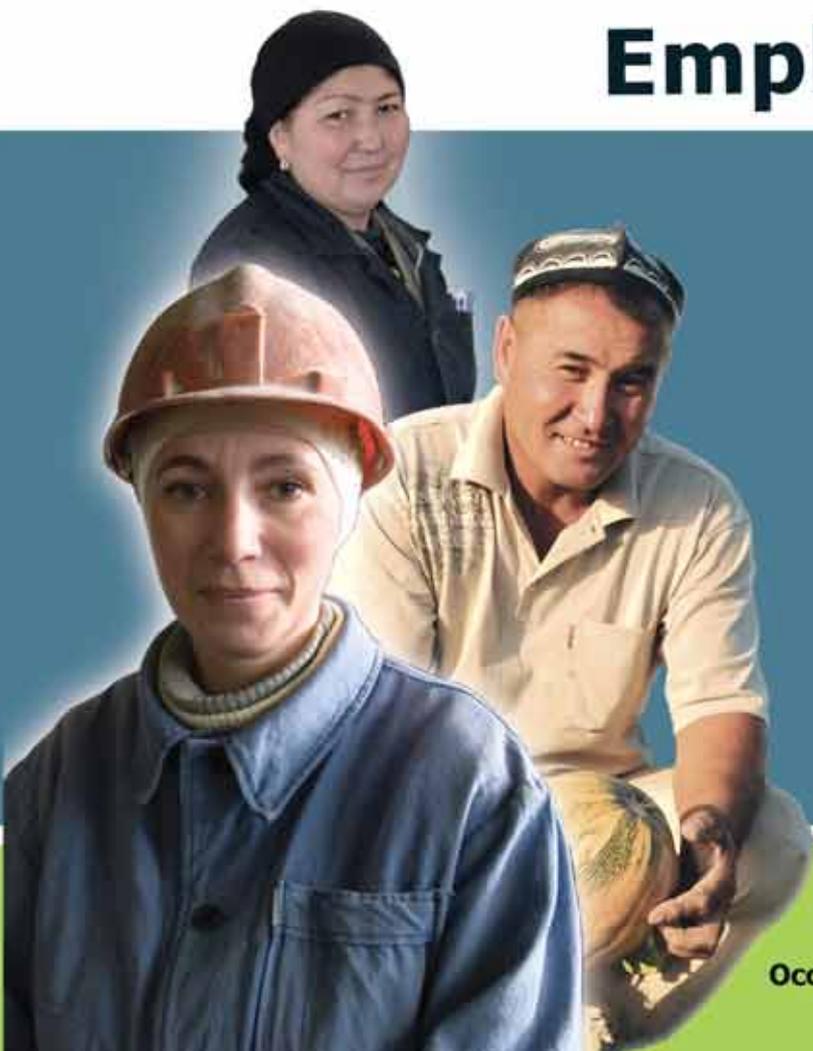


International
Labour
Organization

Employment Injury

Benefits



Occupational accident and disease insurance systems

Copyright © International Labour Organization, 2010
First published 2010

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered in the United Kingdom with the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP [Fax: (+44) (0)20 7631 5500; email: cla@cla.co.uk], in the United States with the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923 [Fax: (+1) (978) 750 4470; email: info@copyright.com] or in other countries with associated Reproduction Rights Organizations, may make photocopies in accordance with the licences issued to them for this purpose.

ILO Cataloguing in Publication Data

Employment injury benefits : occupational accident and disease insurance systems / ILO DWTST and Country Office for Eastern Europe and Central Asia. – Moscow: ILO, 2010.
20 p.

ISBN: 978-92-2-123678-8 (web pdf); 978-92-2-123677-1 (print)

ILO Subregional Office for Eastern Europe and Central Asia

employment accident benefit / health insurance / social security legislation / ILO Convention / ILO Recommendation / comment / CIS countries

02.11

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

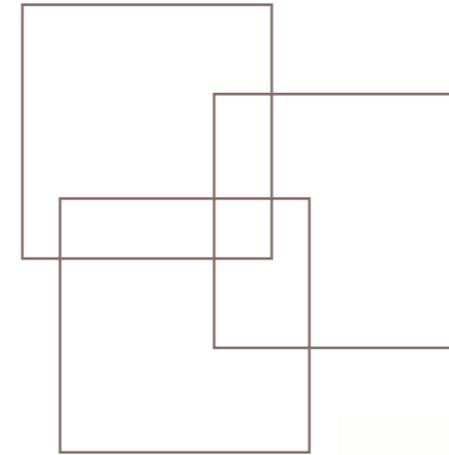
The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Following para and reference to website may be changed to reflect local regional office info.
ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Printed in Russia



International
Labour
Organization

Employment Injury

Benefits

Occupational accident and disease insurance systems

Occupational Accidents and Diseases – A Heavy Burden on Both Individuals and Society



Photo: ILO

The basic objective of an Employment Injury Benefit (EIB) scheme¹ is to ensure workers and their families a certain level of income in the case of disability or incapacity for work due to accidents and diseases related to work. This form of compensation is a fundamental labour right.

According to the International Labour Organization, approximately 2.3 million people die from accidents and diseases related to work each year. The daily death toll amounts to some 6,300 persons. The ILO estimates that approximately 337 million occupational accidents occur annually and work-related diseases affect an additional 160 million people around the world.

Economic losses due to accidents and unsafe working conditions exceed 1.25 trillion USD per year, which is equal to 4% of global GDP. Workers bear the greatest costs, including pain and suffering, and loss of capacity to work. These losses can never be fully recouped. A significant loss of productivity must also be borne by the employers.

Across the developed world, governments and their social partners have created social security schemes to provide partial or full compensation for wage losses due to occupational accidents and diseases. The costs of medical care, rehabilitation, and cash support

Occupational accidents and diseases not only harm the victims, but also the families, the enterprises and the communities as a whole. The hidden costs, such as loss of productive time, retraining of staff and loss of sales, can be many times higher than the direct costs. The companies are not reimbursed for such costs by insurance. Therefore, development of a fully-functional employment injury benefit system is **vital for both workers and employers**.

¹ The terms “employment injury benefits”, “occupational accidents and diseases compensation/benefits” and “workers compensation” are frequently used interchangeably. “Workers compensation” is the older term, generally used to refer to schemes which provide benefits in the case of death and incapacity due to accidents at work and, later, due to prescribed occupational diseases as well. The term “employment injury” is used as the ILO term to cover both accidents at work and occupational diseases (ILO, 1986).



for survivors are also under the coverage of national social security schemes, namely employment injury benefit schemes.

Recent decades have witnessed the emergence of another threat to long-term growth and development – the HIV/AIDS (Human Immunodeficiency Virus) epidemic. There are 1.5 million HIV cases registered in 9 CIS countries and Georgia², with 80% of those infected being in their productive prime.³

Though the primary mode of HIV infection is associated with individual behaviors, some occupations such as health workers providing care to patients with HIV/AIDS can also be at risk of transmission, especially where basic rules of occupational safety and health are not implemented. Social protection of staff under high risk of contracting HIV/AIDS has become an important component of care and support.

Statistics of Occupational Accidents in the CIS Countries

In the former Soviet republics, more than 12,000 workers die on the job each year. Global estimates by the ILO show that the numbers of occupational accidents are larger than earlier believed.

The figures of work-related fatal and non-fatal accidents in transition countries are greatly underestimated. Accidents at work cause both direct and indirect, as well as hidden costs for the whole society. While many enterprises in developed countries are adopting a zero accident policy as their goal, the enterprises in transition countries are not yet at this stage, nor are they able to properly identify the hazards causing occupational accidents and diseases.



Photo: ILO

² On 17 August, 2009, Georgia rescinded its membership in the CIS.

³ Statistics provided here are the consolidated data of 10 countries under the coverage of the ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan).

Table 1 provides a statistical overview of occupational accidents in the CIS countries. According to the ILO estimates, the actual number of occupational accidents seems to be significantly higher than the number of cases officially reported to national authorities. The ILO estimated number of fatal accidents, for example, differs greatly from the officially reported numbers. The smallest difference was observed in Russia (50% higher than the reported number) and the highest being in Georgia, where estimates exceeded reported number by over 40 times.

Table 1: Statistics of occupational accidents in selected CIS countries and Georgia

Country	Total employment ⁴	ILO estimate of the number of fatal accidents (2001)	Number of fatal accidents reported in national profile	ILO estimate of non-fatal accidents (2001)
Russia and Belarus				
Russia	70,965,000 (2008)	6,974	2,881 - 4,520 (2006)	5,322,065
Belarus	4,638,100 (2008)	496	–	378,683
Central Asia				
Kazakhstan	7,857,200 (2008)	655	470 (2006)	500,084
Kyrgyzstan	2,152,700 (2007)	316	27 (2006)	241,486
Tajikistan	2,137,000 (2006)	212	23 (2006)	161,897
Turkmenistan	–	420	–	320,442
Uzbekistan	10,735,000 (2007) ⁵	1,471	159 (2004)	1,122,575
Caucasus				
Armenia	1,188,500 (2007)	70	17 (2006)	53,759
Azerbaijan	4,056,000 (2008)	619	54 (2005)	472,085
Georgia	1,601,900 (2008)	306	7 (2007)	233,571

Source: Hamalainen P., Takala J., Saarela K., Global Estimate of Occupational Accidents, Safety Science 44 (2006) and ILO LABORSTA

Possible reasons for these discrepancies in occupational accident statistics are:

- under-reporting of occupational accident cases (desire to hide accidents);
- complicated occupational accident reporting procedures (too troublesome to report);

⁴ All country data except Uzbekistan are taken from national labour force surveys compiled by ILO LABORSTA.

⁵ This data is the official estimate provided by national authorities.

- multiple national authorities compiling occupational accident statistics;
- lack of understanding of the principles and rights of compensation;
- lack of labour contracts providing social security protection; and
- lack of knowledge of the necessity of reporting.

There is a possibility that under-reporting may be even higher under employment injury benefit schemes based on employers' liability principles as occupational accidents may be compensated based on "verbal negotiations" between the injured workers (and their families) and employers.

Historical Development of Employment Injury Benefits

Compensation for accidents at work is the oldest and most widespread form of social protection. In addition to medical care and cash benefits to replace lost wages, these schemes may provide services such as vocational rehabilitation, medical transport, and constant attendant care.

In early industrial societies, workers in hazardous or potentially hazardous jobs received higher wages. By paying additionally, workers were partially compensated for health risks and impairments. In contemporary society, however, this is considered outdated and counterproductive and has therefore been largely abandoned, except in some of the CIS countries.

Next came the legitimization of the employers' liability to compensate for accidents at work. Under this arrangement, the employers directly financed compensation to their own injured workers. However, if a firm experienced financial difficulties or liquidation,

An employers' liability-based system cannot fully guarantee the provisions of compensation: if the employers lose the financial capacity to provide proper compensation due to liquidation or bankruptcy, the victims and their families will not receive due compensation.



Photo: ILO

workers with occupational disabilities often lost their income security. Also, in cases of major accidents with large numbers of casualties, companies often went bankrupt without paying their workers due compensation. The financial risks of employment injuries need to be shared by introducing social insurance-based EIB schemes.

Today, basic compensation schemes for employment injuries exist in almost every country in the world. Though the principles and understanding of EIB differ widely by country, the most common means of compensation is based on the social insurance principles, mainly through the pooling of financial contributions by the employers.



Photo: ILO

In general, the financial stability of an insurance system increases with the number of contributors. Consider a situation in which a large expenditure is suddenly required because of a major accident with a high number of casualties. Financial shortage in compensating the victims and their families in such a case can be avoided if there is a sufficient pooling of insurance contribution. By sharing the financial risk under the social insurance-based principles, it is possible to overcome various restrictions of compensation that may occur under the employers' liability principles.

ILO Conventions concerning Employment Injury Benefits

The ILO has developed two important conventions to deal with employment injuries:

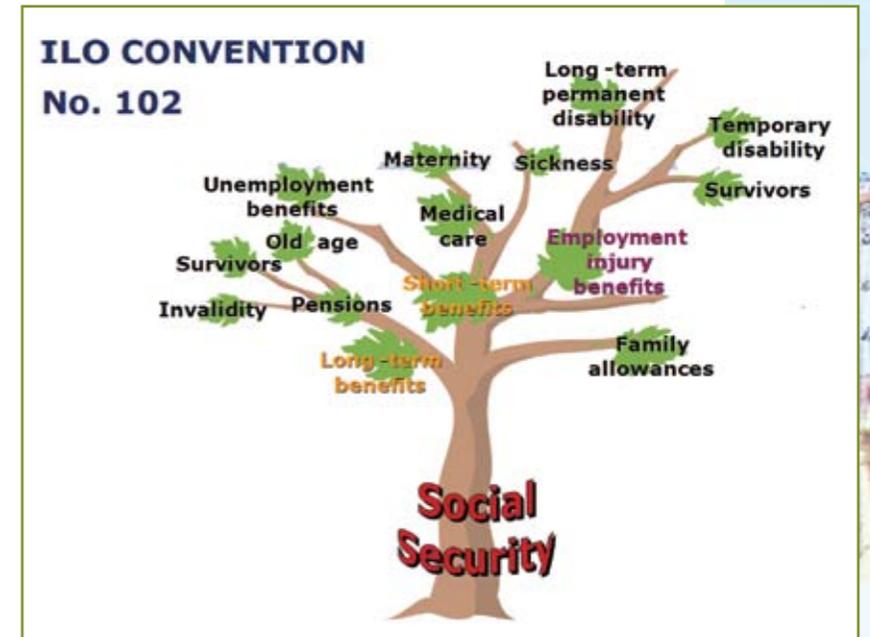
- **C102 Social Security (Minimum Standards) Convention, 1952 and**
- **C121 Employment Injury Benefits Convention, 1964**

A number of other ILO conventions dealing with aspects of social protection and social security are also applicable in terms of laying the basis for extending social security schemes to those under occupational risk of contracting HIV/AIDS.

Today, these conventions are recognized as universal standards.

C102 Social Security (Minimum Standards) Convention, 1952

Convention No.102 deals with all branches of social security – not only employment injury benefits but also the following categories of benefit: sickness, unemployment, old age, birth of a child, disability, survivorship, medical and family. As of March 2010, no country in the CIS has ratified C102.



C121 Employment Injury Benefits Convention, 1964

Convention No.121 provides more detailed principles of compensation for damages sustained from employment injuries as well as accidents during commuting.

It states that employers should bear the cost of employment injuries. The EIB scheme ensures workers a certain level of income in the case of disability or incapacity for work due to employment injuries. This form of compensation is one of the most fundamental labour rights.

Convention No.121 lays out the following principles:

(1) *Eligibility for compensation: for all workers from their first day of work*

All working periods are covered under the scheme, and eligibility for compensation does not depend on the length of employment, duration of insurance or the payment of contributions.

Under the principles of C121, workers have the right to receive employment injury benefits:

- even if the employers have not paid necessary contributions to the scheme;
- even if the workers are not nationals of the country in which they are working; and
- even if the symptoms of their occupational diseases appear long after the workengagement.

As of February 2010, 24 countries have ratified the Employment Injury Benefits Convention, 1964 (No.121). To date, no countries in the CIS have ratified this convention.

Different legislative forms of employment injury benefits generally apply to:

- civil servants,
- seafarers, and
- workers engaged in international transport (truck drivers, flight attendants, pilots, etc.)

For seafarers, C165 Social Security (Seafarers) Convention (Revised), 1987 is applied. For healthcare workers, C149 Nursing Personnel Convention, 1977 is applied.

(2) *Method of compensation payment: periodical payment throughout a period of incapacity for work and in case of death*

- Periodical payment shall be made in case of death of the breadwinner or total loss of earning capacity likely to be permanent.
- Lump-sum payment may be considered only:
 - if partial loss of capacity is not substantial;
 - if lump-sum is considered particularly advantageous for the injured person; (in exceptional circumstances, with the agreement of the injured person);
 - if the country lacks administrative facilities for periodical payment.

(3) *Flexibility of periodical payment: the amounts and conditions of payment may change*

- Increments in periodical payments are provided if the disabled persons require constant help or attendance of another person.
- The condition of periodic payment can be reviewed, suspended or cancelled depending on changes in the degree of working capacity or substantial changes in the cost of living.



(4) *The minimum benefit levels*

- **60% of wages** in cases of temporary or total incapacity for work (worker with wife and two children is set as the standard beneficiary);
- **50% of wages** in case of death of breadwinner (widow with two children is set as the standard beneficiary).

(5) *Equal norms and regulations: applicability to all workers including migrant workers*

Equality of treatment is applied to all workers in the country, that is, for migrant workers to be subject to the same eligibility rules and receive the same levels of compensation as a national worker (see page 20 for more information).

Danger of Asbestos Use: Occupational Diseases Appearing after 30 Years

Asbestos, a fiber type of mineral with excellent resistance to heat and chemicals while still remaining very cheap cost-wise, was once called 'the miracle mineral'. Due to good cost-efficiency and convenience, it was widely used in construction materials, electronic appliances, cars, and many other applications all over the world. However, after a while, the serious danger of asbestos was revealed: any intake of the material's minute fiber into the lungs was revealed as a major cause of lung-related diseases (namely lung cancers and mesotheliomas) after 20 to 50 years in use. Therefore, any use of asbestos is now completely banned in many countries.



normal lung

asbestosis
+ cancer

ILO Convention No. 162 covers the protection of workers against health hazards caused by occupational exposure to asbestos (C162 Asbestos Convention, 1986). As of February 2010, 32 countries including Russia have ratified this convention.



Photo: ILO

(6) Inclusion of commuting accidents

Accidents that occur during a worker's commute (the direct route between home and workplace) are also seen as an industrial accident. However, any detour of ordinary commuting route due to private reasons (such as visiting friends and relatives, shopping, etc.) is not applicable for EIB coverage as it is not considered as work-related.

(7) Inclusion of occupational diseases

Compensation for occupational diseases that emerge after the actual work engagement is also provided to the workers or to the family survivors in case of death. Occupational diseases listed in the list of Occupational Diseases Recommendation No.194 (R194) are to be covered under the EIB scheme. The list appended to R194 is being updated periodically in order to reflect the most up-to-date information on occupational diseases.

Types of Employment Injury Benefit Schemes in the CIS Countries

In the CIS region, the three main types of employment injury benefit (EIB) schemes operating at the moment are:

- public social insurance-based EIB schemes – where the government or authorized public agency is in charge of managing EIB;
- private participation-based schemes (Private-Public partnership schemes (PPP)) – where the employers purchase EIB packages from private insurance companies;
- employers' liability-based schemes – where the employers provide compensation of employment injuries directly to the victims and their families.



The body responsible for managing the EIB scheme is in charge of defining:

- (1) what risks are covered – including/excluding commuting accidents and occupational diseases, etc.;
- (2) who is covered – traditional approach (covering employees only) or more extensive approach (covering the self-employed, students, unborn children harmed during pregnancy, house husbands and housewives, etc.);
- (3) what kind of compensation is going to be provided – cash benefits and in-kind benefits;
- (4) how compensation is provided – periodical payment, lump-sum payment or a combination of both.

Under the public social insurance-based scheme, the government and/or the authorized public agency are in principle responsible for defining these elements, whereas under the private participation-based scheme, both the government and the private insurance providers share the responsibilities. However, even if the private insurance companies are in charge of defining some elements, the decision-making process and actual implementation are supervised by the government.



Photo: ILO

Public Social Insurance-based EIB Schemes

Among the three schemes, public social insurance-based EIB schemes are the most commonly introduced in developed countries. Under this type of scheme, the government or authorized public agency is responsible for both the collection of insurance contributions and provision of compensation.

In a number of countries, a certain percentage of EIB financial contributions are allocated for improving working conditions to prevent employment injuries. International experience shows that investing in prevention can substantially decrease the extra payments by the companies in cases of employment injuries.



Photo: ILO

EIB administrative bodies are also responsible for conducting periodic actuarial valuation to review the financial viability of public social insurance-based EIB schemes from a longer perspective. When conducting these actuarial analyses, various financial aspects are reviewed, such as financial sustainability and tariff settings. Tariffs are usually set for general occupational groups, while higher tariffs are sometimes set for high-risk occupations like firefighters and miners. Correct statistics of employment injuries are one of the most crucial factors for conducting actuarial analyses.

Private Participation-based Schemes (Private-Public Partnership (PPP) Schemes)

In recent years, private participation in EIB schemes has become more common. Even though many responsibilities regarding EIB are delegated to private insurance companies, the government has retained the major responsibility of providing necessary regulatory frameworks and supervision of private insurance companies, such as:

- (1) licensing of insurance companies eligible to provide EIB packages;
- (2) regulations of financial control (financial accountability, minimum reserves, investment types, etc.);
- (3) tariff settings on EIB packages.

While in most cases, the government provides the regulatory framework for licensing and financial control, the degree of involvement differs widely by country. In some cases, for example, tariffs are fully fixed by the government whereas in other cases tariffs are solely up to the discretion of each private insurer.

Even under privatized schemes, government still plays an important role in:

- provision of public insurance coverage for occupational diseases;
- adjustment of benefit levels to match inflation rates;

- EIB to civil servants, police and military;
- risk-pooling measures to cope with bankruptcy of enterprises or for high-risk occupational groups.

Employers' Liability-based Schemes

Employers' liability-based schemes were commonly used prior to the advent of the public social insurance-based EIB scheme. Under this arrangement, employers directly finance compensation to their own injured workers. The level of compensation is rather limited, however, as it depends solely on the financial capacity of the employers.

Also, it is very difficult to cover the risks associated with long-term compensation cases such as with occupational diseases.

Therefore, the financial risks of occupational accidents and diseases need to be shared by introducing insurance-based social security schemes.

In the CIS region as a whole, there are several multilateral social security agreements concluded in 1990s. They were basically meant to protect the ex-USSR nationals residing 'abroad' due to the disintegration of the Soviet Union. One multilateral agreement "About the rights to compensate occupational accidents" signed in 1994 provides a basic framework of social security protection for the migrant workers from/to the CIS in case of occupational accidents in the region. It is based on the employers' liability scheme principles, and a bilateral agreement on social security is still necessary to make the cross-border transfer of benefits (compensation) possible.

Who makes contributions? Who receives compensations?

Operation of EIB schemes is based on the financial contribution of all employers, which covers all workers. In most industrialized countries, EIB schemes are mandatory and contribution is fully financed by the employers. In some countries, self-employed persons may participate as well, if they themselves pay the required contributions.



Photo: ILO

The rate of contribution differs from country to country, generally from 0.5 to 4% of an employer's total wage bill. Contribution rates are generally set by industrial or occupational groups: in Sweden, the same rate is charged to all employers, while in France, the degree of risk in different industries is reflected in the rate settings.

EIB schemes provide protection not only to workers but also to their family members – who can suddenly face the loss of financial security because of employ-

ment injuries of income earners. Therefore, it is very important that workers insist that compensation include survivors' benefits paid on a periodic basis, not a single lump-sum payment. The EIB schemes cover not only cash compensation of income losses but also medical expenditures for treatment including rehabilitation training.

Occupational accident coverage overview: for truckers & independent contractors

“Occupational HIV Benefits provided by a private insurer in the US – It provides a monthly benefit if the insured tests positive for Human Immunodeficiency Virus (HIV) within 365 days of the date of a covered occupational incident. The benefit is payable if, within 72 hours of the covered occupational incident, the insured 1) reports it to the Company and the Policyholder in writing; and 2) undergoes a Food and Drug Administration (FDA) approved preliminary screening test for HIV which indicates negativity with respect to the presence of any antibodies or antigens to such disease.

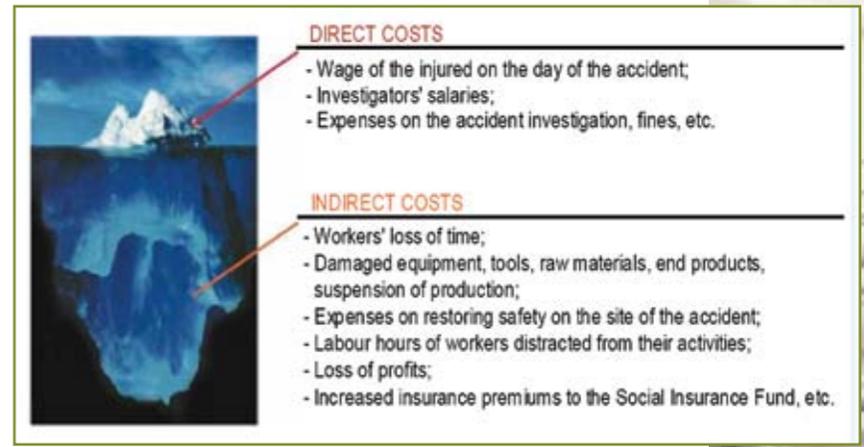
It is better to prevent now than pay later

While the main losses and hardships resulting from any accident fall primarily on its victims, employers face heavy collateral losses as well. The accident costs for employers are very high, especially the hidden costs related to work disruption, material losses, retraining, etc. These hidden costs can be up to 30 times higher than the direct costs. There are also some immeasurable costs which the employers have to bear,



such as degradation of the reputation and social trust. A popular way to demonstrate this is the iceberg model.

The general principle is that compensation is paid on a “no fault” basis. This means that payment of compensation at work is not dependent on determining that the worker was not at fault for the accident. In some CIS countries, an investigation of an occupational accident is carried out with the intent to assign blame and avoid paying full compensation. This is not right: the investigation should prevent



What is Karo-shi? – Burn-out death caused by excessive overtime work

Occupational accidents at construction sites are usually quite visible. However, if workers die due to extreme amounts of overtime work as well as workload, is it still possible to justify that the cause of death was work-related?

According to the Ministry of Health, Labour and Welfare in Japan, there are four points to examine whether the cause of death is work-related or not:

- (1) details about any mental disorders prior to the death (e.g. when and how they arose);
- (2) details of work pressure (e.g. overtime work hours, human relationships in the office);
- (3) details of non-work related pressure; and
- (4) past history of mental disorders and its correlations with suicide.

Each case is judged based on the examination of these results.

How about death cases outside of working hours? The family of a victim filed claim for compensation for the death of a breadwinner due to cerebral hemorrhage outside of working hours. A similar claim was filed with a case of death case by myocardial infarction. These cases are based on the claims that death was caused by excess amount of overtime work and enormous work pressure. They require different types of examinations prior to the decision because such illness and death cases can also be caused by genetic elements, diet or general lifestyle rather than work-related causes.



Photo: ILO

future accidents, protect employees from any suffering, and protect the employers from unnecessary expenses.

'Hazard pay', direct or in-kind 'payment' (e.g. milk) to compensate hazardous work, is still a common practice in some CIS countries. Paying workers bonuses for working in hazardous work conditions not only puts the workers' health in jeopardy, but is also a waste of the employer's money.

Occupational safety and health management systems aim to develop a comprehensive approach to both managing health and safety hazards, including legal obligations

to provide a workplace free of risk, ensuring continuous improvement of health and safety in the workplace, and reduction of the costs arising from workplace accidents, illnesses and workers' compensation payments.

Economic Incentives for Preventive Measures

Generally, there are two types of measures aimed at preventing occupational accidents and diseases through economic incentives.

The first one is to allocate a certain percentage of employers' contributions directly to the implementation of preventive measures in the workplace. Prevention is not only an investment to protect the lives of workers and their families. It also brings economic and financial benefits by: (1) lowering the amount of company benefit payouts and (2) raising overall productivity for the company – in short, "healthy employees work better". "Safety pays" is not just a slogan, it is a fact.

Example 1: Denmark – Prevention Fund (*Forebyggelsesfonden*)

In 2007, Denmark set up a Prevention Fund to prevent the early withdrawal of Danish workers from the labour force. The purpose of this scheme is to finance innovative



measures to improve occupational health and safety in the workplace. The Fund has a capital of DKK 3 billion (€403 million) and will support projects up to a total of DKK 350 million (€47 million) per year. The Fund will be in operation for a ten-year period until 2017.

The projects supported by the Fund should aim to:

- improve the working environment within industries and vocational groups threatened by physical and mental disabilities;
- improve re-training and rehabilitation;
- increase awareness about the risks of smoking, alcohol, and obesity.

The second type of economic incentive for prevention is through the implementation of an experience-rating system to quantify the correlation between prevention and payout related to occupational accident and disease insurance. Based on the records of accidents in the workplace, accident insurance premiums can be reduced and/or some financial reimbursement can be provided to the enterprise.

Example 2: Germany – Statutory Accident Insurance for the Butchery Industry (*FBG*)

FBG is a private accident insurance company serving most of companies in Germany's butchery industry. Having been active in the prevention of workplace accidents for many years, FBG introduced three different programmes with the following approaches:

- (1) In the Premium Variation Programme (*Beitragsnachlass*), the member company can be reimbursed for up to 10% of its annual membership premium, depending on its number of work-related accidents in the previous year.
- (2) The Discount Programme (*Rabattverfahren*) is similar, but ensures further sustainability. If the number of accidents has remained under the branch average for the



Photo: ILO

past five years, the company will get an additional reduction of up to 5% of its annual membership premium.

- (3) The Funding Programme (Prämienverfahren) helps to prevent future accidents and occupational diseases. Introducing good prevention measures in the company can be funded by FBG using up to 5% of the annual membership premium.

Example 3: *Finland – Premium Discount Programme for Farmers' Occupational Accidents Insurance*



Finnish Farmers' Occupational Accidents Insurance introduced a new premium discount programme ("MATA bonus") in 1997 for insurance for self-employed farmers and fishermen. Under this programme:

- (1) Insured persons who have had no occupational accident or disease claims during the past 12 months will receive a 10% reduction.
- (2) Thereafter each claim-free year adds another 10% reduction up to a maximum of 50% off after five consecutive claim-free years.

Each compensated claim results in a 10% loss of discount, but no premium over the base level is charged even if the personal discount turns negative after multiple claims. This premium discount provides farmers and fishermen an incentive to prevent injuries.

Employment Injury Benefits for Migrant Workers

The ILO Conventions on migrant workers call for equality of treatment, that is, for migrants to be subject to the same eligibility rules and receive the same levels of employment injury benefits as the national work force.

ILO social security conventions concerning migrant workers are as follows:

- ***C118 Equality of Treatment (Social Security) Convention, 1962***
- ***C157 Maintenance of Social Security Rights Convention, 1982***

In order to protect the country's nationals working abroad, the clauses on employment injury benefits have to be included under the bilateral agreements on social security between sending and destination countries. Bilateral agreements on social security are normally based on reciprocal principles. This means that one country is responsible to equally protect migrant workers from any country with which it has concluded a bilateral agreement. Also, the two countries need to agree on the terms of the 'export of benefit' for sending and receiving social security benefits between the two countries.



As the agreements are reciprocal, migrant workers cannot be fully protected in destination countries if their origin countries do not have well-functioning employment injury benefit system to protect incoming migrant workers. According to C121, all workers have the right to receive compensation in case of employment injuries regardless of their employment status (formal/informal) or contribution status by their employers. In reality, however, it is very difficult to legitimize the work records of migrant workers without any kind of labour contracts and/or official documentation. Formalization of the migrant workers' status is the first and the most important step to protect them while working abroad.

Conclusion

Prevention and protection are two essential factors when considering occupational accidents and diseases. Without preventive measures, all victims and their families immediately fall under the EIB coverage, which may seriously harm the financial sustainability of the EIB scheme itself. On the other hand, without protective measures through an EIB scheme, there are no ultimate social safety nets for the victims and their families if occupa-

tional accidents and diseases occur. Prevention and protection are the two indispensable keys to running a functional EIB scheme.

The first step is to provide safe and healthy working conditions, free of hazards, risks and accidents. The modern Occupational Safety and Health Management System (OSH MS), which is based on risk assessment for prevention and is described in GOST 12.0.230-2007 (identical with ILO-OSH 2001), is the best tool for employers and workers to jointly improve workplace standards⁶. The system of additional pay for work in hazardous and harmful conditions is outdated and has been abolished in almost every country in the world. Prevention is internationally known to be more cost effective, while also increasing productivity and employee motivation.

However, if occupational accidents and diseases do occur, the workers need fast medical assistance and protection against material and financial losses. Under the employers' liability-based EIB scheme, the workers can lose all protection in case of employer bankruptcy. The combination of social insurance-based schemes and a strong preventive element have proved to be very successful in most developed countries.

A modern employment injury benefit scheme:

- *is based on the combination of preventive and protective measures*
- *is based on social insurance-based principles with possible participation by the private sector;*
- *is focused on proactive accident prevention to minimize sole dependency on the EIB scheme;*
- *provides basic economic security for the victim in a crisis situation without looking for someone to blame;*
- *averts bankruptcy of the enterprise and enables continued payment of long-term compensation in severe catastrophes;*
- *increases productivity of the company and motivation of the workers;*
- *is a crucial element for success when organizations are interested in engaging in international business and cooperation with multinationals.*

Photo: ILO

⁶ The Inter-State standard GOST 12.0.230-2007 was approved by all CIS countries (except Georgia) in 2007. The GOST is identical to ILO-OSH 2001 guidelines for OSH Management System.

Information sources

Dorman, Peter, "Three Preliminary Papers on the Economics of Occupational Safety and Health", 2000, Geneva,
<http://www.ilo.org/public/english/protection/safework/papers/ecoanal/ecoview.htm>

Guidelines on Occupational Safety and Health Management Systems. (ILO-OSH 2001),
http://www.ilo.org/global/What_we_do/Publications/ILOBookstore/Orderonline/Books/lang--en/WCMS_PUBL_9221116344_EN/index.htm

ILO Conventions and Recommendations, <http://www.ilo.org/ilolex/english/index.htm>

- *C102 Social Security (Minimum Standards) Convention, 1952*
- *C118 Equality of Treatment (Social Security) Convention, 1962*
- *C121 Employment Injury Benefits Convention, 1964*
- *C149 Nursing Personnel Convention, 1977*
- *C157 Maintenance of Social Security Rights Convention, 1982*
- *C162 Asbestos Convention, 1986*
- *C165 Social Security (Seafarers) Convention (Revised), 1987*
- *R194 List of Occupational Diseases Recommendation, 2002*

ILO Moscow Office leaflet on "Workers' Rights to Accident Compensation", 2007.

ILO, Reports on the Symposium on Employment Injury Protection for Developing Countries in Asia and the Pacific, 1986.

Hamalainen P., Takala J., Saarela K., Global Estimate of Occupational Accidents, Safety Science 44, 2006.

Innovative Insurance Solutions, Inc., Occupational Accident Coverage Overview,
<http://iisi.com/Occupation%20Accident%20Truckers%20&%20ICs%20Overview%20091001.pdf>

Ouchi M., Recent Trends of Occupational Injuries/Diseases and the Employment Injury Benefit Schemes in Japan, Social Messenger of Pension and Social Funds in CIS and Baltia (Sotyalni bectnik), 2006.

More information on best practices is available from the ILO.

**ILO Decent Work
Technical Support Team
and Country Office
for Eastern Europe and Central Asia**

Petrovka 15, office 23
107031, Moscow, Russian Federation
Tel.: +7 495 933 08 10
Fax: +7 495 933 08 20
E-mail: moscow@ilo.org
www.ilo.ru