

*Workshop: Finance, insurance and stock-exchange industry,
innovation and investment strategies*

O.V. Petrushka, Ph.D. in Economics, Senior Lecturer

Ternopil National Economic University

Ternopil, Ukraine

MODELS OF SOCIAL INSURANCE AGAINST OCCUPATIONAL RISKS IN THE WORLD

For a better understanding of the essence of social insurance against accidents at work and occupational diseases and its characteristics, we will conduct a comparative analysis of existing models of compulsory social insurance on the example of a number of foreign countries.

Now there are three models of social insurance against occupational risks in the world: the Bismarck model, the Beveridge model and the private and corporate model.

Compulsory accident insurance on the Bismarck model of social insurance provides a system of preventive measures to avoid accidents at work and occupational diseases, provide first aid to the accident victim, assist in restoring his ability to work, as well as financial assistance to him and his family.

A vivid representative of the O. Bismarck social insurance model is Germany. The peculiarity of this model is that the whole burden of paying contributions on occupational accident insurance and occupational diseases falls on employers. The establishment of insurance tariffs is based on the following principle: the higher is the risk of an insured event occurring in an enterprise, the higher is the insurance tariff. The German government creates economic incentives for employers who carry out workplace accident prevention measures

at enterprises. There are five types of insurance premiums (primary and secondary) that are differentiated depending on the specifics of the business entities [1].

The system of occupational accidents and occupational disease insurance in Germany is aimed to interest employers in reducing occupational risks in the workplace. A characteristic feature of this country is that the payment of compensation in case of occurrence of insurance cases, prevention of accidents at work and the decision of rehabilitation issues is carried out by one organization - a professional insurance company. The budget of the organization is separated from the state budget of the country.

The basic principle of the Bismarck social insurance model is the comprehensive provision of social protection for victims in the workplace by replacing the employer's responsibility for the corresponding social and legal liability of the compulsory insurance system. The undeniable advantage of this model is that at a high level of compensation, which is inherent in social insurance systems, financed by taxes and tax payments, it lacks the inherent disadvantages of such systems, which is the absence of incentives for the implementation of measures for the prevention of accidents.

The system of social insurance against accidents at work by B. Beveridge model is mandatory and is financed from the resources of the state budget and is not related to a specific employer whose enterprise has an insurance case. The main function of this system is the payment of temporary incapacity benefits and disability pensions due to injuries in the workplace.

For a more detailed study of this issue, consider the mechanism of functioning of this model of social insurance on the example of Great Britain.

Unlike the previous model of social insurance, the insurer's obligations in the UK social security system are entrusted to a state body - the Department of Labour and Pensions, which is directly subordinated to the relevant Ministry.

The feature of this insurance system is that the insurer does not have the opportunity to make a profit, and the insured - the ability to replace the insurer and the transition to another entity of insurance. There is also no relationship between the size of employers' contributions and the level of injuries in the enterprise. The employer is required to insure its liability in private insurance companies licensed by the UK Government. The state reserves the right to carry out control over the solvency of such insurance companies in the financial market. Private insurance companies, at their own discretion, set the amount of insurance premiums, as well as determine the mechanism for reimbursement of injured losses. In case of an accident, the employee is payed one-time compensation in cash for lost benefits. The distinctive feature of the Beveridge model is that it lacks the limits of employer liability. Along with the possibility of obtaining compensation for damage caused by the national system of social insurance, the victim has the right to sue the employer in order to receive remuneration for damage to his health as a result of a professional illness or injury. Therefore, recently British employers use reinsurance contracts with private companies in their practice in order to reduce the risk of payment of insurance indemnities.

In private and corporate insurance model of social responsibility risk occupational injuries and illnesses translated into competing private insurance companies. A characteristic feature of private and corporate systems is that they cover only the scope of insurance claims, leaving preventive and rehabilitation measures beyond the limit of its powers.

Employees pay a portion of their income to the insurance fund, which gives them the right to use the services of the future fund in the amount corresponding to the accumulation in the insurance fund. At the same time, employers, on behalf of their employees, also deduct a certain amount into these insurance funds [2, p.221].

In France, where the system of social insurance against industrial accidents and occupational diseases has the predominant features of a private corporate model, a classification of occupational risks has been developed, which makes it possible to determine the rates for social insurance for each market entity. In this regard, the amount of contributions to this type of social insurance may fluctuate from 0.6% to 5.9% of income earned by employees. The feature of this model of social insurance is the fact that all employees have the right to social protection regardless of their earnings. Insurance against industrial accidents and occupational diseases in France is mandatory both for employees and for individual entrepreneurs who independently carry out activities or involve their members of their families [3, p. 78].

Although the social insurance system of France is considered one of the most difficult among European countries, it still ensures the existence of a system of social insurance against accidents at work and occupational diseases within the framework of the general system of social insurance. The amount of insurance premiums under this type of insurance must provide such amount of financial resources that would be sufficient to prevent the occurrence of insurance incidents at work and to cover the costs associated with the risk of accidents at work.

In the framework of the improvement of the Ukrainian system of social insurance against accidents at work and occupational diseases, taking into account the positive experience of foreign states, it is necessary to harmonize the legal framework for the functioning of social insurance funds and adapt it to world standards. If we talk about the future, in our opinion, the budget-insurance system of social insurance of occupational risks can be the ideal model for Ukraine, which will lead not only to the growth of a strong and healthy nation, but will also contribute to the sustainable development of a market economy.

References:

1. Shevchenko L.A., Turynova T.Y. (2006). Zarubezhniy opyt sotsyal'noho strakhovannya ot neschastnykh sluchaev na proyzvodstve y professyonal'nykh zabolevany [Foreign benefits of social insurance against industrial accidents and occupational diseases]. *Ekolohyya y okhrana truda*, 1. Available at: <https://cyberleninka.ru/article/v/zarubezhnyy-opyt-sotsialnogo-strahovaniya-ot-neschastnyh-sluchaev-na-proizvodstve-i-professionalnyh-zabolevaniy>.
2. Pavlova L. (2013). Osoblyvosti praktyky finansuvannya sotsial'noho zakhystu v riznykh krayinakh svitu [Features of the practice of financing social protection in different countries of the world]. *Formuvannya rynkovykh vidnosyn v Ukrayini : zb. nauk. prats'*, 4(143), 146-250.
3. Nikilyeva L.O. (2011). Porivnyal'na kharakterystyka finansovykh modeley sotsial'noho zabezpechennya ta zakhystu naseleennya v Ukrayini i sviti [Comparative description of financial models of public welfare and defence of population is in Ukraine and world]. *Naukovyy visnyk Poltavskoho universytetu ekonomiky i torhivli*. 3(48). 76-82.