



# WORKERS' COMPENSATION INSURANCE

*The workers' compensation insurance is a part of the employee's social security. It provides a comprehensive coverage for losses caused by occupational accidents and diseases.*

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## INSURED PERSONS

The WCA determines which employees are covered by the insurance. The WCA only applies to those gainfully employed. Generally, all employees in an employment or public service relationship are covered by workers' compensation insurance. The definition of employment is provided in the Employment Contracts Act.

## DEFINITIONAL ELEMENTS OF EMPLOYMENT RELATIONSHIP INCLUDE:

- agreement;
- reimbursement;
- management and supervision rights held by the employer;
- working for someone else.

In addition to businesses, the insurance obligation applies to households and private persons. However, the employer does not have an insurance obligation if the earnings paid, or agreed to be paid, by the employer do not exceed EUR 1,300 in a calendar year. Buyers do not have to arrange insurance coverage when purchasing services from businesses and self-employed persons, as they take care of their own insurances.

## PERSONS ENTITLED TO MANDATORY INSURANCE COVERAGE

- employees in an employment or public service relationship;
- family members of self-employed persons who are in an employment relationship under the Employment Contracts Act;
- silent partners in a limited partnership, who are in an employment relationship under the Employment Contracts Act;
- shareholders working for a limited liability company, who are not in leading positions;
- shareholders working for a limited company in leading positions (such as a managing director), who personally own no more than 30 percent, or who together with family members living in the same household own no more than 50 percent, of the shares or of the voting rights arising from the ownership of the shares.

*In accordance with separate statutes, the persons entitled to mandatory insurance coverage also include:*

- certain students (in grades 7–10 of comprehensive school and in vocational education and training institutions, general upper secondary schools, universities, institutes of higher education etc.) engaged in practical work included in the syllabus (such as technical or home economics classes in grades 7–10 of comprehensive school) under the Act on compensation for injury or illness occurring in education-related conditions comparable to work (460/2015);
- students in labour policy education (comparable to employees) under the Act on compensation for injury or illness occurring in education-related conditions comparable to work (460/2015);
- certain persons residing in institutions and undertaking work as part of their treatment programme under the Act on accident compensation for persons residing in penal, welfare and care institutions (894/1946).

## PERSONS EXCLUDED FROM THE MANDATORY INSURANCE COVERAGE

- self-employed persons (such as business proprietors);
- family members of self-employed persons who are not in an employment relationship under the Employment Contracts Act;
- partners in a general partnership;
- active partners in a limited partnership;
- silent partners in a limited partnership, who are not in an employment relationship under the Employment Contracts Act;
- shareholders working for a limited company in leading positions, who personally own more than 30 percent, or who together with family members own more than 50 percent, of the shares or of the voting rights arising from the ownership of the shares.

In calculating the ownership share, indirect ownership through other corporate bodies is also taken into account if the person alone, or together with family members, owns more than half of the said other corporate body or they have the corresponding control in the same.

A leading position refers to the managing director, member of a board of directors or equivalent positions or equivalent factual powers in a company.

Workers' compensation insurance does not apply to those who are not gainfully employed. A voluntary accident insurance policy can be taken to cover such work accidents.

### VALIDITY OF THE INSURANCE

Workers' compensation insurance is valid at work, in the working area and with certain preconditions stated in the law also outside the working area. Travel as part of work and commuting between home and the workplace are also covered by the insurance.

Even though the workers' compensation insurance is valid globally, we recommend that a travel insurance policy is taken to provide extra coverage during travel abroad.

Workers' compensation insurance is not valid on leisure time during travel, for example when the employees are in the hotel after work. To arrange a cover which closely corresponds to the statutory working hours cover but is valid on leisure time, employers can take out a group leisure time accident insurance policy for all or some of their employees. In addition to accidents, a health insurance policy covers illnesses regardless of the time of the day.

### WORKERS' COMPENSATION INSURANCE COVERS:

- occupational accidents;
- work-related pain and certain other injuries considered as occupational accidents;
- occupational diseases.

Occupational disease refers to an illness that is caused primarily by the employee's exposure to a physical, chemical or biological agent at work. Typical causes of occupational disease are noise, vibration, dust, chemical substances and gases.

### COMPENSATION PAID UNDER THE WORKERS' COMPENSATION INSURANCE INCLUDES:

- necessary medical and examination expenses arising from an injury or illness;
- daily allowance according to a person's annual earnings;

- disability pension (the full pension corresponds to 85 % of earnings);
- rehabilitation allowance;
- other rehabilitation benefits;
- disability indemnity for a permanent handicap;
- survivors' pension (up to 70 % of earnings) and funeral assistance.

Medical expenses refer to costs of medical care provided to the employee due to an occupational accident or disease, such as hospital care day fees, doctor's fees and medication.

Compensation for the loss of earnings includes daily allowance, disability pension and rehabilitation allowance. Daily allowance is paid for up to a year from the date of the accident. Rehabilitation allowance is paid during vocational rehabilitation. If the disability continues after a year has passed from the date of the accident, the employee will be paid a workers' compensation pension. The amount of compensation for loss of earnings is based on the amount of earnings paid by the employer who took out the insurance.

The amount of disability indemnity is determined on a medical basis in accordance with the Decree of the Council of State on disability categories, based on the basic amount specified in the WCA. Disability indemnity is paid in the form of a lump sum in disability categories 1–5. Disability indemnity is paid as a continuous provision for injuries in disability categories 6–20.

Rehabilitation helps employees return to work. The rehabilitation methods include medical rehabilitation, education and training, job coaching, and business grants and loans.

Survivors pension refers to a pension to which the employee's beneficiaries are entitled if the employee dies as a result of an accident or occupational disease. Survivors' pension comprises the surviving spouse's and/or child's pension.

### GET IN TOUCH

For further information, please visit [if.fi/yrityks](https://if.fi/yrityks). Please do not hesitate to ask for more details from your contact person or the nearest branch office.



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