

*UDC 369*

## **INTERNATIONAL EXPERIENCE OF SOCIAL INSURANCE AGAINST OCCUPATIONAL RISKS**

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There are generalized international experience and principles of functioning of social insurance against occupational risks, identified advantages and disadvantages of various models, proposed directions for reforming the national social insurance model in the article

**Key words:** social insurance, professional risk, labor safety, health protection

### **INTRODUCTION**

At the end of XX - beginning of XXI century, almost all highly developed countries started reforming public social insurance systems in response to changing conditions of life. One of the priorities is actively established systems of economic stimulus measures to improve the working environment. This problem has been worked on in individual countries and in European Union.

The current compensatory model of compulsory social insurance against occupational risks focused on cost recovery and covering of expenses to eliminate the consequences of occupational and occupational diseases of workers. Therefore, in the current economic and social conditions, transition to a new model based on the occupational risks management, injury and illness prevention during the employment, economic incentives for employers to improve working conditions and health is extremely important.

Modern approaches to occupational risk system management and reduce their level are set in the writings of E.I. Denisov, N.V. Zharova, N.F. Izmerov, M.V. Lisanov, O.V. Merкурова, V.V. Novikov VV, N.P. Pashin, S.N. Scchadrova. But the series of theoretical and methodological provisions of professional risk management in the social insurance system is quite debatable.

*Aim of research:* to develop proposals for the formation of insurer's preventive measures system to reduce the occupational risks levels based on a synthesis of the international experience of social insurance against occupational risks.

### **RESULTS OF RESEARCH**

Any social insurance model assumes:

- the formation of the insurance budget through taxes and insurance premiums;
- implementation of insurance by specifically authorized authority;
- освобождение exemption from liability of the employer or the existence of one, and subject - to the state social insurance for workers;
- different volumes of collateral in the case of an insured event. [1].

These criteria are assumed as a basis for selection of different models of social insurance against occupational risks:

- Bismarck model;
- Beveridge model;
- public-corporate model.

The main characteristic features of each model are presented in table 1.

Table 1.

Main models of social insurance against occupational risks

<b>Model</b>	<b>Characteristics</b>
Bismarck model	<ul style="list-style-type: none"> <li>• Insurance is provided by public law self-government;</li> <li>• the employer is exempt from liability;</li> <li>• financing through contributions to the social insurance system;</li> <li>• insurance budget is separate from the national budget.</li> </ul>
Beveridge model	<ul style="list-style-type: none"> <li>• insurance is assumed by institution subordinated to the Ministry;</li> <li>• the employer is not exempt from liability;</li> <li>• financing through taxes, premiums for insurers licensed by the state;</li> <li>• most of insurance budget is part of the national budget (in terms of benefits and pensions).</li> </ul>
Public-corporate model	<ul style="list-style-type: none"> <li>• insurance is assumed by private insurance companies;</li> <li>• the employer is not exempt from liability;</li> <li>• financing through insurance premiums levied in accordance with the civil law;</li> <li>• insurance budget is separate from the national budget.</li> </ul>

Source: compiled by the author based on material. [2]

About 60% of the total insurance against accidents is carried out in the framework of the Bismarck model. Her strong suit is considered the concentration of all the functions of social insurance against occupational risks, such as prevention, rehabilitation and compensation payment, in the same hands.

The undoubted advantage of the Bismarck model should be recognized that at a high compensation level, which is observed in the systems of social insurance, tax-funded, it has no disadvantage of lack of incentives for the adoption of preventive measures, inherent in such systems.

A distinctive feature of the Beveridge model is that it is not intended to limit liability of the employer. Along with the ability to recover damages under the social insurance system, the victim has the right to sue the employer for the purpose of obtaining compensation for an occupational injury or occupational illness. Disadvantage model Beveridge is considered that there is no direct relationship between the public system of social insurance and labor conditions, the level of injuries the policyholder (employer) .

Employers who, spending heavily, take measures for the prevention of occupational injuries (occupational diseases), improved working conditions, are not in the most favorable position compared with policyholders, such measures shall be taken as the amount of insurance premiums does not decrease immediately after these measures and activities, and by quite a long time, when it becomes apparent positive trend in reducing the number of insurance claims.

In other equal conditions, disadvantages of private and corporate systems are large administrative expenses (including the cost of obtaining the client).

However, it should be noted that only a few actually operating system perceived the essential features of any one of the basic model. In most cases there is a combination of different models. From this standpoint, most of the systems can be considered as mixed.

Currently in economically developed countries formed a new trend caused by the aspiration of enterprises, as well as various social security funds, the management of occupational risks [3].

The existence of laws on occupational safety and health in the workplace (in production) has become imperative for the modern European Union. Despite the fact that States-parties got closer, lead by the desire to create a common economic space, they quickly realized the importance of developing a common law and a joint policy in the social and labor issues, as the problem has to protect workers against accidents at work and occupational diseases remains significant. According to estimates of the European Labor Safety and Health Protection Agency, in the workplace more than 146 million working days are lost as a result of these accidents. Insurance costs directly associated with accidents in nine participating countries have already exceeded 20 billion euros per year. Work stoppage and loss of experienced personnel as a result of industrial accidents also lead to significant costs.

The European Union tries to define a global approach to the "creation of comfortable conditions for the production of" consolidate operations in the framework of preventive policy, which was introduced by the framework directive, and to strengthen the competitiveness of European enterprises.

To solve it attracts all EU members: employers, employees, community institutions, Member States, using the whole arsenal of its instruments (conventions, law, etc.) and integrates this perspective into other ongoing activities in the field of social policy. EU seeks to bring issues of health and safety at work with educational politics (involving participants throughout their life), Health and Environment protection (systematic and planned ongoing activities).

Occupational risks are a special type of insurance in all EU Member States except Greece and the Netherlands, where the professional risks are covered by insurance in case of illness and disability on the same basis as accidents or diseases, not related to production.

In all other European countries, special character of insurance is reflected in special allowances allocated to victims of accidents at work or occupational diseases which usually give more benefits than those covered by insurance in case of illness and disability.

The specific nature of occupational risks insurance is also expressed in the method of financing. The exception is the United Kingdom, where it is financed from tax revenues. In other countries, this type of insurance is funded by contributions from employers.

However, often this type of insurance is requested socio-legal institutions (Germany, Austria, Italy, Luxembourg, Sweden), or public service organizations (France). In Spain, this mission was entrusted to non-profit associations of employers in Finland - private insurance companies. Belgium, Denmark and Ireland have expressed a preference for a mixed system of governance, namely private and public. Occupational risk insurance is primarily concerned with compensation for damages caused by accidents at work and occupational diseases. Preventive aspect of security is relative.

Insurance organization, especially, should be engaged in reparations to victims of accidents at work and occupational diseases. However, insurance coverage varies in different countries. For example, in Spain, France, Luxembourg and Portugal occupational risk insurance covers the totality of the damage suffered by the victim (treatment, hospitalization, daily allowance, temporary disability benefits, rent successors). In other countries, it is responsible for only payments in cash and in-kind benefits are administered by health insurance (in Austria, Denmark, Italy, Belgium).

Depending on the country, not only amount of compensation can be changed but insurable category. For example, in Italy, Denmark, Ireland, Luxembourg, Sweden and the United Kingdom are not insured by some government officials. In other countries the insurance cover applies to pupils, students and less on the housewives.

Thus, if the compensation of damage, caused by accidents at work or occupational disease, is a common task for all insurance companies, the prevention of these risks is given a different meaning. In some countries, prevention plays a critical role (in Germany, Austria, France, Luxembourg). In Italy, Belgium and Spain on prevention allocated limited funds. And in Ireland, United Kingdom, Denmark, Finland and Sweden prevention of these risks do not fall within the competence of insurance companies. I.e., compensation for damage, caused by accidents at work or occupational diseases, is indeed the case, but their prevention depends on countries, their aspirations and the chosen strategy.

Taking into consideration the international experience, we can conclude the feasibility of forming a system of preventive mechanisms insurer to reduce occupational risks based on the following principles and approaches [4]:

1. To classify (according to the type and level) of professional risk from a position of acceptability of society, the state and the individual professional groups working on the following scheme:

- a) unacceptable under any circumstances;
- б) acceptable only in limited time periods in extreme situations (lifeguards, divers, fire, etc.);
- в) acceptable if effective collective and personal protective equipment, regular monitoring of the health of workers and employers and employees perform the necessary regulatory measures to protect personnel (emergency and repair work on high-risk facilities);

r) acceptable subject to the rules and regulations on safety and occupational health and periodic monitoring of working conditions in the workplace and health;

2. To develop methodological bases of complex occupational risk assessment as the work environment, work process and medical characteristics (early forms) violations of workers' health;

3. To form a service expert professional risks for the insurer providing assessment model (and atypical) risks and to develop recommendations to reduce risk levels, the optimal allocation to their impact over time (predictive estimates of the risk) and in space (accounting for the design of technological processes, machines and equipment and placing them on production sites), transfer and conversion risk of the counterparty and specialized organizations.

Significant reserve of improvement of compulsory of the institute of social insurance against industrial accidents and occupational diseases is an actuarial assessment of the institution and the development of recommendations to improve the functioning of its most important components. [5] Priority under this act to collect statistical data and carrying out calculations in the following areas:

- the average age of the probability of disability due to occupational injury or disease, and the average period of being disable;
- the number and average size of compensations (including pensions), disability due to industrial injuries and occupational diseases, including I, II and III groups, including the marital status of victims, their sex and age;
- the number and average size of pensions survivor due to industrial injuries and occupational diseases, including individual data by sex and age, separately for widows, widowers, orphans and other dependents eligible for survivor's pension because of losing the breadwinner;
- total volume of expenditures on pensions by type of pensions;
- volume of expenditures on rehabilitation by its types;
- volume of expenditures on preventive measures according to their types.

#### **CONCLUSIONS AND FUTURE RESEARCH**

According to the survey results, the following conclusions can be made:

1. Currently in economically developed countries have been formed the new trends to the management of occupational risks.

2. Occupational risks are a special type of insurance in all EU member states except Greece and the Netherlands, where the professional risks are covered by insurance in case of illness and disability.

3. Most often, this type of insurance is requested socio-legal institutions (Germany, Austria, Italy, Luxembourg, Sweden), or public service organizations (France).

4. Depending on the country, not only the amount of compensation id changed but also insurable category.

5. To form an effective national institute compulsory social insurance against industrial accidents and occupational diseases is required to address the complex problems

of methodical, insurance, medical treatment and rehabilitation, preventive and diagnostic nature.

6. Basic strategy should be the realization that improved working conditions - is a profitable business, which leads to a reduction in injuries and deaths due to accidents, to reduce the number of occupational diseases can not only serve as a source of profits for individual companies, not to mention maintaining good health and material well-being of workers, but also help to improve the socio-economic climate in society.

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**Ключевые слова:** социальное страхование, профессиональный риск, безопасность труда, здравоохранение.

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