

# Employment Injury Insurance



## Achieve the Sustainable Development Goals on Universal Social Protection through South-South and Triangular Cooperation

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### Employment injury insurance (EII) is needed

It is estimated that work-related injuries and diseases cause the deaths of 6,300 workers per day globally, the majority of which occurs in low-income countries.

Employers are responsible for: the occupational safety and health of their workers; providing fair, equitable and effective benefits to injured workers; in the event of death, compensating dependents for loss of income due to work-related accidents and occupational diseases; and securing workers' access to necessary health care, including rehabilitation.

Historically, many countries have stipulated in the labour laws that employers must provide direct compensation in these cases. However, this type of mandate suffers major shortcomings. For example, compensation tends to be provided in the form of small lump sums and employers lack incentives to provide better prevention and rehabilitation for injured workers. Injured workers and dependents of deceased workers sometimes receive no compensation due to bankrupt or insolvent employers. Employers sometimes file for bankruptcy or abandon their

businesses due to their obligations in cases of large-scale accidents. Lengthy industrial disputes and court cases do not lead to timely and adequate compensation for workers or better productivity for businesses.

To overcome the shortcomings of a direct employers' compensation scheme, many countries have started employment injury insurance (EII) schemes that provide periodic benefits in cash and in kind in cases of work-related accidents and occupational disease.

### Over 66 per cent of workers still lack protection

Currently, there are 34 developing countries still without an employment injury insurance system and only 33.9 per cent of the global labour force is covered by law for employment injury through mandatory social insurance. In practice, actual access to employment injury protection is even lower due to incomplete enforcement of legislation.

The low coverage of employment injury compensation in many low- and middle-income countries points to an urgent need to improve occupational safety and health in

## Employment Injury Protection in Cambodia

In 2008, social partners, with technical support of the ILO and the Republic of Korea, introduced employment injury insurance as the first social insurance in Cambodia. The National Social Security Fund (NSSF) was created to administer the scheme.

The EII scheme has been implemented under phase I of Cambodia's strategic plan on social security. Based on experiences and lessons learnt in the implementation of the EII scheme, the NSSF is better prepared for the implementation of a health insurance scheme and a pension scheme under phases II and III of the strategic plan.

*"I lost one of my arms in a car accident on my way to work. The monthly allowance I currently receive from the employment injury insurance is allowing me to build up my life again and learn to live with my disability."*



**Wong Sreymom**

Beneficiary of Cambodia's employment injury insurance scheme

workplaces and employment injury insurance coverage for all workers, including those in the informal economy.

As more countries move from a direct employers' compensation to a social insurance design, levels of protection for workers are likely to substantially improve. However, this will only happen if new laws are effectively enforced.

### The Rana Plaza Legacy

The Rana Plaza catastrophe in Bangladesh in April 2013 was a wake-up call for the industry, not only in Bangladesh, but also in other countries. This accident, which took the lives of more than 1,100 workers and injured more than 2,500 others, made people realize that many workers today still lack adequate protection in cases of work injury.

### Vision Zero Fund (VZF)

Against this background, the G7 heads of state at the G-7 Summit in Elmau, Germany (7 - 8 June 2015) announced their support for the creation of the VZF, an organization dedicated to the prevention of and protection from workplace injury and disease.

The objective of the VZF is to work towards the vision of zero fatal and severe work-related injuries and diseases. The VZF therefore aims to reduce the number of fatal and severe accidents and occupational diseases in developing countries by improving occupational safety and health practices and conditions in sectors that link to the global supply chain.

The VZF will also support the development of EII schemes as the most appropriate mechanism to compensate lost income to employees who suffer work-related injuries and to dependents of deceased workers, as well as to cover medical and rehabilitation costs of injured workers.

The VZF will be administered by the ILO. Contributions to the VZF may be accepted from governments and from private sources, including companies, foundations and individuals.

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