (or at the moment of commencement of employment if this is on a later date). As regards loss of wages, the wages are based on the wages which the employment agency worker earned at the moment that he became unfit for work.

When an employment agency worker has a contract for an indefinite period of time, the loss of wages is compensated till the end of the contract. When there is no term of duration applicable to the contract, he or she is paid for a period of six months at the most. If there are valid reasons to assume that in practice the contract would have been terminated earlier, than the period in respect of which loss of wages is compensated, is adapted correspondingly. A case in point is a person who is employed in the catering industry as an employment agency worker, in which connection it is normal for the contract with employment agency workers to be terminated at the end of the season.

**B Part-timers**

As regards part-timers we distinguish the following groups:

- employees who daily work a fixed number of hours, the number of hours being lower than the normal number of working hours per day. These employees are treated in the same manner as employees who work full time. Their daily wages are determined, upon which it is decided whether a person is insured or not. The daily wages are based on the number of hours they work. (It is not converted into 8 hours)

- Employees who work certain days of the workweek according to an established pattern and not on other workdays. The daily wages for the days on which is worked is decisive for being insured or not. When a person becomes unfit for work (U.W.), the SVB will Inquire on what days he works. If he is unfit for work on a day on which he would normally work, then he will receive a benefit based on the daily wages. If he is unfit for work on a day on which he would not normally work, the benefit is nil.

- Employees who do not work according to an established pattern, e.g. security guards and catering employees. For employees working irregular hours an estimate is made of the average number of hours worked weekly and the wages paid. The weekly total is converted into daily wages, which form the basis for verifying if a person is insured or not. When the employee is unfit for work, the loss of wages to be compensated is determined on the basis of the daily wages.

**C Discrepancies between the estimates in advance and the reality as**

regards the variable components.

We distinguish the following situations:

- Estimate below the maximum wage limit, the actual figure above it.  
Medical expenses and loss of wages have been compensated on the basis of the estimate on the reference date. Consequently, Sickness Insurance premium should be paid, even if eventually it results that the wages exceed the maximum wage limit. Premium is paid in respect of the maximum amount, the maximum wage limit.
  - Estimate and actual figure below the maximum wage limit  
So long as the estimate and the actual figure do not differ much, no action will be taken. In case of great discrepancies the SVB will investigate if intent is involved.  
Notable, if the estimate (on which the loss of wages is based) is considerably higher than the actual figure (on respect of which premium is paid).
  - Estimate and actual figure above the maximum wage limit.  
The fact that they differ affects neither Accident Insurance benefits that are paid nor the amount that is charged. Therefore, discrepancies are irrelevant.
- 4 Wage increases with retroactive effect.  
It has been explicitly included in the law that wage increases with retroactive effect are disregarded, in respect of both the loss of wages and the declaration.  
It is included from the moment that the wage increase has been paid.

For more information, please call the SVB  
Ask for the Levy department  
Curaçao tel. (09) 434-4000