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# International Workers' Compensation



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## **Workers' Compensation Laws & Benefits**

Workers' compensation insurance, sometimes called industrial injury insurance, compensates workers for losses suffered as a result of work related injuries. The schedule of benefits makes up the compensation, which is determined by statute. Employment injuries are of accidental origin and occupational diseases. Occupational diseases are covered to some extent by virtually all-national laws. Following the German law of 1925, some 30 countries included accidents occurring on the way to and from work.

The Workers' Compensation law was not intended to completely compensate an employee for their injuries. The law provides complete medical and hospital benefits and a sum to replace lost wages, but lesser in amount than their actual wages. The reason behind Workers' Compensation systems is to guarantee that injured workers are compensated or protected.

All Workers Compensation systems provide a combination of pure insurance functions and government regulations.

The Workers' Compensation law basically provides the following eight types of benefits to an injured employee:

1. Medical and hospital costs.
2. Rehabilitation.
3. Custodial Care.
4. Death Benefits.
5. Loss wages.
6. Lump sum or single payments for certain injuries.
7. Cash payments for a designated number or weeks for loss of certain bodily parts.
8. Prosthetic devices.

## Facts

- In 1884, Germany introduced Workers Compensation to the world.
- By 1910, almost all-European countries and many non-European countries had adopted legislation concerning worker's compensation.
- Today there are Workers Compensation programs in 136 countries.
- 89 of the nations with Workers Compensation laws have made their workers' compensation program part of a general social insurance system.
- Over 54% of the nations cover all employees.
- 79% of the 136 nations Workers Compensation programs cover all of the medical expenses arising out of an occupational injury or disease.
- All nations pay a pension benefit to workers with Temporary Total Disabilities.
- All but one of the 136 nations provides Permanent Total Disability benefits to workers with job-related injuries and diseases.
- Permanent Partial Disability benefits are provided by all nations except one African nation.
- Funeral grants are not awarded by at least 4.8% of the nations on every continent.
- Employers contribute to the cost of all Workers Compensation programs throughout the world. In 96 nations, 71% of the total, employers pay the entire cost. Employees contribute in 16% of the nations; the government, in 26%.
- Over half of the nations either have no waiting period or require the employer to continue all or part of the workers' wages or salaries during the specified waiting period.
- Almost half the nations require all employers to pay the same rate regardless of their industry or individual firm's loss experience. The remaining nations vary the rate according to the employers industry, the employer's individual loss experience, or both.
- Each year work related injuries & diseases kill an estimated 1.1 million people worldwide.
- Only 5 to 10% of workers in developing countries and 20 to 50% of workers in industrialized countries are estimated to have access to adequate occupational health services.

## 136 Countries

Afghanistan	Germany	Norway
Algeria	Ghana	Pakistan
Argentina	Greece	Panama
Australia	Guatemala	Papua New Guinea
Austria	Guinea	Paraguay
Bahamas	Guyana	Peru
Bahrain	Haiti	Philippines
Barbados	Honduras	Poland
Belgium	Hong Kong	Portugal
Belize	Hungary	Romania
Benin	Iceland	Rwanda
Bermuda	India	Saint Lucia
Bolivia	Indonesia	Saint Vincent
Botswana	Iran	Sao Tome & Principle
Brazil	Iraq	Saudi Arabia
Bulgaria	Ireland	Senegal
Burkina Faso	Israel	Seychelles
Burma	Italy	Sierra Leone
Burundi	Ivory Coast	Singapore
Cameroon	Jamaica	Solomon Islands
Canada	Japan	Somalia
Cape Verde	Jordan	South Africa
Central African Republic	Kenya	Spain
Chad	Kiribati	Sri Lanka
Chile	Korea, South	Sudan
China	Kuwait	Swaziland
Colombia	Lebanon	Sweden
Congo	Libya	Switzerland
Costa Rica	Luxembourg	Syria
Cuba	Madagascar	Taiwan
Cyprus	Malawi	Tanzania
Czechoslovakia	Malaysia	Thailand
Denmark	Mali	Togo
Dominica	Malta	Trinidad & Tobago
Dominican Republic	Mauritania	Tunisia
Ecuador	Mauritius	Turkey
Egypt	Mexico	Uganda
El Salvador	Morocco	USSR
Ethiopia	Nepal	United Kingdom
Fiji	Netherlands	United States of America
Finland	New Zealand	Uruguay
France	Nicaragua	Venezuela
Gabon	Niger	Western Samoa
Gambia	Nigeria	Yugoslavia

## Compensation Programs in 21 Nations

### Germany

Germany enacted the first workers compensation system in the 1880's. In 1838, an employer's liability act was passed to cover railroad workers. In 1884, Germany established the statutory social accident insurance. Many nations soon copied at least part of the German program. Germany's industrial accident insurance system, known as the Industrial Injuries Insurance Institutes (III), consists of three parts. Each group operates separately.

- 1) General Accident Insurance – covering industrial & commercial undertakings
- 2) Agricultural Accident Insurance – covering agricultural & horticultural enterprises
- 3) Accidents at Sea Insurance

### Denmark

The first Industrial Injuries Insurance Act in Denmark received the Royal Assent of King Christian the 9<sup>th</sup> on January 7<sup>th</sup>, 1898. On April 1<sup>st</sup> 1898 the new Industrial Injuries Insurance Act was put into action.

### United Kingdom

The United Kingdom (Great Britain and Northern Ireland) enacted a Workers' Compensation law in 1897. The current U.K. system differs significantly from other countries. This current system provides insights into alternative approaches to Workers' Compensation. The National Insurance (Industrial Injuries) Act of 1946 established the current industrial injury scheme. Most nations make Workers' Compensation the exclusive remedy, however, the U.K. new scheme is on the alternative remedy of employers should not be held responsible for losses.

### Australia

Workers Compensation Act of 1987. This Act is to provide for the compensation and rehabilitation of workers in respect to work related injuries and to repeal the Workers Compensation Act of 1926. Employers are required by law to have a Workers Compensation insurance policy which covers their workers for work related injury or illness.

### Norway

Workers' Compensation laws were enacted in 1894.

## **Finland**

In Finland, laws were put into place in 1895. Employees are covered for medical, rehabilitation and fully matched wages. This compensation is entirely funded by the employer. Finland permits employers to choose between industry average rates and rates determined only by their own claim experience, but not to combine them.

## **The Netherlands**

In 1967 the Netherlands abolished a typical Workers' Compensation system that they had established in 1907. Five major programs now provide the same medical expense, disability and death benefits regardless of whether the injury or disease was job-related. Because the Netherlands, New Zealand and Switzerland are the only three countries to abolish all WCI or related industrial injury schemes, their alternative approaches deserve some close attention. The five programs noted above are:

- 1) Compulsory Health Insurance Act – service benefits are provided by doctors, hospitals & druggists who are under contract with the sickness funds whose operations are described under the “Administration”. The patient shares the cost.
- 2) Sickness Benefits Act – the temporary total disability benefits.
- 3) General Disablement Benefits Act – the permanent disability benefits.
- 4) Disablement Insurance Act – receives special supplementary benefits.
- 5) General Widows and Orphans Act – grants a survivor pension.

## **New Zealand**

Like the Netherlands, New Zealand does not distinguish between injuries that arise out of and in the course of employment and those that do not. Unlike the Netherlands, however, it does distinguish between occupational diseases and non-occupational diseases. New Zealand has a single no-fault accident compensation system. On April 1, 1974, New Zealand established an Accident Compensation Corporation.

The major attractions of the New Zealand system is that there is no distinction is made between work accidents and other accidents. However, the system does not cover diseases.

As of July 1<sup>st</sup>, 2000 Accident Compensation Corp. is the sole provider of work injury insurance for all employers in New Zealand.

## **France**

All employees are included under France's Social Security Scheme. This includes medical expenses & Occupational Disease. Employees do not have the option to sue.

### **Switzerland**

Although Switzerland and Western Samoa resemble New Zealand in that they have injury compensation systems not limited to work injuries. In 1918, a bill was put into place, making Switzerland one of the first nations to include non-work injuries in the same program as industrial accidents.

### **Malaysia**

Malaysia is one of the few countries with two Workers' Compensation systems. One is the Workers' Compensation Act 1952, which was first enacted in 1929 and covers employers with five or fewer employees. The other is the Employees' Social Security Act of 1969, which covers larger employers. As of July 1<sup>st</sup>, 1992, Malaysian workers are no longer covered under the Workmen's Compensation Act of 1952. Workers are now covered under the Employees Social Security Act of 1969.

### **Austria**

Austria first enacted a WC law in 1887. Its current law dates back to 1977. Austria's WC program is part of a general social insurance system that includes, in addition to WC, health insurance and pension insurance. WC is the exclusive remedy of the employee against the employer for losses caused by job-related injuries & diseases.

### **Hungary**

Hungary is notable as an eastern bloc Communist nation that in recent years has substantially democratized its political, social and economic institutions. Hungary enacted its first Workers' Compensation program in 1907. The present program, which is part of a broad social insurance system, was established in 1975.

### **Japan**

The Japanese Workmen's Accident Compensation Program (WACI) has many interesting features. For example, despite Japan's broad general social insurance system, it has chosen to cover Workers' Compensation separately under an insurance system with a public insurer.

### **Korea (South)**

Korea's first WC law in 1953 required employers to pay certain benefits on a no-fault basis but did not require employers to secure their promises with insurance. The current Industrial Accident Compensation Insurance law, which makes insurance compulsory, has been effective since 1963. The law covers employers of industrial firms with ten or more workers. Public employees are covered under a special system.

## **Sweden**

Sweden passed its first Workers' Compensation law in 1901. Its current law dates back to 1976. Sweden is a high-income country in northern Europe whose Workers' Compensation system is part of a general social insurance system. Sweden is noted for the manner in which it combines private enterprise with a social democratic government that has greatly influenced its economy and established one of the most far-reaching social security systems in the world.

## **Union of Soviet Socialist Republics (USSR)**

In 1838 & then in 1903 a Workers' Compensation law was promulgated. This Workers' Compensation program is part of a general social insurance system, but has separate eligibility requirements and slightly higher disability and death benefits.

## **United States of America**

Wisconsin and New York established the first Workers Compensation program in 1911. This law has been described as the most studied statute of all of New York's laws. The first compensation act was passed in 1902 by the state of Maryland and only dealt with mining, quarrying, steam/street railroads & municipal construction. In 1920 all but six states had such programs. By 1934, all states had passed Workers' Compensation laws. The United States is one of the three nations that have more than one Workers' Compensation program because of differences among states. Federal Workers' Compensation programs are limited to separate schemes for federal employees, longshore and harbor workers. State programs differ vary widely in details. Today, the statute phrase "arising out of and in the course of employment" is used in almost every state in the United States.

## **England**

In 1897, England passed its own statute mandating Worker's Compensation. In 1965, Britain developed a system of social insurance. This plan covers all employees, but requires contributions from the employer, employee and the government.

## **Mexico**

The Mexico Institute of Social Security provides Workers' Compensation insurance in Mexico. A significant portion of the Mexican labor force is still not covered. This system pays 100% of an employee's salary in the event of a job related accident or illness in case of temporary disability. It also pays a percentage of an employees salary where the employee is permanently disabled and remits benefits to heirs in case of a death from a job related caused. Daily wage in Mexico City is \$18.30 (\$2.00 in US dollars).

## **Canada**



The Occupational Health & Safety Act was in force on October 1, 1979. Employees are paid their regular full salary when they are off work up to eighty consecutive days.

Nations	Exchange Rate*	Amount
Switzerland	1.68	1 franc
Germany	2.21	1 mark
United Kingdom	.70	1 pound
Netherlands	1.79	1 gilder
Hungary	273	1 forint
Japan	133	1 yen
North Korea	2.26	1 won
Sweden	10.44	1 kronor
USSR	31.00	1 ruble
Mexican	9.12	1 pesos
Ireland	.89	Punt
Australia	1.93	Australia dollar
Malaysia	3.80	ringgit
Canada	1.59	Canadian dollar
Austria	15.57	1 schilling

\*January 2002 – units per US dollars. (msn.expedia.com/pub/agent.dll)

## Summary

There is so much diversity in all countries; we could learn something about all the different types of systems. However, the systems that are in place in New Zealand and Switzerland should be looked at closer. If their programs have no distinction between work related accidents and all other injuries, there might be no fraud. This brings up a question. Who pays for this type of system, the government, employees, and employers or is there a pension or fund.

## **Websites**

Australia – [www.aph.gov.au/](http://www.aph.gov.au/) or [www.dwrsb.gov.au](http://www.dwrsb.gov.au)  
Canada – [www.parl.gc.ca](http://www.parl.gc.ca) or [www.gov.ab.ca](http://www.gov.ab.ca) or [www.canada.gc.ca](http://www.canada.gc.ca)  
Mexico – [www.mexico.com](http://www.mexico.com) or [uts.cc.utexas.edu](http://uts.cc.utexas.edu)  
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Germany – [eng.bundesregierung.de](http://eng.bundesregierung.de) or [www.ilo.org](http://www.ilo.org)  
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