Need for employment injury insurance (EII)

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 occupational safety and health of their workers, providing fair, equitable and effective benefits to injured workers and, in the event of death, compensating workers’ dependents.

Historically, many countries have stipulated in their labour laws that employers provide compensation directly in these cases. However, this type of compensation scheme suffers from 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. Lengthy industrial disputes and court cases do not lead to timely and adequate compensation for workers or better productivity for businesses.

To overcome these shortcomings, 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 less than 34 per cent of the labour force globally is covered by EII laws. In practice, effective access to employment injury protection is even lower due to weak enforcement of legislation. It is urgent to implement EII for all workers, including those in the informal economy.

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.

In an initial effort after the collapse of the Rana Plaza factory building, the Government of Bangladesh, employers, trade unions and non-governmental organizations (NGOs) came together to form the Rana Plaza Coordination Committee (RPCC).

With the ILO acting as a neutral chair, the RPCC developed a compensation scheme that delivered support to the victims, their families and dependants. The Rana Plaza Donors Trust Fund received contributions worth US$30 million from companies and individuals that wished to support the financial and medical recovery of the Rana Plaza victims and their families (www.ranaplaza-arrangement.org).

The RPCC oversees the delivery of payments to victims and their families and safeguards the fund against fraud. Benefits are calculated in a consistent manner, taking into account the standards of the International Labour Organization (ILO) and Bangladesh’s laws.

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 against 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 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.

Read more about countries implementing EII schemes.