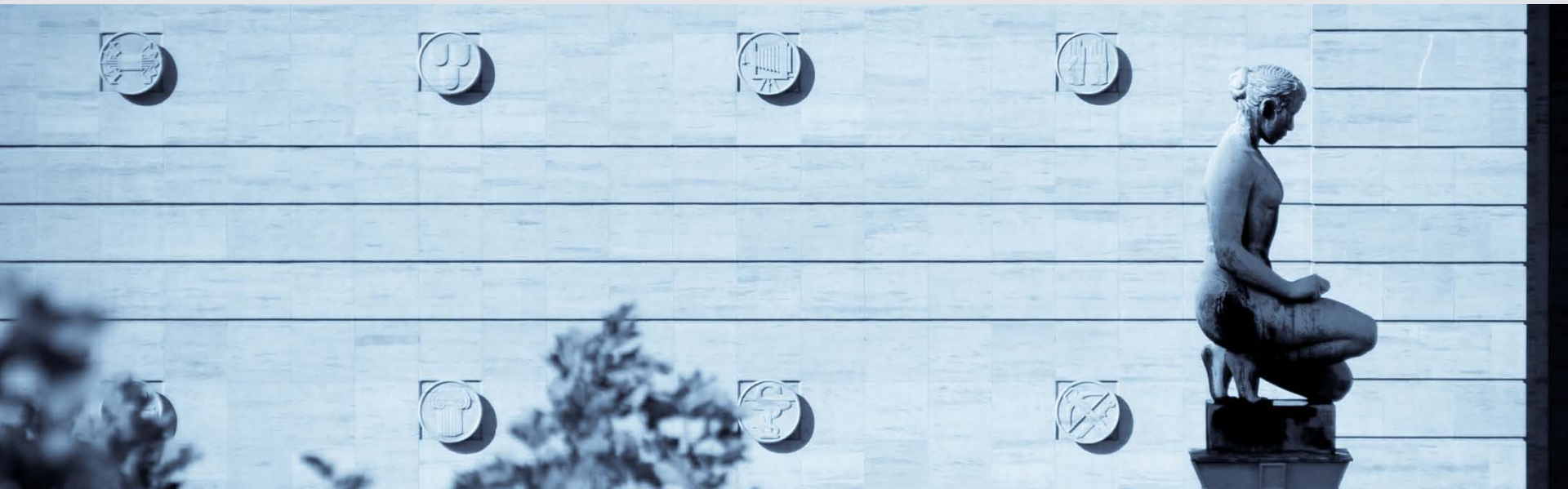


Worker compensation: the Belgian system

Lisbon, 28th November

Carine LUYCKX
Advisor



History

- ▶ 1903 - law
 - “occupational risk” (no longer fault)
 - Flat-rate nature of compensation (50/50)
 - Only industrial companies ≥ 5 workers



- ▶ 1930 – law of 30 June
 - All industrial, trading and agricultural concerns
 - blue and white-collar workers

Sept. 1945 – royal decree:

- Incl. household maids

Dec. 1945 – royal decree:

- incl. way to and from work

- ▶ 1971 – law of 10 April 1971



Curent Legislation

▶ 1971 – law of 10 April 1971 + implementing decrees

- ! Compulsory worker compensation insurance
 - Employers must take out insurance to cover occupational accidents from an **authorised insurance company**
 - capitalisation
 - Indemnities paid by the insurance organisation
 - double legal relationship
 - 1) Contractual relationship employer-insurer
 - 2) Victim / insurer



Characteristics

of worker compensation insurance

- ▶ (Basis: law of 10 April 1971)
- ▶ Objective liability
- ▶ Only corporal injury (physical and psychological)
- ▶ Only economic consequences are indemnified



Scope of application

(law of 10 April 1971)

- ▶ Anyone who is partly or entirely subject to a social security system
- ▶ Extension
 - Students, household staff...
- ▶ Exclusion
 - Staff of public services (law of 1967)
 - Independent workers



Risks covered

1. Occupational accidents
2. Accidents on the way to and from work



Risks covered

1. Occupational accidents

“an accident which occurred to a worker in the course and in the execution of a contract of employment, and which resulted in injury”

- A sudden event
- Injury
- caused by the sudden event
- Which occurs in the course
- and in the execution of a contract of employment



Risks covered

2. Accidents on the way to and from work

= normal distance covered by the worker from his place of residence to the place of work and vice versa

- Neither longer nor shorter way
- Normal chronologies
- Normal geographical distance
- Residence: regular, permanent

▶ Extensions

- Car pooling, schools,...
- Way between two employees
- Way to get lunch
- ...



Compensation



Compensation: characteristics

- Compensation of expenses resulting from an accident
- Not all expenses are covered
- Compensation of the economic losses
- Limitations on compensation
(max. salary € 40,927.18 in 2013)
- Max. compensation and way to compensate are mentioned in the law



Compensation

1. Expenses

- Medical care
- Travel expenses
- Funeral expenses
- Various expenses
- Prosthesis



Compensation

2. Economic losses

- Compensation in case of fatal occupational accident
- Compensation of temporary disablement
- Compensation of permanent disablement
- Compensation for the cost of “third person” assistance
- Compensation for prosthesis needed for functioning



Compensation

2.1. Fatal occupational accident

Annuities for spouse, children, parents, brothers, sisters.....

Basic yearly salary X % party entitled



Compensation

2.2. Temporary disablement

Principles

- From the day of the accident or the beginning of the disablement until consolidation
 - Consolidation = injury = stable, no evolution
- Compensation for salary from first day
- !First month: Guaranteed monthly salary (general social security)



Compensation

2.2. Temporary disablement (TD)

▶ What's paid?

- $\frac{\textit{Yearly salary}}{365 \textit{ days}} \times \textit{number of days TD}$
- Limited for degree TD
- Limited salary (€ 40.927,18 in 2013)
- Limited to 90% of average salary
- Indexation after 3 months

▶ Objective – return to work

- Compensation for adaptation to make work possible



Compensation

2.3. Permanent disablement (PD)

Principles

- ▶ 2 periods
 - **Consolidation**
 - PD - Permanent character
 - Specialized doctor
 - % PD, economic losses, competitive value of the victim on the labour market
 - Revision period (3 years)
 - **Ratification**
 - When the revision period is over



Compensation

2.3. Permanent disablement (PD)

What's paid?

- ▶ Monthly annuity = $(\%PD \times YBS)/12$
 - Capital = $\%PD \times \text{yearly basic salary} \times \text{coefficient scale}$
 - Provisions by insurers based on capital calculated
 - Scale to reserve is fixed in the law
- ▶ Indexation for PD > 16%
- ▶ PD < 16%
 - non indexed annuity
 - paid by Occupational Accidents Fund
 - ! Insurers have to pay capital for indexed rent to Occupational Accidents Fund



Compensation

2.4. Help from third person

Principles

- The condition of the victim requires continuous help
- Different from help from a nurse before consolidation
- Help is fixed according to the victim's degree of autonomy



Compensation

2.5. Prosthesis

Principles

- Replacement for a decrease of physical possibilities
- Objective: reintegration
 - labour market
 - social
- Test: prosthesis usable and necessary
- Scientific evolution!



Supervision

1. Occupational Accidents Fund
2. NBB



Supervision

1. Occupational Accidents Fund (art. 57)

▶ Controls

- Controls if every employee has signed an insurance policy for occupational accidents
- Controls declaration of accidents
- Controls insurers – payments to victim

▶ Compensation

- Annuities for PD<19%
- Different allowances
- Compensation when employer hasn't taken an insurance
- Payment of interests to seamen,..
-



Supervision

1. Occupational Accidents Fund (art. 57)
 - ▶ Contact for worker insurance within the scope of regulations and directives emanating from the European Community
 - ▶ Organisation of prevention policy
 - ▶ Database for accidents at work
 - ▶ Ratification of agreements between victim – insurer



Supervision

2. National Bank of Belgium

- ▶ Prudential Supervision of insurers since 2011
(before CBFA, CDV , Ministry of social affairs)



Supervision

2. National Bank of Belgium

▶ Obligation to request authorisation

- Memorandum to get authorisation
 - Institutional and organisational aspects
 - ◆ Management, website, marketing, organization chart, “capable” persons
 - Technical and financial aspects
 - ◆ Projection over 3 years, description of the product (law 71), reinsurance, investment policy
 - Asks advice from occupational accidents fund



Supervision

2. National Bank of Belgium

▶ Controls institutional, organisational and technical and financial aspects

- Technical aspects for worker compensation are specified in the schedule to royal decree of 22th February 1991
 - How to calculate mathematic reserves (PD and death)?
 - ◆ (technical interest rate, mortality tables...)
 - How to calculate technical provision for prosthesis (renewal and maintenance)
 - Provision for indexation
 - Supplementary provision (for mortality, interest rate risk,..)

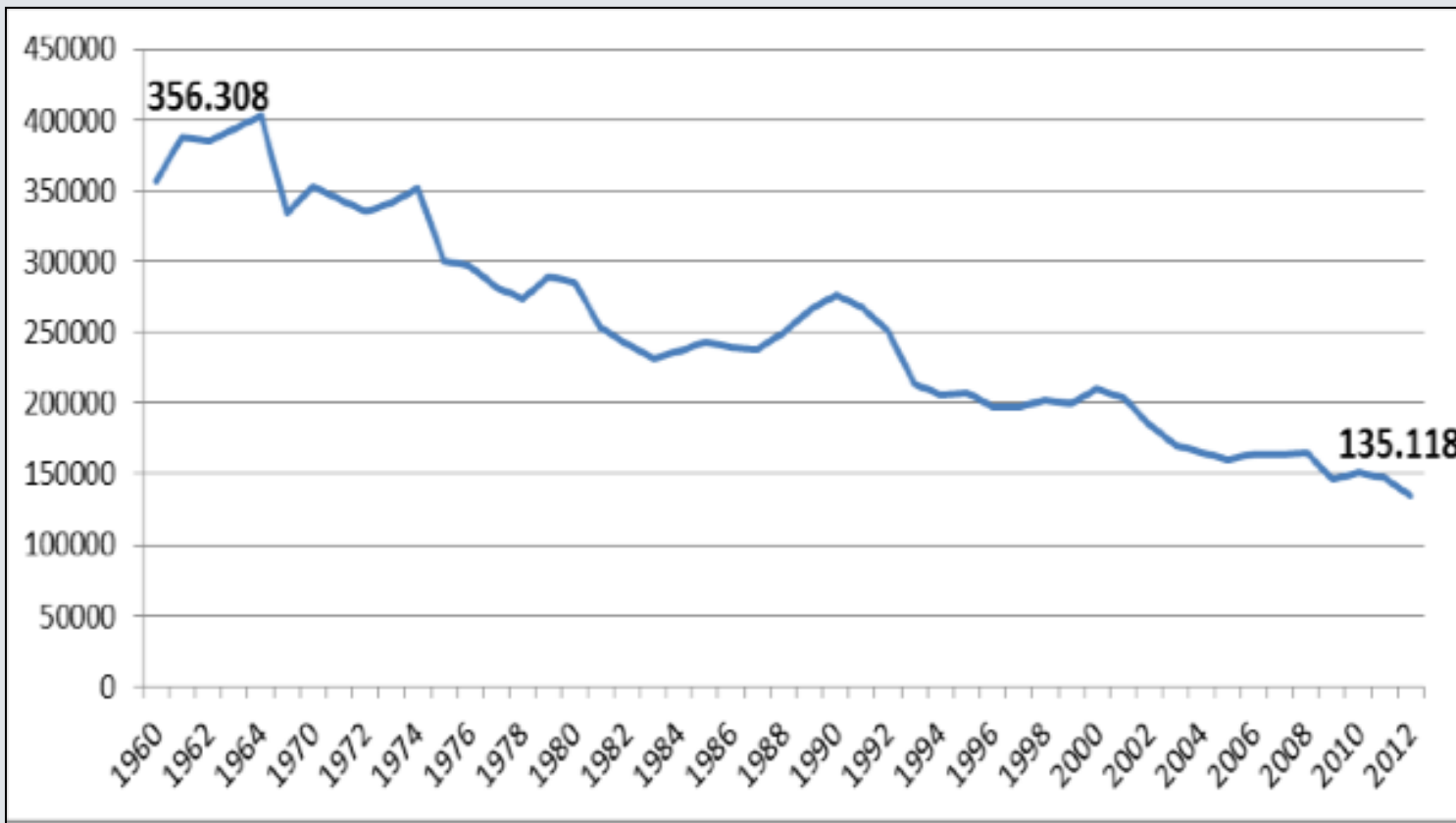


Numbers and Figures



Numbers and Figures

1. Evolution in number of accidents



Source: Occupational Accidents Fund

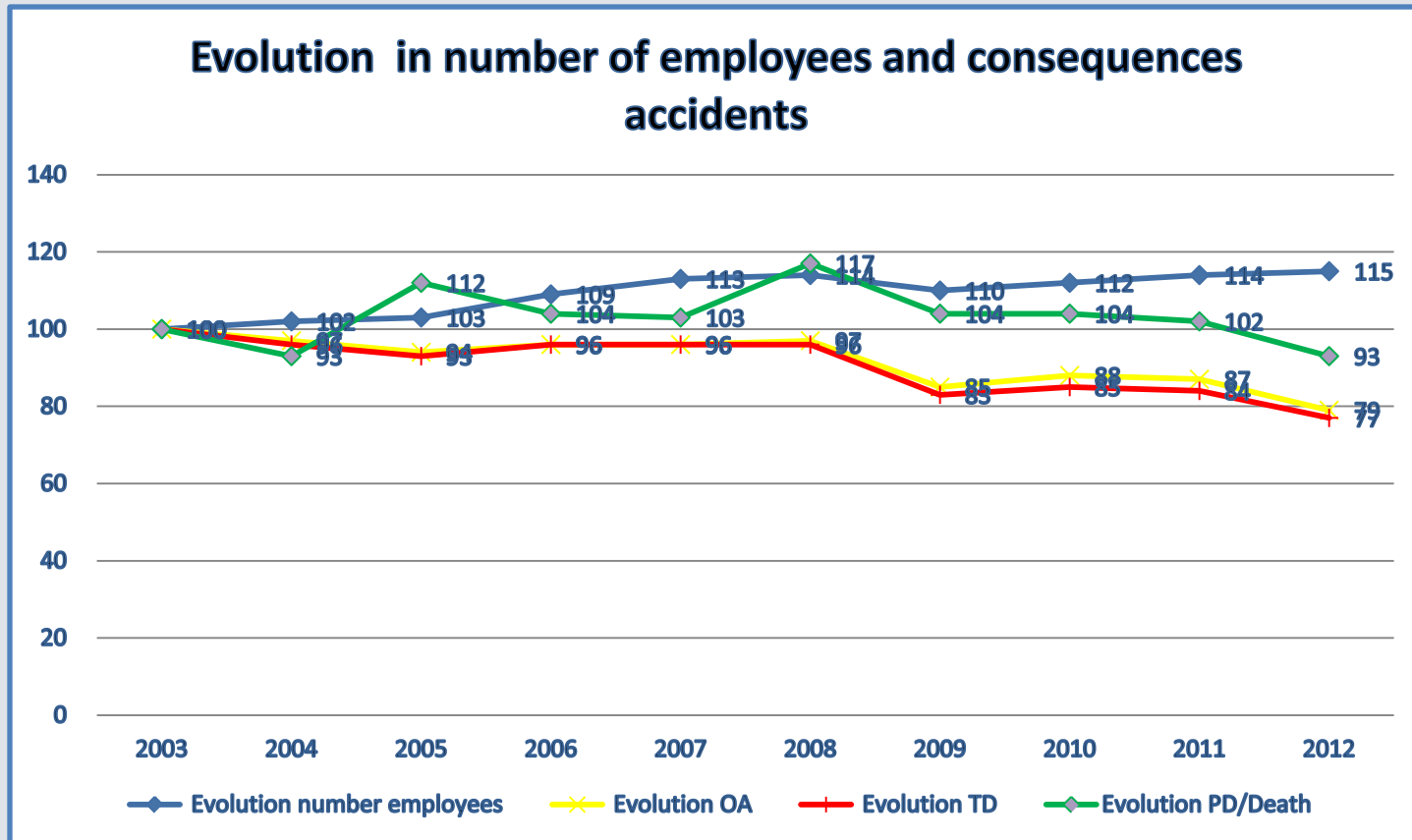


Numbers and Figures

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Empoyees										
Number(X1000)	1.9856	2.026.	2.036.	2.170.	2.237	2.265	2.182	2.214	2.265	2.276
Evolution	100	102	103	109	113	114	110	112	114	115
Occupational accidents										
Number (X1000)	171	165	161	165	164	165	146	151	148	135
Evolution	100	97	94	96	96	97	85	88	87	79
Occupational accidents TD										
Number(X1000)	86	83	80	82	82	82	71	73	72	66
Evolution	100	96	93	96	96	96	83	85	84	77
Occupational accidents PD/D										
Number (X1000)	13	12	14	13	13	15	13	13	13	12
Evolution	100	93	112	104	103	117	104	104	102	93



Numbers and Figures



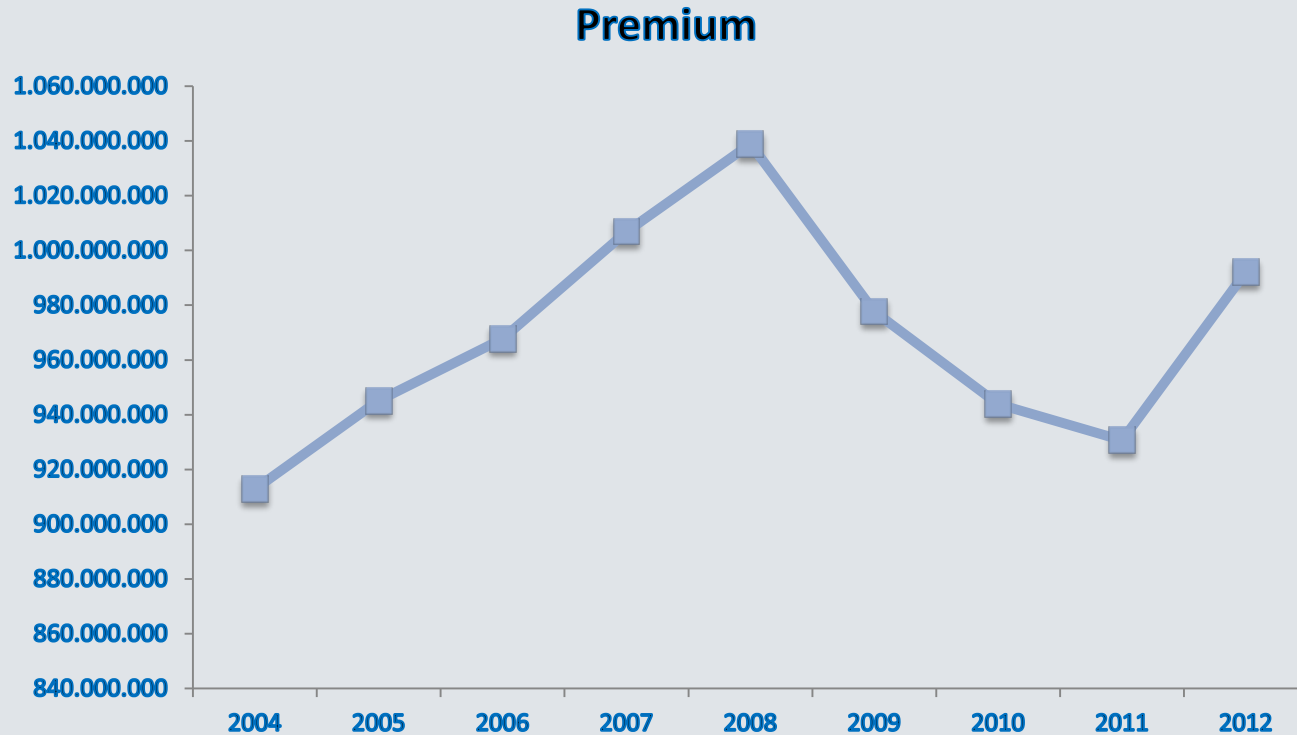
Numbers and Figures

1. Evolution Premium income active insurers

Ondernemingen	Premium income (X1000)			Marketshare
	2010	2011	2012	
Markt (Door CBFA Gecontr.)	943 857	930 732	992 168	100%
Axa Belgium	266 581	263 160	275 016	27,72%
AG Insurance	171 050	174 403	188 091	18,96%
Allianz Belgium	133 379	135 581	141 992	14,31%
Ethias	89 904	85 934	96 585	9,73%
KBC Verzekeringen	59 298	57 134	67 386	6,79%
Federale Verzekering, GK	58 930	55 794	65 169	6,57%
Baloise Belgium (ex-Mercator)	35 484	35 110	31 070	3,13%
VIVIUM (ex-ING Insurance)	39 801	36 719	38 994	3,93%
Verzekeringskas Arbeidsongevallen SECUREX	23 680	24 197	25 592	2,58%
Belfius Verzekeringen	22 048	21 508	23 874	2,41%
FIDEA	15 523	13 471	14 504	1,46%
P&V Verzekeringen (AO)	14 866	13 342	12 016	1,21%
Generali Belgium	12 719	12 771	8 935	0,90%
P&V Verzekeringen	595	1 607	2 944	0,30%



Numbers and Figures

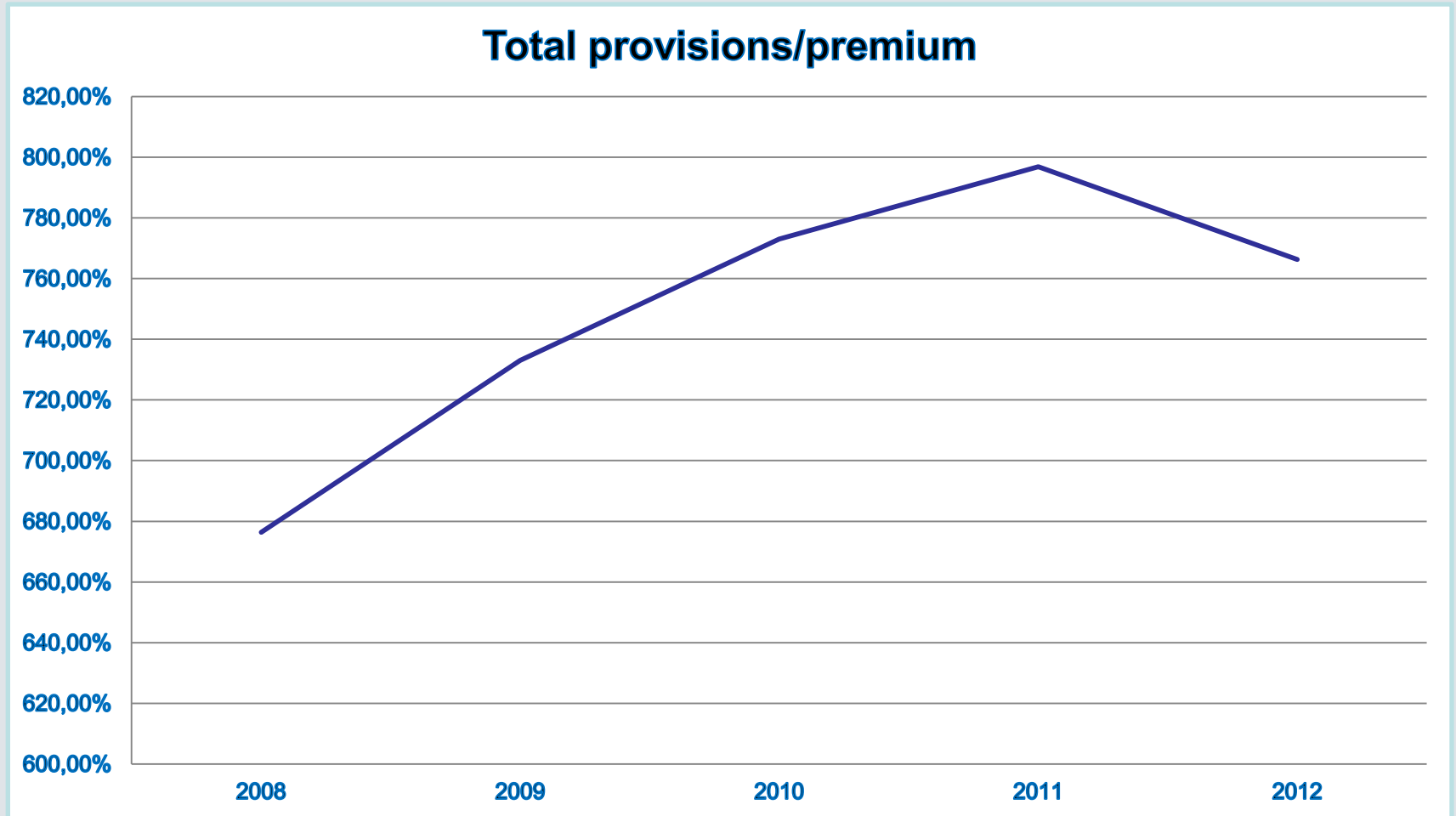


Numbers and Figures

	Payments and provisions (X1000 euro)				
	2008	2009	2010	2011	2012
payments, incl costs	624.487	625.709	625.142	629.439	634.518
/premium	60,05%	64,01%	66,20%	67,63%	63,94%
Provisions for non-earned premiums	35.282	37.710	33.484	33.978	31.251
/premium	0,34%	0,39%	0,35%	0,37%	0,33%
Provisions (provision for claims to be paid	6.543.127	6.606.246	6.725.941	6.835.530	7.018.450
/premium	629,16%	675,86%	712,28%	734,46%	707,19%
equalisation provision	43.096	58.426	55.118	45.570	53.447
/premium	4,14%	5,98%	5,84%	4,90%	5,39%
other technical provisions	438.352	491.209	508.208	501.334	501.542
/premium	42,15%	50,25%	53,82%	53,87%	50,54%
total provision	7.059.856	7.193.590	7.322.750	7.416.412	7.604.690
/premium	678,84%	735,94%	775,49%	796,88%	766,26%

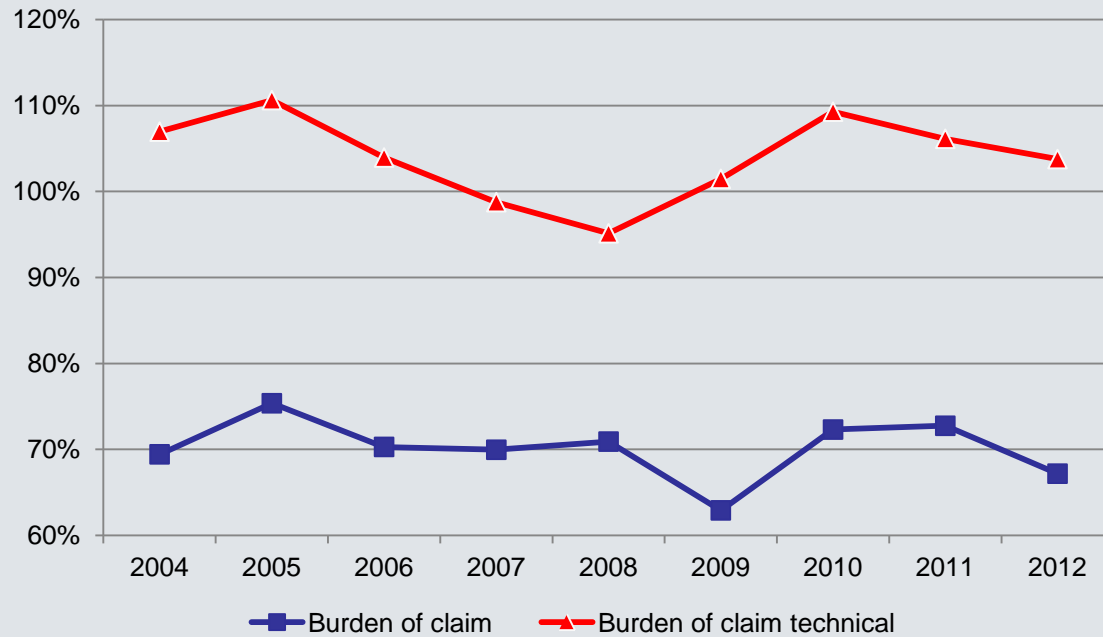


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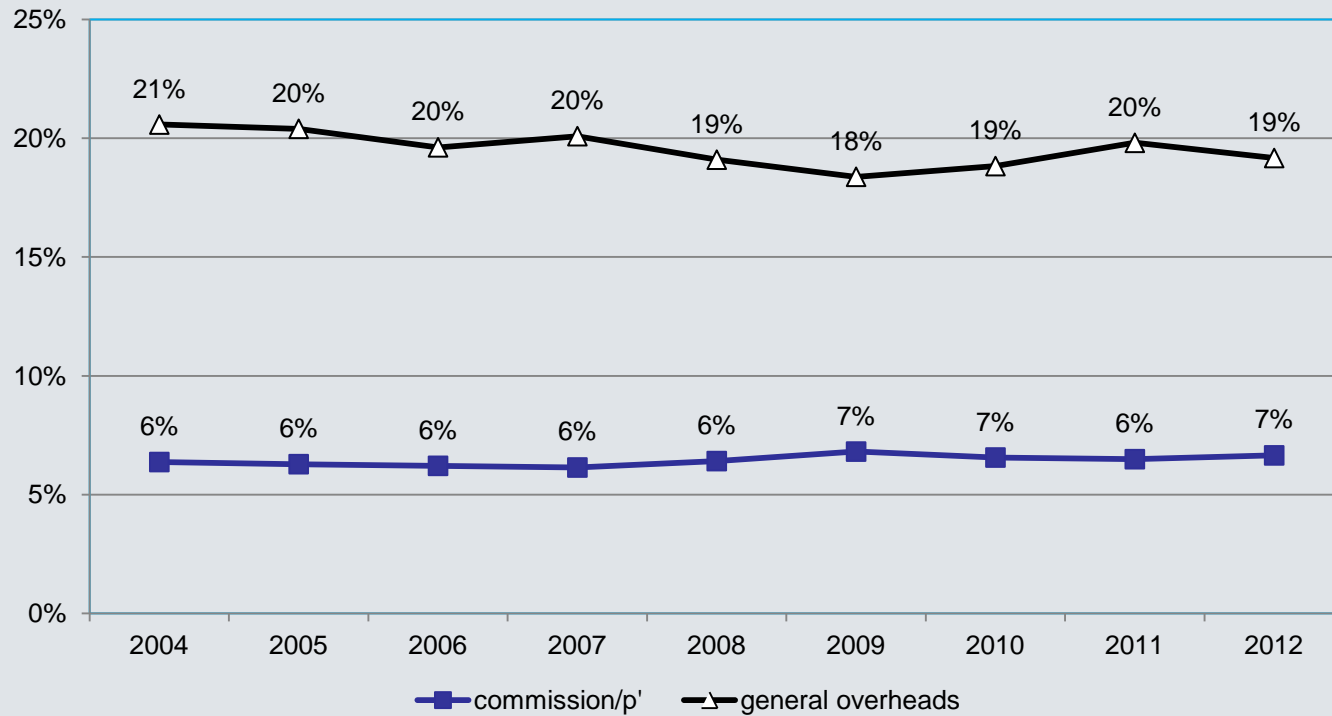
Numbers and Figures

Burden of claims

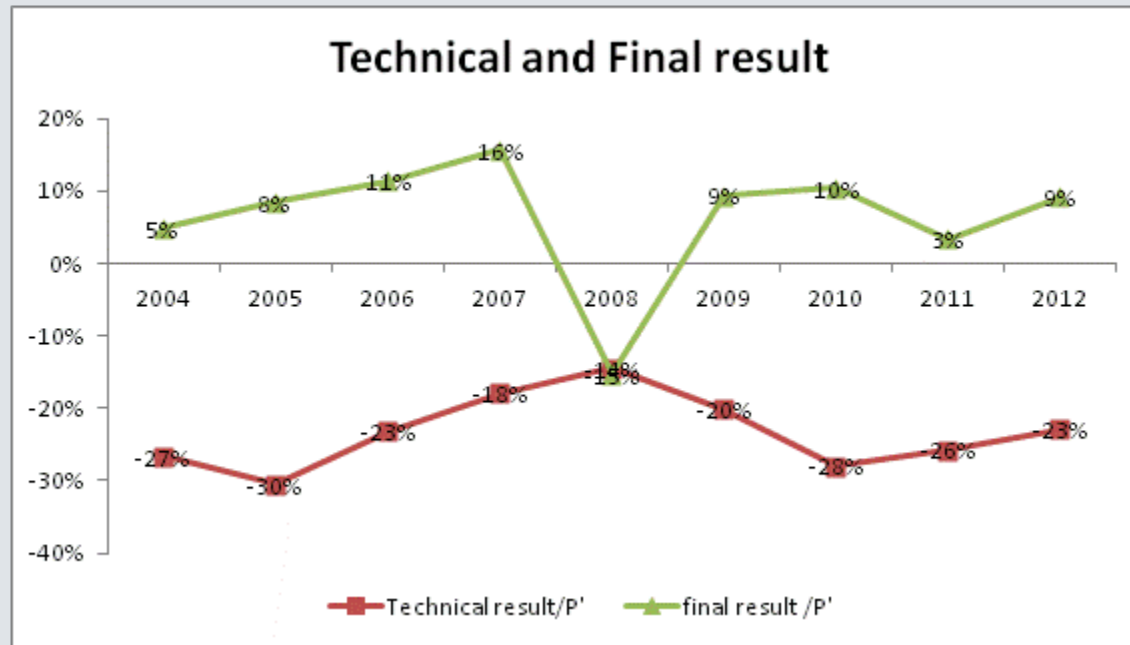


Numbers and Figures

Commission and general overheads



Numbers and Figures



Thank you for listening!

