



**Agricultural Social
Insurance Fund**

AGRICULTURAL SOCIAL INSURANCE FUND (KRUS)

BASIC INFORMATION



**Agricultural Social
Insurance Fund**

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AGRICULTURAL



*SOCIAL
INSURANCE FUND*



AGRICULTURAL SOCIAL INSURANCE FUND (KRUS)

Basic information

Individual farmers were omitted by the state in its actions concerning social insurance of citizens for a long time. Even at the beginning of the seventies, owners of private farms and their families were not entitled to free medical aid and almost till the end of this period, they were deprived of insurance protection.

In spite of numerous further changes in the legislation, the system of agricultural social insurance for farmers was functioning on the basis of unchanged assumptions accepted in the end of the seventies.

The situation changed once the new solutions were introduced on 1st January 1991.

Together with the new agricultural social insurance system, which was introduced on 20th December 1990 the Agricultural Social Insurance Fund was established.

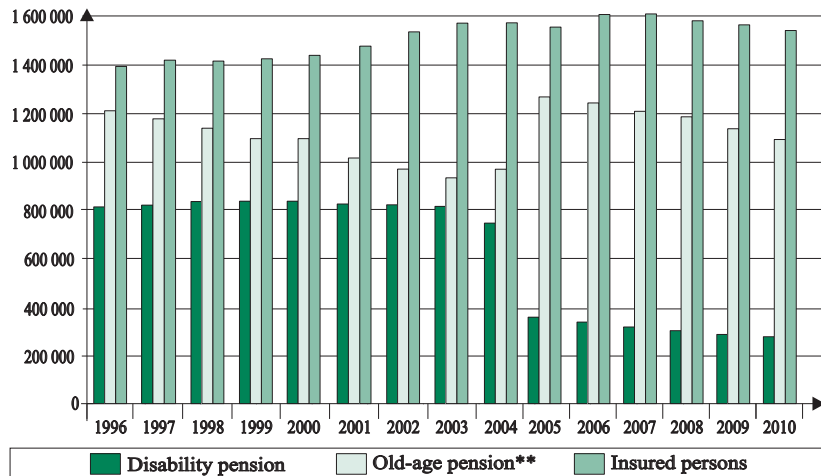
KRUS is an institution qualified to perform the tasks related to full service of the social insurance for farmers.

The idea of separating KRUS was the intention to create an independent, specialized organization in Poland, which could take over and assure efficient performance of the earlier dispersed tasks in the area of insurance service as the real host of social insurance for farmers, and to take up new tasks not performed so far by any other insurance institution in Poland.

Number of the insured people and beneficiaries from 1996 to 2010

Years	Number of beneficiaries		Number of insured persons
	Pensioners	Retirees*	
1996	814 845	1 212 273	1 398 260
1997	825 244	1 175 333	1 419 493
1998	829 578	1 139 265	1 418 928
1999	831 057	1 097 857	1 426 393
2000	831 530	1 055 728	1 444 202
2001	827 036	1 014 791	1 484 934
2002	822 915	974 951	1 541 129
2003	819 285	936 027	1 581 747
2004	745 927	962 718	1 584 487
2005	371 805	1 272 865	1 563 869
2006	339 195	1 246 775	1 604 174
2007	319 829	1 210 405	1 609 644
2008	302 154	1 175 751	1 584 884
2009	287 757	1 137 709	1 570 617
2010	278 019	1 096 321	1 543 574

Number of the insured persons and beneficiaries in the years 1996-2010



* Together with structural pensions.
 ** In years 1996-2009 – together with structural and foreign pensions since 2010 – together with the foreign pensions (without structural pensions).

TASKS OF THE AGRICULTURAL SOCIAL INSURANCE FUND:

1. Service of the insured parties and beneficiaries in the matters concerning coverage with social insurance, insurance contribution assessment and collection as well as awarding and payout of insurance benefits.
2. The activity aimed at preventing work accidents in agriculture and agricultural vocational diseases by analyzing the causes of accidents, conducting free of charge voluntary trainings in the scope of health and life protection on a farm, initiating implementation of safe production machinery and equipment applied in farming and protective clothing.
3. Undertaking actions in order to assist the insured parties and persons entitled to insurance benefits who prove they are fully incapable of working on a farm but who are promising as far as recovery by cure and rehabilitation is concerned or people threatened with full inability to work on a farm.
4. Initiating and supporting development of voluntary insurances.
5. Handling settlements by virtue of health insurance contributions for old age and disabled pensioners as well as farmers and members of the household working with them, registration of contributions on insurance accounts and transferring information about the insured parties and health insurance contributions paid for them to the competent institution for the matters of health insurance.
6. Collecting advances for income tax on the paid out old age and disability pensions and after the end of the tax year, conversion of the income tax or preparation of the information on the income obtained by virtue of old age or disability pension.

COVERAGE OF FARMERS WITH SOCIAL INSURANCE AND THE PRINCIPLES OF PAYING THE RELATED PREMIUMS

According to the principles specified in the act, social insurance concerns farmers and members of the household who work with them and who:

1. have Polish citizenship,
2. or stay in the territory of the Republic of Poland based on a visa, residence permit for a specified period of time, permit for settlement, permit for the stay of a long-term resident of the European Communities, a consent for tolerated stay or related to the obtaining of the refugee status in the Republic of Poland, or a supplementary protection, or
3. are the citizens of the EU member states, the Swiss Confederation or member states of the European Free Trade Association (EFTA) – parties to the agreement on the European Economic Area.

The insurance covers also the EU member states' citizens, if the EU regulations concerning applying of social insurance systems do not state otherwise.

The act on social insurance for farmers distinguishes two types of insurance:

- old age and disability insurance,
 - accident, health and maternity insurance,
- and two forms of insurance coverage, i.e.:
- obligatory,
 - voluntary.

The following persons are covered by both types of insurance obligatorily:

- **farmer**, residing and conducting a farming activity on his own account in the territory of the Republic of Poland on the farm being in his possession, of the area above 1 conversion ha of arable land

(including also the group of agricultural producers) or a special section of agricultural production, i.e. activity related to farming, not requiring a farm, the size of which and production type are defined by the act,

- **spouse of the farmer**,
- **member of the household**, i.e. a person close to the farmer who is at least 16 years old, remains in a common household with the farmer or dwells in the area of his household, works in this household on a permanent basis and is not related to the farmer by a labor relation,

if these persons are not subject to another social insurance and do not have a fixed right to old age or disability pension, or the right to social insurance benefits.

The above mentioned reservation indicates that in the process of determining insurance coverage every other insurance in the common insurance system has the priority before farming insurance. An exception to this rule concerns farmers and members of the household undertaking additionally non-farming economic activity or cooperation on conducting such activity, who, in order to stay under farming insurance, should be subject to this insurance by virtue of the act continuously for at least 3 years before the day of starting the non-farming economic activity or cooperation. In addition, they should meet the following conditions:

- within 14 days of its start they should submit a declaration on continuation of the social insurance for farmers in the Farming Social Insurance Fund (or in the commune office, together with the request for entry in the register of economic activities,
- simultaneously, still conduct a farming activity or work on a farm on a permanent basis – such farm should have more than 1 conversion ha of arable land, or in the special section,
- not to be an employee and not to be in a labor relation,
- not to have an established right to old age or disability pension or social insurance benefits,
- the amount of the due income tax for the previous tax year on revenues from non-farming economic activity cannot be higher than the “annual order amount” of this tax obligatory for the

previous year, announced by the competent Ministry of Agricultural and Rural Development.

The above principles are related also to the persons resuming their non-farming economic activity, the performance of which has been suspended and also, persons who changed the type of objects of such activity.

Persons receiving a structural pension co-financed from the funds of the European Agriculture Guidance and Guarantee Funds or from the resources of the European Agricultural Fund for Rural Development are subject to old age and disability insurance by virtue of the act until the time they are awarded the right to the old age pension from the farming social insurance.

The persons who do not meet the conditions to be subject to obligatory insurance, for whom farming activity is a permanent means of support (e.g. farmers conducting farming activity on a farm in the area up to 1 conversion ha, their spouses and members of the household as well as the persons who, while being farmers, transferred the land of their household for trees planting) can insure themselves voluntarily upon submitting an appropriate request to the unit of the Agricultural Social Insurance Fund.

Such persons can be covered by insurance in the full scope, i.e. at the same time: an accident, health and maternity insurance as well as the old age and disability insurance or only the accident, disease and maternity insurance.

Persons conducting agricultural activity and subject to a different insurance or having an established right to old age or disability pension can be covered by voluntary accident, health or maternity insurance upon motion only in a limited scope, i.e. only with the right to a one-off indemnity by virtue of permanent or long-term detriment to health.

On the other hand, persons who were subject to social insurance for farmers as farmers and stopped conducting agricultural activity without acquiring the right to an old age or disability pension from

insurance – if they were subject to old-age or disability insurance for at least 12 years and 6 months after the date of 01.01.1991 and persons who receive farming pension by virtue of inability to work as a periodical pension, can be covered only by voluntary old-age and disability insurance.

A person who meets the conditions of being subject to social insurance for farmers in the full scope is obliged to pay the contributions.

The contributions are paid monthly and in the case when the period of insurance coverage is shorter than one month, the amount of contribution is calculated proportionately to the number of days of insurance coverage.

The contribution for accident, health and maternity insurance is calculated for every insured person equally. Nevertheless, for a person subject to accident, health and maternity insurance upon a motion in a limited scope the contribution is calculated in the amount equivalent with 1/3 of full monthly contribution for this insurance.

The amount of contribution for accident, health and maternity insurance is established by the Council of Farmer's Social Insurance and the President of KRUS announces its height in the Official Journal of the Republic of Poland "Monitor Polski".

The monthly old-age and disability insurance contribution is equivalent with 10% of the basic old-age pension. A farmer whose farm entails an area of arable land over 50 conversion hectares pays an additional monthly contribution for old-age and disability insurance at the following level:

- 12 % of the basic old-age pension – in the case when the farm covers the area of arable land up to 100 conversion hectares,
- 24 % of the basic old-age pension – in the case when the farm covers the area of arable land above 100 conversion hectares, up to 150 conversion hectares,
- 36 % of the basic old-age pension – in the case when the farm covers the area of arable land above 150 conversion hectares, up to 300 conversion hectares,

- 48 % of the basic old-age pension – in the case when the farm covers the area of arable land above 300 conversion hectares.

A farmer is obliged to pay the basic monthly contribution for old-age and disability insurance in a double amount for the persons working on the farm and conducting a non-agricultural economic activity.

Contributions for agricultural social insurance for three months in a calendar quarter are paid once in a quarter. The contribution payment date falls on the last day of the first month in the given quarter.

TYPES OF BENEFITS

Within farmers' social insurance there are pecuniary benefits from:

- 1) old-age and disability insurance,
- 2) accident, health and maternity insurance.

Pecuniary benefits from the old-age and disability insurance:

- 1) farmers' old-age pension,
- 2) farmers' pension by virtue of incapacity for work,
- 3) farmers' training pension,
- 4) family pension,
- 5) old-age and disability pension from social insurance for individual farmers and members of their families (benefits granted based on the provisions obligatory before 1st January 1991),
- 6) allowances to old-age and disability pensions, i.e.:
 - nursing,
 - by virtue of compulsory work,
 - for complete orphan (only from the family pension).

With old-age and disability benefits the following amounts are paid additionally:

- veteran's allowance or by virtue of secret tuition,
- compensation allowance,

- pecuniary benefits for soldiers in the alternative military service employed on a compulsory basis in coal mines, quarries, ore and uranium extraction facilities and building battalions,
 - pecuniary benefits to which persons deported for compulsory work are entitled as well as the persons jailed in work camps by the Third Reich and the Union of Soviet Socialist Republics,
 - power lump sum allowance,
- 7) funeral allowance.

Pecuniary allowances from the accident, health and maternity insurance:

- 1) a one-off indemnity by virtue of permanent or long-term detriment to health or death resulting from an accident at agricultural work or a farmer's vocational disease,
- 2) sickness allowance,
- 3) maternity allowance.

PREVENTION



The act on the social insurance for farmers obliges KRUS to undertake actions aimed at prevention of accidents at work and farmers' occupational diseases.

The preventive activity of the Fund consists in examination of the causes and circumstances of accidents at work and dissemination of knowledge about threats and rules of safe work amongst the insured parties.

The President of the Agricultural Social Insurance Fund (KRUS) has established the "Principles of Health and Life Protection on

a Farm”. The principles have been delivered to every insured farmer; they are also issued as a brochure and constantly reminded to farmers during trainings and inspection of the accidents sites, through the media and other preventive actions.

In 2008 “Principles of Health and Life Protection on a Farm” were updated and adapted to the legal norms obligatory in the EU countries and good agricultural practice.

The knowledge in the area of health and safe work is improved due to the trainings for farmers organized by the Fund, popularizing publications and films, contests, exhibitions, press articles and radio and TV programs.

From 1993 to 2010 KRUS organized over 50 thousand of training meetings attended by over 1.5 million people.

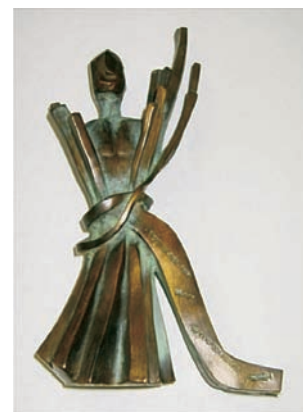
Voluntary, free of charge trainings are organized for all willing farmers, village administrators, members of Farmers’ Wives Associations, farmers treated in the Farmers’ Rehabilitation Centres, for local government representatives, students of agricultural schools, youth from junior high schools and children.

In order to disseminate the rules of safe labor, KRUS issued a number of training materials, including: educational films about the rules of safe labor, brochures on safe labor on a farm, leaflets, posters and calendars.



Within non-training actions different kinds of Olympic games, contests and quizzes relating knowledge about health and safe work issues. Since 2003 KRUS organizes the Nationwide Safe Farm Competition. It was participated by about 1,200 farms.

At the same time, the Fund undertakes efforts concerning production and distribution of safe technical means for farms. In order to attract the interest of agricultural machinery producers and farmers buying equipment the President of the Fund grants the “Safety Mark of the Agricultural Social Insurance Fund (KRUS)” and the fair distinction called “Product Increasing Labor Safety on a Farm”. By the end of 2010 24 producers had the right to attach the KRUS Mark to 166 products, and the fair distinction was received by 46 suppliers for 95 types of products.



Since 2001 manufacturers of the above mentioned products receive additionally the “DOBROSŁAW” statuette, which symbolizes renown for the manufacturers who care about farmers’ safety. The Fund notifies farmers about the distinguished goods, encouraging them to purchase safe machinery diminishing accident danger.

The Fund participates actively in agricultural and mechanical fairs where stands and informative exhibitions for farmers are organized. Since 2009 the stands were organized together with the Ministry of Agriculture and Rural Development and institutions acting for the benefit of agriculture at international, domestic and regional events.

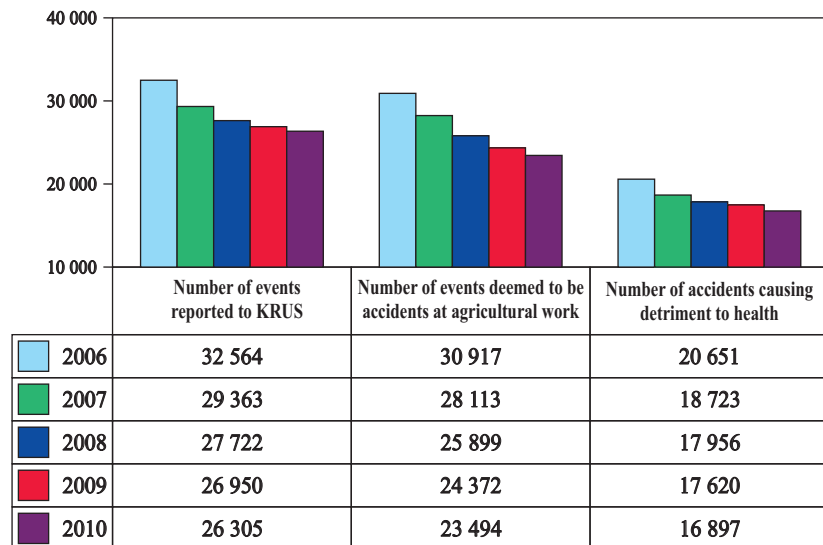
The Fund conducts recourse and preventive proceedings aimed at reimbursement of the paid benefits and change on the structural solutions in relation to the producers whose goods contribute to accidents at work.

From the moment of its creation the Fund questioned over 470 types of machines and devices as well as other goods, the faults in

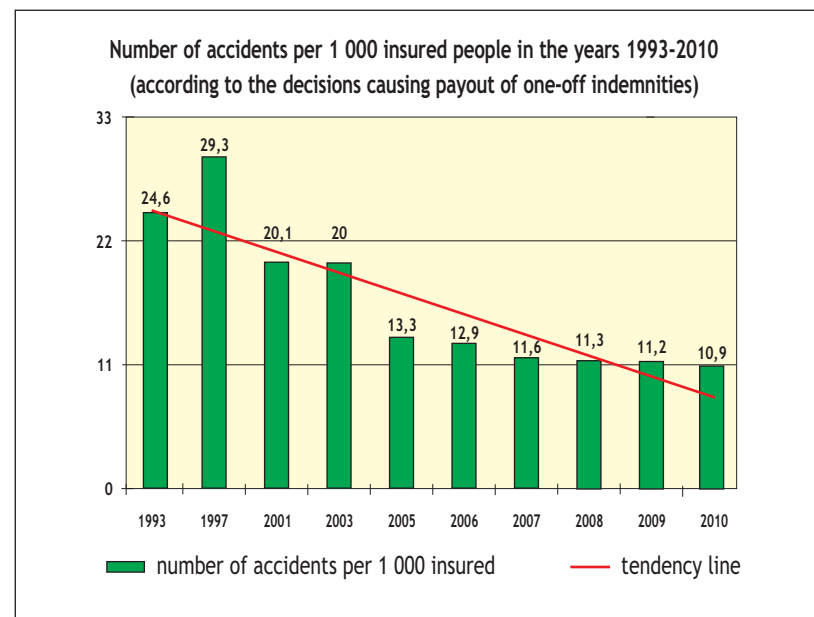
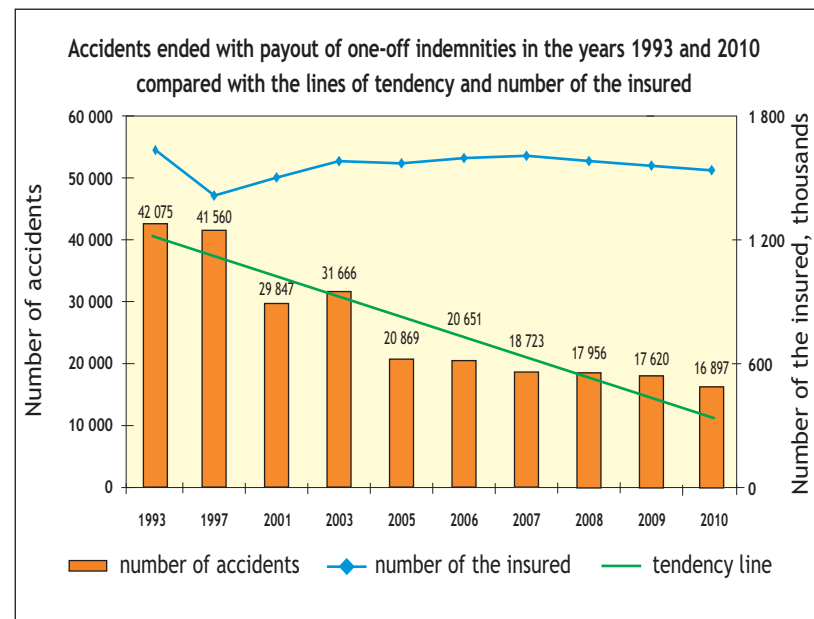
which were the exclusive, main cause of accidents or were accompanying utilization errors.

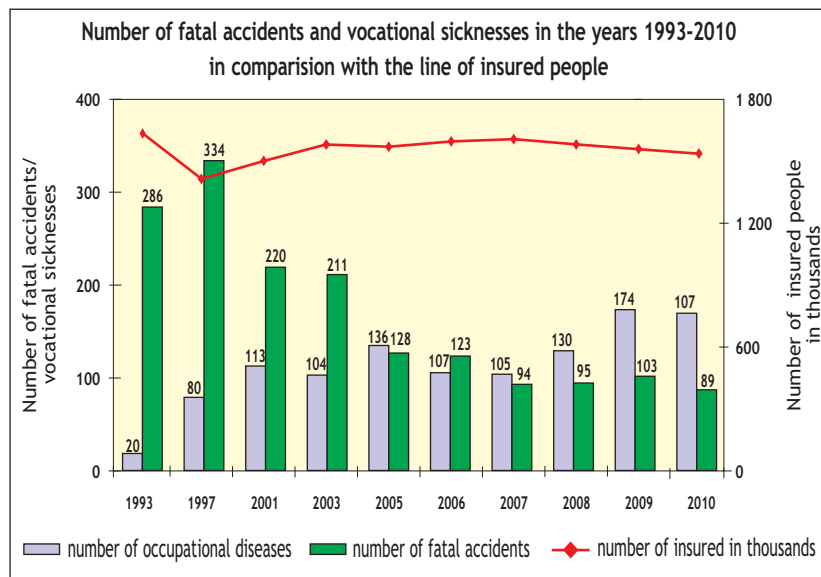
The preventive activity of the Agricultural Social Insurance Fund (KRUS) conducted since 1993 brings visible effects. The numbers of accidents at agricultural work are decreasing systematically.

Number of accidents in the years 2006-2010



In 2010 16 897 accidents (including 89 fatal accidents) and 170 sicknesses ended with payout of one-off indemnities by virtue of permanent or long-term detriment to health as a result of accident at agricultural work or a vocational sickness.





MEDICAL CERTIFICATION

The Fund executes tasks in the area of medical certification by virtue of Article 46 of the act of 20th December 1990 on social insurance for farmers (i.e. Journal of Laws/ Dz. U. 2008 no. 50, item 291, as amended) and the Regulation of the Ministry of Labour and Social Policy of 31 st December 2004 on medical certification in the Agricultural Social Insurance Fund (KRUS) (Journal of Laws/ Dz. U 2005 no. 6 item 46).

The certification proceedings in the bodies of the Fund are two-instance proceedings.

In the first instance certificates are issued by expert medical doctors, in the second one – medical doctors’ commissions of the Fund.

The tasks of an expert doctor/medical doctors’ commissions of the Fund entail certificates which establish:

- 1) permanent or long-term incapacity for work on a farm,
- 2) permanent or long-term detriment to health,
- 3) incapacity for independent existence,

- 4) temporary incapacity for work lasting longer than 180 days,
- 5) purposefulness of vocational retraining caused by permanent, complete incapacity for work on a farm,
- 6) recommendation of medicinal rehabilitation,
- 7) other circumstances conditioning granting of benefits from the social insurance for farmers.

Pursuant to the Regulation of the Ministry of Labour and Social Policy of 31st December 2004 on medical certification in the Agricultural Social Insurance Fund (KRUS) direct and superior supervision of the certification of expert medical doctors and doctors’ commissions of the Fund is exercised by the President of KRUS.

Direct supervision by authorization of the Fund President is exercised by the Regional Doctor Medical Certification Inspector. Superior supervision by authorization of the Fund President is exercised by the Head Doctor of the Fund.

Number of certifications in the years 2004-2010

Year	Number of certifications issued by expert doctors of KRUS	Number of certifications issued by doctors’ commissions of KRUS
2004	202 586	32 537
2005	196 115	31 543
2006	185 662	29 967
2007	173 034	26 378
2008	168 846	24 130
2009	159 857	23 625
2010	153 493	22 941

REHABILITATION

The Agricultural Social Insurance Fund (KRUS) undertakes actions, in accordance with its statutory duty, to assist the insured persons and persons entitled to insurance benefits, among others, in using different forms of rehabilitation.



Rehabilitation is a material health benefit serving the maintenance, improvement or recovery of the capacity for work on a farm, granted by the medical rehabilitation facilities owned by the Fund and institutions cooperating with KRUS.

Rehabilitation is undertaken in strict connection with the implemented treatment of the sick person, in the time, scope and place optimum for the medical recommendations and always, it is a result of a voluntary decision of the insured person.

Rehabilitation benefits can be granted under preventive recommendations when the insured person is threatened by loss of his/her capacity for work on a farm, under restitutive (repair) recommendations when the person lost his/her capacity for work on a farm but there is a promise chance for of recovery as a result of treatment or rehabilitation or health indications.

Rehabilitation benefits are granted upon the request of the medical doctor who establishes the recommendations regarding direction of the person to medical rehabilitation.

Medical doctors conduct treatment and expert doctors as well as doctors' commissions of KRUS are entitled to request granting of a rehabilitation allowance.

The costs related to medical rehabilitation are fully covered by the Fund.

Every year over 14 thousand farmers take advantage of rehabilitation.

Currently the Fund directs farmers to its own 7 Rehabilitation Centers, where persons with musculoskeletal diseases are rehabilitated. These are Centers in Iwonicz Zdrój, Horyniec Zdrój, Szklarska Poręba, Jedlec, Kołobrzeg and Świnoujście also the Training and Rehabilitation Center in Teresin. Moreover CRR KRUS in Kołobrzeg provides rehabilitation of circulatory system diseases for about 600 persons per year.

Every year, the Fund purchases rehabilitation allowances in other institutions, where persons with circulatory system diseases are treated.

Farmer's Rehabilitation Centres are modern health care facilities, which assure high level of health services. Centers are equipped with modern machinery and apparatuses.



The medical rehabilitation program: the scope and number of treatments; are established for every patient individually in accordance with doctor's instructions. A rehabilitation stay lasts 21 days and in a particularly justified cases it is possible to extend the stay.

Rehabilitation stays are organized throughout the whole year. Centers provide 24h medical care.

If there are vacancies, all people willing to undergo rehabilitation can stay in the KRUS' rehabilitation upon payment.

While creating the system of medical rehabilitation for rural population the Fund recognized necessity of providing rehabilitation procedures in the place of patient's residence. Thereby KRUS helped rural health centers in the organization and provision of rehabilitation equipment (on a lending basis).



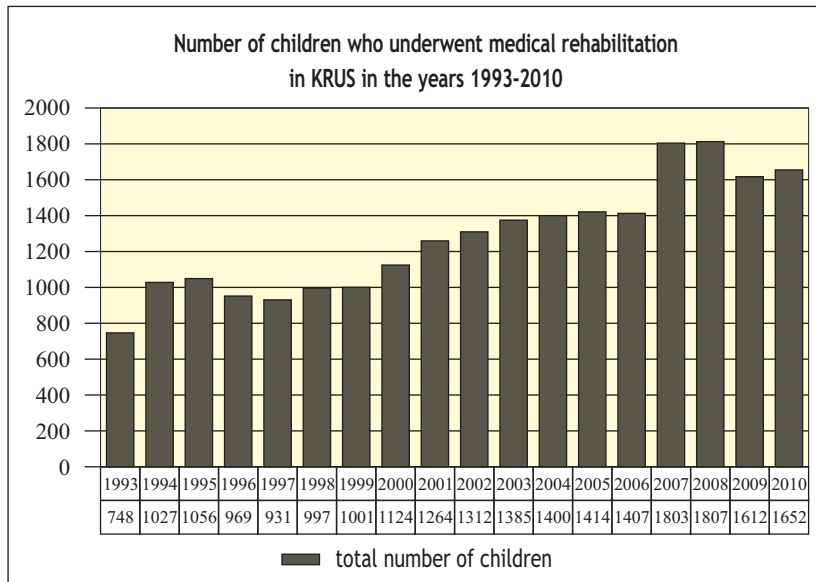
The Fund organizes also rehabilitation stays for farmers' children during summer holidays.

Children aged 7 to 15 are entitled to this benefit if at least one of their parents (legal guardian) is covered by social insurance for farmers under the act or possibly receives old-age or disability pension for farmers. The rehabilitation stay lasts 21 days.

Since 1993 nearly 23 000 thousand children used the holiday rehabilitation.

The rehabilitation institutions provide 24h doctor's and nurse's care. The program of medicinal rehabilitation, the scope and number of interventions are prescribed individually for every child.

KRUS employs tutors, who organize various free time activities for the participants of such holiday stays at the time when they are not undergoing rehabilitation treatment.



The KRUS Farmers' Rehabilitation Center in Iwonicz Zdrój



Iwonicz Zdrój, one of the oldest health resorts in Poland, is situated at the border of Beskid Niski, in the valley of Iwonicz Creek. The KRUS Farmers' Rehabilitation Center (CRR) is placed in a 6 floor building; there are single and double rooms for 150 visitors.

CRR provides the spa visitors with a diet according to individual doctor's instruction.

On the venue there are, among others, a sauna, a swimming pool and a cafe.

The Center has specialized in rehabilitation of the locomotion system diseases (especially in the field of orthopaedics, rheumatology and neurology), insufficiency of lower limbs arteries and catarrh of upper airways. The Center's own treatment base offers kinesitherapy, physiotherapy, hydrotherapy, massages and others.



The KRUS Farmers Rehabilitation Center in Jedlec

The KRUS Farmers' Rehabilitation Center in Jedlec (Wielkopolskie Voivodship) is surrounded by forests. The visitors live in the hotel rooms and bungalows „Brda” type, provided with bathroom, telephone, radio and TV-set. There are tennis courts, fitness room, cinema room and cafe. The Center has specialized in rehabilitation of the locomotion system diseases. The treatment cabinets offer kinesitherapy, physiotherapy, hydrotherapy, paraffin therapy, massages and inhalations. The Center offers accommodation for 162 visitors.



The KRUS Farmers' Rehabilitation Center NIWA in Kołobrzeg

Kołobrzeg is the largest Polish spa located in the West-Pomeranian Voivodship. The climate of Kołobrzeg has a strong stimulating effect. The winds from the sea bring clean air, the volume of ozone increases

and the sea spray appears with particles of chloride, iodine, sodium and bromine as well as other ingredients of sea water – it can be found on the area up to 200 m into the land. Its concentration is strongest on the beach itself.



The KRUS Farmers' Rehabilitation Center NIWA is situated in the attractive part of the town, in the distance of 200 m from the beach. The visitors live in single, double and triple rooms (accommodation for 318 visitors). There are sauna, solarium, mini-golf and cafe.

The Center has specialized in rehabilitation of the locomotion system diseases. The local microclimate is particularly wholesome for patients who suffer from the circulatory system diseases, especially from chronic heart ischaemia, arterial hypertension and bronchial asthma. The treatment cabinets offer kinesitherapy, physiotherapy, hydrotherapy, paraffin therapy, massages and inhalations.

The KRUS Farmers' Rehabilitation Center in Horyniec Zdrój

Horyniec Zdrój is located in the Subcarpathian Voivodship. Traditional medicinal spas date back to the 18th century. It is known for sulfide and mud springs. The center of KRUS is located in a modern building providing accommodation in single and double rooms for 260 people. The Center offers billiard room, cafe and reading room. It has specialized in rehabilitation of the locomotion system diseases



(also after a disc's operation) by means of kinesitherapy, hydrotherapy, physiotherapy, massages and others. The soft climate of Horyniec is also wholesome for patients who suffer from arterial hypertension.



The KRUS Farmers' Rehabilitation Center in Szklarska Poręba



The Center is located at the base of Karkonosze Mountains in the Jeleniogórska Valley (Dolnośląskie Voivodship). It is situated in a modern 8-floor building. It offers accommodation for 150 persons in single and double rooms.

The Center also offers a swimming pool, sauna, tennis courts, bowling alley and cinema room.

It has specialized in rehabilitation of the locomotion system diseases. The treatment cabinets offer kinesitherapy with exercises in the swimming-pool; hydrotherapy with brine, galvanic, needle bath and showers and hydromassage; light and electrotherapy with ionophoresis, diadynamic, electrostimulation, galvanization, interference currents, ultrasounds, shortwave diathermy, magnetotron, physical therapy (including, among others, hydrotherapy, paraffin wax) and classical massage.

The KRUS Recreation and Rehabilitation Center in Świnoujście

Świnoujście in the West-Pomeranian Voivodship is a famous seaside resort. It has the mildest sea climate on the Polish coast. Its climate is the softest marine climate on the Polish coast.



The Center is located in a 3-floor building surrounded by a large park, in the distance of 150 m from the sea. Accommodation for 90 persons in double and triple rooms. There is a rehabilitation pool, a jacuzzi, a sauna, billiards and a cafe in the center.

The Center has specialized in rehabilitation of the locomotion system diseases. The treatment cabinets offer kinesitherapy, physiotherapy, hydrotherapy, paraffin treatment, massages and inhalations.



The KRUS Training and Rehabilitation Center in Teresin



The center in Teresin in the Masovian Voivodship is located in a beautiful Baroque palace from the end of the 19th century. The mansion is surrounded by a park-forest complex with valuable trees and nature monuments. The oldest oaks are from 230 to 265 years old. Among the uncommon trees there are: the 105 years old tulip poplar or the 145 years old hickory. The center has 65 hotel places decorated with utmost elegance. The Center offers accommodation for 55 visitors in elegantly furnished hotel rooms. The Center is specialized in rehabilitation of the locomotion system diseases. The treatment cabinets offer various types of kinesitherapy and physiotherapy.



ORGANIZATION AND STRUCTURE OF KRUS

The Agricultural Social Insurance Fund (KRUS) is managed by the President, who is the central body of government administration subordinate to the competent minister of rural development. The President is appointed and dismissed by the Prime Minister on application of the Minister of Agriculture and Rural Development.

Council of Farmers' Social Insurance

The interests of the insured persons and beneficiaries are represented in KRUS by the Council of Farmers' Social Insurance whose members are appointed by the Minister of Agriculture and Rural Development among the candidates presented by the national farmers' social and professional organizations and trade unions. The Council of Farmers has the right to control and assess the Fund's activity.

KRUS consists of:

- 1) The Head Office,
- 2) Regional Branches,
- 3) Local Offices,
- 4) Other organizational units.

The Head Office of the Fund is an organizational unit of the Fund used for coordination and substantive supervision of the work of other organizational units of the Fund.

The President supervises and controls the work of managers of the Fund's organizational units through the Fund's Head Office.



The Fund's Head Office consists of the following organizational units:

1. Organizational-legal Office,
2. Economic Office,
3. Financial-Accounting Office,
4. Office for Benefits,
5. Insurance Office,
6. Prevention and Rehabilitation Office,
7. Office for Staff and Trainings,
8. Administration and Investment Office,
9. Control Office,
10. Audit Office,
11. IT and Telecommunications Office,
12. Social Communication Office,
13. Office of Strategy and Development,
14. Public Procurement Office,
15. Team of Classified Information Protection and Defense,
16. Service Team for the Council of Social Insurance for Farmers,
17. Medical Certification Team.



Regional Branches

Sixteen regional branches of KRUS perform its basic tasks regarding establishment of the social insurance duty, the amount and collection of contributions, establishment and causes of accidents at

agricultural work, establishment of the right to pecuniary benefits and their payment.

Local Offices

Within the regional branches there are smaller organizational units – Local Offices.

Currently 256 local offices are functioning together with 16 regional branches create a network of the Fund units which perform tasks in the scope of the service of the insured and beneficiaries.

Other organizational units:

1. Farmer's Rehabilitation Centres,
2. Training and Rehabilitation Centre.



FINANCIAL ECONOMY OF KRUS

The Agricultural Social Insurance Fund (KRUS) conducts an independent financial economy.

The financial basics of insurance and activity of KRUS are composed of the following funds:

1. Pension Fund,
2. Contribution Fund of the Farmers Social Insurance,
3. Administrative Fund,
4. Fund of Prevention and Rehabilitation,
5. Motivation Fund.

Pension Fund

This fund is composed of:

- 1) Contributions for old-age and disability pension insurance,
- 2) Refunds from the resources of the Social Insurance Fund for the coverage of specific expenditure,
- 3) From supplementary subsidy from the state budget.

The resources of this fund are allocated to the financing of:

- 1) Benefits from old-age and disability pension insurance,
- 2) Old-age and disability pensions from another social insurance paid out together with the benefits from the old-age and disability pension insurance with additions,
- 3) Refund of specific costs to the Social Insurance Fund, if such refund is predicted by old-age pension regulations,
- 4) Health insurance.

Contribution Fund

The contribution fund is created from contributions into accident, health and maternity insurance and other sources specified in the statutes assuring full coverage of the contribution fund expenditure.

Resources from this fund are allocated to the financing of:

- 1) Benefits into accident, health and maternity insurance,
- 2) Write-off for the administration fund in the amount up to 9% of the planned expenditure of the contribution fund,
- 3) Write-off for the prevention and rehabilitation fund in the amount up to 5% of the planned expenditure,
- 4) Direct costs of the functioning of the Council of Farmers,
- 5) Costs of the fund management and fulfillment of its obligations as a legal person,
- 6) Activity of KRUS concerning initiation and support of the development of insurance for farmers and their families by mutual insurance associations,
- 7) A shortage of the administrative fund and the prevention and rehabilitation fund.

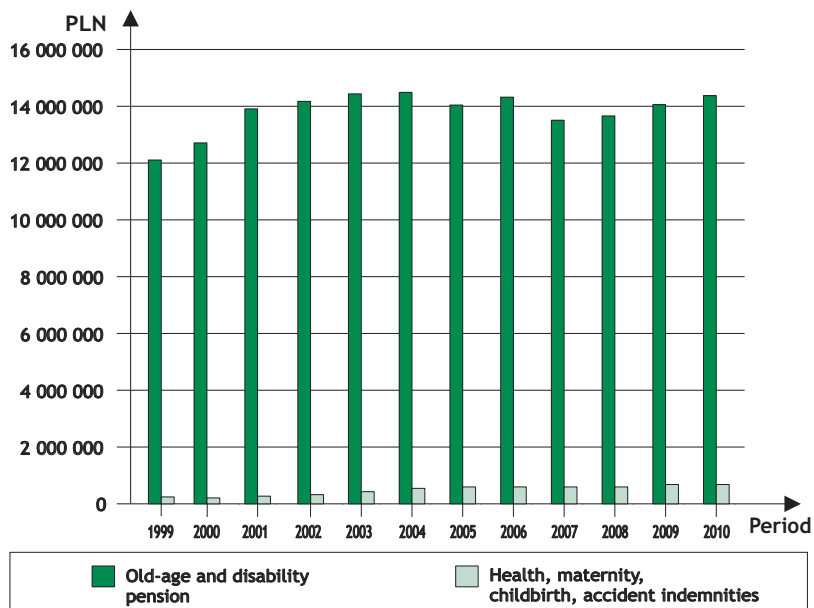
Benefits from accident, health and maternity insurance financed by the Contribution Fund in thousand of PLN

Years	The amount of benefits granted from accident, health and maternity insurance
1999	244 551
2000	224 261
2001	249 932
2002	295 709
2003	353 683
2004	396 142
2005	401 509
2006	407 303
2007	409 725
2008	456 618
2009	522 704
2010	550 964

**Expenditure for social insurance of individual farmers
in thousands of PLN**

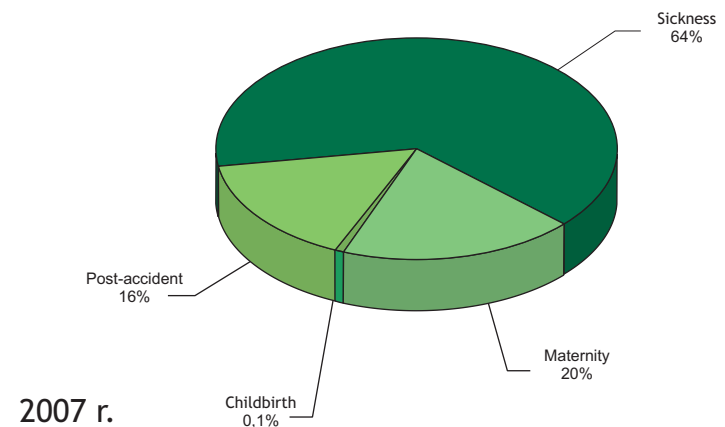
Years	Amount of	
	Pensions and other benefits ¹⁾	Health, maternity, childbirth benefits and post-accident indemnity
1999	12 111 644	244 551
2000	12 763 867	224 261
2001	13 987 251	249 932
2002	14 124 241	295 709
2003	14 373 779	353 683
2004	14 390 634	396 142
2005	14 058 251	401 509
2006	14 286 461	407 303
2007	13 291 017 ²⁾	409 725
2008	13 634 687 ²⁾	456 618
2009	14 058 972 ²⁾	522 704
2010	14 270 631 ²⁾	550 946

- 1) including mainly funeral allowance, benefits for former soldiers-miners, and benefits for deported people and veterans.
2) without the benefits for former soldiers-miners, benefits for deported people and veterans (they are disbursed as commissioned tasks).

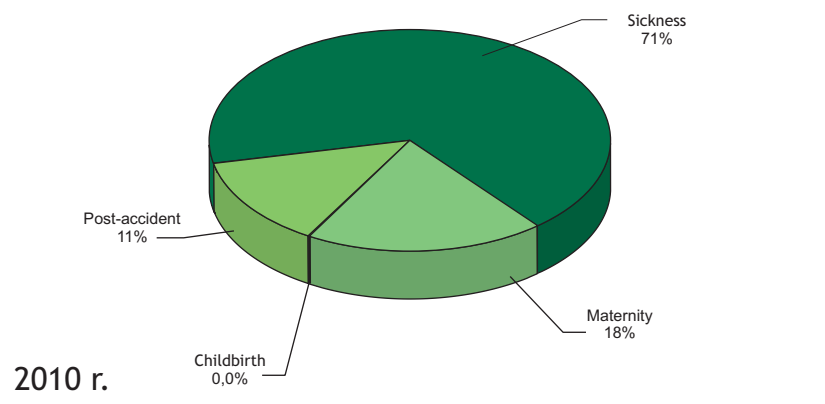
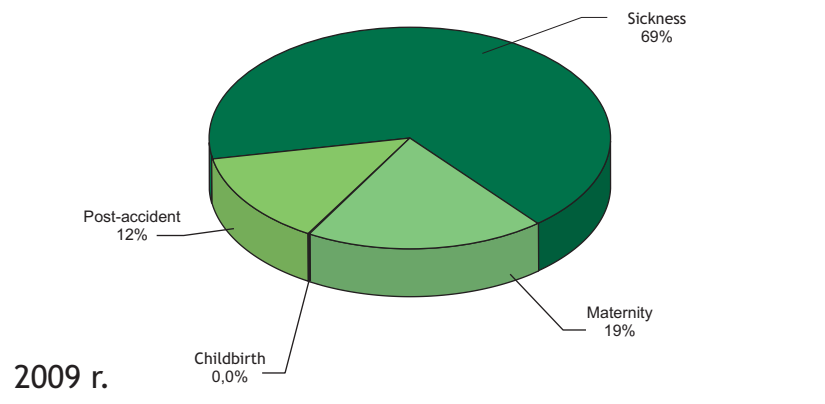
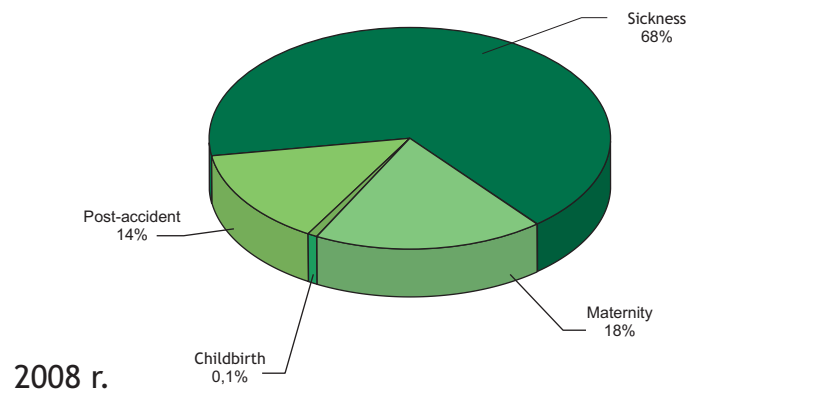


**Benefits for individual farmers financed by the Contribution Fund
in thousands of PLN**

Years	Amount of benefits from health, accident and maternity insurance - total	including			
		One-off accident indemnities	Sickness allowances	Maternity allowances	Childbirth allowances
1999	244 550,6	86 880,9	104 240,8	7 855,9	45 573,0
2000	224 260,6	89 190,3	79 387,3	7 765,5	47 917,5
2001	249 932,1	103 310,1	87 338,4	7 689,8	51 593,8
2002	295 708,5	111 326,0	115 090,6	10 016,3	59 275,6
2003	353 683,1	112 754,3	153 307,7	12 189,6	65 431,5
2004	396 142,4	111 743,4	205 756,2	51 430,6	27 212,2
2005	401 509,2	75 550,4	249 330,0	75 658,9	969,9
2006	407 302,6	71 897,4	255 986,2	78 736,0	683,0
2007	409 725,3	64 168,3	264 772,2	80 309,2	475,6
2008	456 617,7	62 075,0	310 444,8	83 705,6	392,3
2009	522 703,6	61 003,5	326 976,7	98 463,1	260,3
2010	550 946,0	58 159,8	393 106,4	99 422,1	257,7



2007 r.



Administrative Fund

The administrative fund is destined for the financing of the costs of insurance service (except for the costs covered from the contribution fund or the prevention and rehabilitation fund) and the costs of the service of tasks in the area of health insurance.

The fund is created from:

- 1) Write-offs from the contribution fund in the amount up to 9% of the planned expenditure of the contribution fund,
- 2) Write-offs from the old-age and disability pension fund up to the amount of 3.5% of the planned expenditure of the old-age and disability fund,
- 3) Refund of the costs related to the implementation of the health insurance by competent institutions and performance of the tasks entrusted to the Fund President on the basis of separate regulations.

Prevention and Rehabilitation Fund

It is created from write-offs on the contribution fund in the amount up to 5% of the planned expenditure and budget subsidy.

The prevention and rehabilitation fund is destined for:

- 1) The Fund's activity aimed at prevention of accidents at farm work and agricultural vocational diseases,
- 2) Aid to insured persons and persons entitled to benefits from insurance, who show complete incapacity for work on a farm but there is a promise of their recovery after treatment or rehabilitation or such are health indications.

Motivational Fund

The motivational fund can be created within a write-off for an administrative fund calculated from the contribution fund.

The Fund is disposed of by the Fund President in agreement with the Chairman of the Council of Farmers' Social Insurance, based on the regulations adopted by the Council of Farmers. Payouts from this fund are realized outside the limits resulting from the provisions on the forming of salaries in the state public sector. Resources of the fund are paid out as awards.

INTERNATIONAL COOPERATION

From the beginning of its activity the Agricultural Social Insurance Fund (KRUS) is undertaking many initiatives for the benefit of cooperation with foreign insurance institutions and organizations in Europe.

The exchange of experiences with German and French experts in the field accompanied the drafting process of the Act on the Social Security of Farmers.



Membership in the International Social Security Association (ISSA) plays an important role in the international contacts of the KRUS. The membership dates back to 1991 when the ISSA Council approved the

KRUS as a member of ISSA during the 61st session on 21 November 1991 in Geneva. The membership allows the Fund to take part in the association's activities, conferences, trainings, symposia, and colloquia about social security, prevention, and rehabilitation, which is an opportunity to learn world-standard solutions.

There are 11 branch sections in ISSA. Since the KRUS became an ISSA member, it has been actively participating in operations of the ISSA International Section on Prevention in Agriculture. The ISSA International Section on Prevention in Agriculture, established in 1969, realizes tasks related to prevention of accidents and occupational diseases for all those employed in agriculture and forestry, which is also one of the Fund's statutory tasks. Entrusting KRUS representatives with the most important positions in the Section's authorities and moving the General Secretariat from Germany to Poland, was a recognition of the KRUS' activities within ISSA and the commitment of the KRUS representatives in the development of the ISSA International Section on Prevention in Agriculture.

The Fund President performs function of the Section's President and initiates the actions promoting safe work and prevention on a farm, which are carried out on a broad scale.



Since 2000 KRUS is also full member of the European Forum of Insurances Against Accidents at Work and Occupational Diseases. Activity of the Forum aims at exchange of experiences and information in the field of an effective protection against professional risks at work.

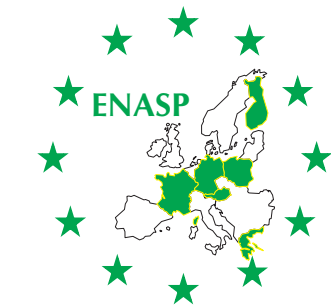
In June 1999 the President of KRUS made a decision to apply or admittance of KRUS to this organization. In the same year, at a working session of the Forum in Helsinki, our institution was admitted univocally to the European Forum and became its 15th member. In 2000 the President of KRUS signed the statutes of the Forum officially.

Within its cooperation with the Forum in the years 2006 – 2010 the Fund undertook – together with the German institution HVBG (now DGUV) – to organize the international congresses devoted to accident insurance, prevention and rehabilitation in agriculture and medical rescuing.

One of the most important foreign partners of the Fund is Mutualité Sociale Agricole (MSA) from France. The French system of social security for farmers was the point of reference at the creation of the concept of the system of social insurance for farmers in Poland.

In 1993 both institutions began their cooperation following the agreement signed in Bordeaux, France, on 9th October 1992. A partnership was established between the KRUS's 49 Regional Branches and MSA's 54 Department Funds; the cooperation was based on the exchange of groups of specialists in various fields of social security. Works aiming at making the cooperation even closer resulted in signing of The Protocol of Cooperation Between the KRUS and MSA in the Field of Development, Modernisation and Improvement of the Polish Farmers' Social Protection on 19 December 2000. The appointed working teams diagnosed the situation of farmers and rural population in an especially difficult situation.

A two-year long 5 towns pilot project organised by the KRUS, with the help from the MSA, realised in five selected KRUS regional branches: Częstochowa, Kielce, Lublin, Siedlce, and Katowice, was completed in 2004. The undertaking allowed to find solutions which would make it possible to overcome difficult conditions and social problems.



Next, creation of the European Network of Agricultural Social Protection Systems (ENASP) within the European Union was started. The network represents the interests of agricultural social protection at the European level, in synergy with its members' own initiatives. Acting as a forum for consultation with European authorities, it also works as a place for exchanging information and good practices between its members and all its partners in the field of social protection.

Within cooperation with ENASP the Fund participated in the general European research devoted to poverty and exclusion of the population from rural areas.

In 2004 the Central Fund of the MSA proposed the KRUS and other institutions from Ireland, the Netherlands, and Germany to participate in the EU LEONARDO program in the years 2000-2006. Main purpose of the program was to decrease the accident rate and improve work conditions in the areas in which the contact between a human and an animal is of primary importance, i.e.: in breeding and transportation of animals, in veterinary, therapy and training concerning animal behavior.

Among the important directions in the international activity of KRUS there is cooperation with the State Social Insurance Fund Board of the Republic of Lithuania (SODRA). The agreement with SODRA was signed in 1993.

Agreement is based on exchanging the groups of personnel in order to show them in practice both insurance systems in two countries with organization of work in their insurance institutions.

The cooperation with SODRA was initiated during one of the first Conferences of the Baltic States organized from 1992, in which KRUS participates from the beginning of its existence.

The purpose of the Conference of the Baltic States devoted to social security is the meeting of the representatives of highly developed countries (Germany, Sweden, Norway, Denmark and Finland) and the Baltic countries, where the political system has changed and the social security systems are transformed and reformed (as it happened in Poland, Russia, Latvia, Estonia and in Lithuania).

The Fund's membership in ISSA and involvement in the works of the ISSA International Section on Prevention in Agriculture contributed to the establishment of cooperation with the German Federation of Agricultural Professional Associations – BLB from Germany (BLB was transformed and at the moment it is called Spitzenverband der landwirtschaftlichen Berufsgenossenschaften – LSV-SpV).

Joint activities of the KRUS and BLB managements in the ISSA International Section on Prevention in Agriculture strengthened their mutual interest in social insurance systems and social security of farmers. The German partners helped us in drafting the Act on Social Security of Farmers, since the German farmers' social insurance system was deemed exemplary, as Germany was one of the first countries to recognize the farmstead dangers. An agreement of cooperation between both institutions was signed in 1999 covering the fields of rehabilitation, organization and joint conferences for the KRUS and BLB doctors.

The cooperation of the Fund and the Austrian Institution of Farmers Social Insurance – SVB, similarly as in the case from BLB from Germany, also started from common activity in the ISSA International Section on Prevention in Agriculture. Contacts between the representatives of both institutions are very intense and bring benefits to both parties.

One should also mention the role of the Agricultural Social Insurance Fund in the development of the International Association of Labor Agricultural Medicine and Rural Health – IAAMRH.

KRUS, from the beginning of its functioning supported the Association in its activity together with other healthcare institutions and research facilities in Poland by participating actively in the works of the subsequent Congresses of this Association.

KRUS maintains numerous contacts with many other social security institutions in Europe such as MELA from Finland, with which an appropriate agreement was signed in 2003, with DGUV (former HVBG) and with Deutsche Rentenversicherung Bund from Germany.

At the moment of joining the EU the KRUS became even more interesting partner for a number of foreign institutions in the insurance area. Fund signed many bilateral agreements on social security, e.g. with Australia, Canada, Korea, Norway, United States and the Republic of Macedonia.

Nowadays KRUS is one of the most enterprising social security institutions on the international arena. The Fund's representatives are invited to different conferences as experts, they participate in scientific research and initiate and implement programs concerning social security, prevention and healthcare for individual farmers.

KRUS - modern eDepartment of the public administration

KRUS successively realizes the business strategy on years 2007-2015. According to this strategy – called eKRUS – the basic goal of the Fund's activity is constant improvement of the farmers service – insured and beneficiaries.

This goal is to be attained by applying the assumptions stated below:

- farmer will fix his case in any organizational unit of KRUS and also through the Internet,

- an individual account will enable a farmer to trace the status of the matters realized in KRUS,
- automatic exchange of information with other institutions – national and foreign – will permit to settle more efficiently cases without necessity of visiting many offices.

eKRUS sets the strategy of activity in the scope of computerization:

- support of the services related to comprehensive service of farmers – insured and beneficiaries,
- provide with the system mechanisms for the cooperation between KRUS and other institutions of the public sector in Poland and abroad,
- integration of the possessed IT systems and developing of the existing solutions and resources,
- concentration on the statutory activity of KRUS,
- implementation of the mechanisms of the farmers' insurance development forecasting,
- construction of a modern communication platform and mechanisms of the management of the cases based on the KRUS' functioning model process,
- construction of a modern information management system for the Fund's Management and long-term archiving system,
- successive increase of the organization "independence" from services and technologies deliverers,
- lowering of the IT systems maintenance costs, by reduction of the number of technologies applied.

The above mentioned goals are attained mainly through the realization large and complex programs which develop and transform our institution to adopt it do mechanisms of public administration functioning which are ensue from implemented act and polish membership in UE.

An important issue taken into account in the KRUS' strategy is specification of the financing sources for the planned undertakings. Because of the necessity of rational use of KRUS' budget, the most

important financial undertakings are financed from the external sources within the framework of the Post-Accession Rural Support Project.



Post-Accession Rural Support Project is implemented by the Polish government based on the loan agreement with the World Bank. Under this agreement KRUS started an administrative reform. The goals of the reform are strengthening administrative and analytic potential of Fund by introducing modern IT solutions and, in consequence, implement modern IT solutions and efficient management instruments for social insurance of farmers, forecasting incomes of farming families and introducing service which is better adapted to the growing requirements of farmers.

Fund also integrates own informational resources and computer's systems on the basis of procedural model of institution functioning.



KRUS started preparations to the realization of two projects within the framework of priority 7 axle of Programme Innovative Economy. Both projects allow to improve service for beneficiaries, insured and members of their families as well as the integration with projects ePUAP and pl.ID realized by Ministry of the Interior and Administration.

Thanks to undertaken actions which flexibly adapt Fund to changes of the environment and the public administration requirements, KRUS becomes a modern organization in the country and EU.

“THE INTEGRATED SYSTEM OF MANAGEMENT IN KRUS” INTRODUCTION

The following systems have been worked out and implemented in KRUS in order to increase the effectiveness and efficiency of the management system, minimize risks and obtain satisfaction of the interested parties: quality management and information safety pursuant to the norms: PN-EN ISO 9001:2009; and PN-ISO/IEC 27001:2007 covering, in particular performance of the tasks imposed by the act on social insurance for farmers and the system of counteracting corruption threats meeting the 27 requirements prepared by the Polish Chamber of Commerce and Polish Centre for Testing and Certification SA.

The Integrated Management System was created after combining the quality management system, the system of information safety management (implemented in KRUS in 2005) and the system of counteracting corruption threats. It was created and has been obligatory since 1st December 2009 in all organizational units of KRUS. The fact that the quality management system was implemented as the first system in KRUS resulted in the unification and combining of the management processes within the certified units, which were specified and described in the mutual influence and with regard for the division of competencies for the particular positions in the Fund.

Implementation of the Information Safety Management System allowed the Fund to use the best world patterns connected with information security, with simultaneous possibility of confirming an appropriate level of data protection through independent certification.

Implementation of the System of Counteracting Corruption Threats was a confirmation of the willingness of the Fund's action in accordance with the principles of fairness and reliability. It was expressed by the accepted Anti-corruption Policy of KRUS and its consistent observance. The system eliminates or significantly reduces the possibility of any corruption phenomena and confirms trust for KRUS as a transparent and a professionally managed organization.

Additional information about KRUS can be found on the following website: www.krus.gov.pl