

Employment Injury Insurance (EII) Scheme for Bangladesh

An Employment Injury Insurance (EII) scheme is a social protection system which includes compensation by in-kind benefits for medical treatment and rehabilitation services, and in-cash benefits for income loss caused by occupational injuries and diseases. In a broad sense, workplace accidents are inevitable in an industrialized system and employees should be compensated regardless of who bears the responsibility. Hence the expenditure for industrial accidents should be considered as a part of production cost.

The ILO is advocating for a national EII scheme in Bangladesh which will protect employers from reputational risk and catastrophic loss arising from industrial accidents, and provide a safety net for those injured in the workplace, as well as the dependents of deceased workers.

This fact sheet provides information on the features and benefits of EII.

Features of EII

- Generally an EII scheme covers three aspects namely prevention, rehabilitation and compensation. In most countries, such a scheme starts with the establishment of compensation services.
- EII is not a general health insurance. It is related to only workplace accidents or workplace related illnesses.
- A national EII scheme, at an initial stage, is implemented in relatively structured sectors and over the years expanded in all formal and informal sectors.
- The ready-made garment (RMG) industry in Bangladesh is a source of livelihood for four million workers. Therefore, implementing a pilot EII scheme in the RMG sector is considered to be most appropriate and feasible for the country.
- EII is not a private insurance. An autonomous organization or state run organization manages the scheme under the supervision of a tripartite governing body comprising of government, employer and worker representatives.
- Benefits to employees who suffer from industrial injuries or diseases would be paid for by this

Prevention



scheme, regardless of the negligence of their employers.

Rehabilitation



- Employees are compensated by EII on the condition that they give up compensation related litigations, whereas employers are required to pay contributions to the EII scheme.
- The no-fault liability under EII is much more efficient in terms of time and cost compared to the judicial system which focuses on determining who is responsible for the accidents.
- It is proposed that in Bangladesh, employer contribution to the EII fund would be around 0.33% of the wages of individual workers in the RMG and textile industry. In this case, if a worker earns Tk 10,000 (USD 116)/month, the employer would contribute Tk 33 (USD 0.38)/month to the EII scheme. This amount will not be deducted from the employees' wages.
- EII involves long-term periodical payments instead of lump sum settlement for economic loss.
- EII offers a 'return to work objective' and a rehabilitation component.

Compensation



Benefits of EII



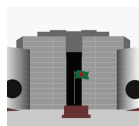
Workers would benefit from an EII scheme by receiving timely and appropriate protection against financial consequences of employment injuries.

- Vocational rehabilitation programmes would reintegrate workers who have been disabled due to work related injuries or illnesses in their previous jobs or in suitable alternative occupations.
- Permanently disabled workers would receive compensation for the loss of earnings over their lifetime; dependents of deceased workers would also receive compensation. Cash compensation can be up to 60% of the last wage of a worker. This means if a permanent totally disabled worker's wage before an occupational injury or disease was Tk 10,000 (USD 116)/month, he/she will receive Tk 6,000 (USD 70)/month for the rest of his/her life.
- Under an EII scheme, each registered worker would hold a bank account and upon approval of claim, payment would be made to the claimant's bank account or through mobile banking. This would save a permanently disabled worker from the hassle of travel to collect periodic payments.
- An EII scheme would provide better access to medical and allied care over the lifetime of severely injured workers.



Brands and buyers will not be held responsible for compensation of workers injured in factories they source from.

- For brands and buyers, Bangladesh will become a more attractive sourcing destination.



Government would be able to ensure the protection of the country's workforce and rehabilitation of the disabled by establishing a national EII scheme.

- EII contributes to overall health and well-being of the population.
- EII helps to achieve economic and social stability.



Employers would benefit from an EII scheme by receiving protection against financial consequences of workplace accidents and diseases through collective risk pooling.

- As the cost for compensation and rehabilitation is borne collectively by employers, the burden on individual employers is alleviated under an EII scheme.
- Employers would be relieved from administrative liabilities for ensuring medical care and compensation for the injured.
- Due to provision of rehabilitation service under an EII scheme, employers would be able to retain skilled workers returning from their injury and they would be motivated to invest in occupational safety and health (OSH). This would ultimately contribute to a nation's sustainable economic development.
- Employers in Bangladesh would get competitive advantage as almost all other countries exporting ready-made garment (RMG) and textile products already have a fully operational EII scheme.

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