



# Workers' Compensation Insurance and associated leisure time accident insurances

## Product Description, effective from 1 January 2024

Workers' compensation insurance is a type of statutory insurance that covers injuries sustained at work and on the way to or from work as well as occupational diseases caused by work.

Workers' compensation insurance is based on the Finnish Workers' Compensation Act (459/2015) and part of the Finnish social insurance system and employment-related social security. Workers' compensation insurance takes precedence over other elements of social security. Workers' compensation insurance provides wage replacement to employees who are injured at work or on their way to or from work, or who are diagnosed with an occupational disease.

Employers have a legal obligation to take out workers' compensation insurance for all their employees. The obligation to carry insurance applies not only to businesses but also to households and individuals who employ other people. There is no legal obligation to carry insurance, however, if the wages agreed and paid by the employer do not exceed a total of EUR 1,500 per calendar year.

Employees' group life assurance is a type of life insurance that employers take out for their employees and pay for as part of their workers' compensation insurance premium. The obligation to carry insurance is based on an agreement between the relevant labour market organisations. A death benefit is payable after an employee's death if the employee in question has beneficiaries in accordance with the Terms and Conditions. Employees' group life assurance is not based on the Workers' Compensation Act.

Employers can also take out leisure time accident insurance for their employees to complement their statutory cover. Leisure time accident insurance is a type of voluntary insurance based on the Workers' Compensation Act, which must be taken out from the same company that provides the workers' compensation insurance. A leisure time insurance cannot be taken out on its own.

There are various types of leisure time insurance available:

- Individual leisure time accident insurance
- Group leisure time accident insurance
- Ship staff's leisure time accident insurance
- Sports insurance

Individual leisure time accident insurance and group leisure time accident insurance cover injuries sustained by employees during leisure time.

Sports insurance covers injuries sustained in the course of leisure time sports activities organised by the employer. Sports activities are also deemed to be organised by the employer if the employer pays at least 50% of the cost of the activity.

Ship staff's leisure time accident insurance is a type of voluntary insurance for marine crew that covers injuries sustained on land or on board a ship during leisure time. Taking out ship staff's leisure time accident insurance is not a legal requirement, but an obligation included in the maritime industry's collective agreements.

Supplementary ship staff's leisure time insurance can be added to the ship staff's leisure time accident insurance policy to cover injuries caused by another person. Ship staff's supplementary leisure time insurance can only be taken out for staff for whom the employer has an obligation to take out supplementary insurance under the applicable collective agreement. The supplementary insurance is not based on the Workers' Compensation Act.

## Insured persons

The Workers' Compensation Act determines which employees are covered by the insurance. The Workers' Compensation Act only applies to persons who are gainfully employed. As a rule, workers' compensation insurance must be taken out for all private-sector and public-sector employees. The definition of 'employment' is laid down in the Finnish Employment Contracts Act (55/2001). The same persons can also be insured under voluntary leisure time policies.

Persons for whom insurance must be taken out by law include

- all private-sector and public-sector employees,
- family members of self-employed persons (excluding their spouse) who are employed within the meaning of the Employment Contracts Act,
- silent partners in limited partnerships who are employed within the meaning of the Employment Contracts Act,
- shareholders in limited companies who work for the company in a non-executive role, and
- shareholders in limited companies who work for the company in an executive role (such as the managing director) and who personally hold no more than 30%, or who together with other members of their household hold no more than 50%, of the company's shares or the number of votes conferred by the shares.

Persons for whom insurance must be taken out under special laws include

- certain students (e.g. students in years 7–9 of comprehensive school, vocational schools, sixth form colleges and universities) who engage in practical work as part of a syllabus (such as in technical or home economics subjects) under the Finnish Act on compensation for injury or illness occurring in education-related conditions comparable to work (460/2015),
- persons undergoing labour policy training (who are regarded as employees) under the Act on compensation for injury or illness occurring in education-related conditions comparable to work (460/2015), and
- certain residents of institutions who perform work as part of their treatment programme under the Finnish Act on accident compensation for persons residing in penal, welfare and care institutions (894/1946).

Persons for whom there is no legal obligation to take out insurance include

- self-employed persons (such as sole traders) and their spouses,
- other family members of self-employed persons who are not employed within the meaning of the Employment Contracts Act,
- partners in general partnerships,
- active partners in limited partnerships, and

- shareholders in limited companies who work for the company in an executive role and who personally hold more than 30%, or who together with their family hold more than 50%, of the company's shares or the number of votes conferred by the shares.

The aforementioned holdings are calculated taking also into account indirect ownership through other organisations, if the person alone or together with their family owns more than half of the organisation in question or has the equivalent level of control over the organisation.

'Executive role' means the position of managing director, member of a board of directors or other position that involves exercising factual control over the company.

## Options

The scope of cover and compensation payable under both workers' compensation insurance and the associated leisure time insurances are based on the Workers' Compensation Act.

These policies do not come with different levels of cover, but the following leisure time insurance products can be customised to also cover injuries sustained in the course of organised competitive sports and extreme sports:

- Individual leisure time accident insurance
- Group leisure time accident insurance
- Ship staff's leisure time accident insurance

## Validity

Workers' compensation insurance covers injuries sustained in the course of work, at the working area and, subject to certain statutory conditions being satisfied, also outside of the working area. Commuting and other work-related travel are also covered.

The obligation to carry insurance applies to work performed in Finland. The insurance is also valid outside of Finland when the insured person has been posted by their employer to work abroad on a temporary basis.

Leisure time insurances are valid during employees' leisure time as specified in the insurance terms and conditions applicable to each product. Leisure time insurances are valid worldwide.

## What can be covered by the insurance?

The insurance pays out in the event of an accident at work, an occupational disease or an injury sustained during leisure time provided that

- the insured event satisfies the legal definition,
- the insured event occurred in the circumstances specified in the applicable laws, and
- the injury or illness is likely to be medically related to the insured event.

Compensations are based on the Workers' Compensation Act (459/2015) and the amounts are not open to negotiation.

## Reimbursement of expenses

### Medical treatment costs

The insurance covers expenses incurred from medical treatment that is required as a result of an injury or an occupational disease. 'Medical treatment' includes, for example, treatment by medical professionals, medicines, prostheses and other assistive devices. There are no time limits or caps on the amounts.

### Examination costs

The insurance covers the cost of any medical examinations that are justified and necessary to determine whether an injury or occupational disease was caused by an insured event. These expenses are reimbursed even if it transpires that the injury or illness is not compensable under the Workers' Compensation Act.

### Property damage

The insurance covers the cost of any spectacles, hearing aids, dentures, support bandages or prostheses that are broken in connection with an accident. Compensation is only payable if the accident resulted in an injury of some kind.

### Additional housekeeping costs

If an injured person cannot look after their home due to their injury, the insurance covers any reasonable additional direct expenses incurred as a result of this for a period of up to one year after the accident or onset of the occupational disease.

### Care allowance

The insurance pays out a care allowance if an injured person is in need of care, assistance, looking after or other help due to their injury or illness.

### Clothing supplement

The insurance pays out a clothing supplement if an injured person is forced to use an assistive device that damages their clothing for an uninterrupted period of at least three months due to their injury.

## Compensation for loss of earnings

### Daily allowance

The insurance pays out a daily allowance if an injured person is incapable of performing all or some of their work for a period of at least three consecutive working days, excluding the day of their accident. The amount of the daily allowance payable under statutory workers' compensation insurance is calculated based on the injured person's annual earnings, while the daily allowance payable under voluntary leisure time insurances only takes into account the injured person's earnings from work performed for the employer that took out the policy. If the injured person remains unfit for work for more than one year, they can start to claim a workers' compensation pension.

### Workers' compensation pension

The insurance pays out a workers' compensation pension if an injury or occupational disease causes an insured person's fitness for work to be at least 10% lower than before at the end of the maximum period for which a daily allowance can be paid and if their earnings from work have decreased. The insured person can start to claim a workers' compensation pension if they are unable to return to work or if their earnings from work decrease as a result of their injury (partial pension).

### Rehabilitation allowance

The insurance pays out a rehabilitation allowance if an insured person has to undergo occupational rehabilitation as a result of an injury and the insurance company has agreed to this. The insured person cannot draw a daily allowance or a workers' compensation pension for the same period of time.

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## Other forms of compensation

### Permanent disability

The insurance pays out a disability indemnity for any general permanent disability resulting from an accident or an occupational disease. 'General disability' means a reduction in functional capacity as a result of an insured event. The amount of the disability indemnity is determined on medical grounds. Further provisions on the evaluation of disability resulting from injury or illness are included in a Government Decree on the classification of disabilities.

### Rehabilitation expenses

The insurance covers the cost of any medical rehabilitation prescribed by a physician. Compensable rehabilitation expenses also include, for example, the cost of retraining for a new occupation. The insurance pays out a rehabilitation allowance for the period of rehabilitation and reimburses any expenses incurred from having to purchase learning tools, travel to and from the location where the training is being provided and cover the cost of living outside of the insured person's home town.

### Survivors' pension

The insurance pays out a survivors' pension to an insured person's beneficiaries if the insured person dies as a result of an injury or occupational disease. Survivors' pensions are payable to the insured person's surviving spouse and/or children.

### Funeral assistance

The insurance pays out a fixed lump sum towards the cost of an insured person's funeral.

## Examples of exclusions

The insurance does not pay out for injuries sustained in the course of self-employment. You can find more detailed information about the events for which the insurance pays out and exclusions in the Workers' Compensation Act and the insurance Terms and Conditions.

Examples of exclusions related to leisure time accidents are given below. For example, the insurance does not pay out for

- patient injuries for which compensation can be sought under the Finnish Patient Insurance Act,
- road traffic accidents for which compensation can be sought under the Finnish Motor Liability Insurance Act,
- railway accidents for which compensation can be sought under the Finnish Rail Transport Liability Act,
- losses resulting from assault or some other intentional act committed by another person, or
- work-related pains within the meaning of section 33 of the Workers' Compensation Act.

## Insurance is a contract

The policy is effective from the date agreed between the policyholder and the insurance company. Insurance cover cannot be backdated. The policy is valid indefinitely and renewed automatically at the end of each calendar year.

Workers' compensation insurance policies end when

- the policyholder notifies the insurance company that the insured work has come to an end,
- the policyholder is placed in liquidation, or
- enforcement authorities conclude that the policyholder is insolvent or that their whereabouts are unknown.

Fixed-term policies expire automatically at the agreed time.

The insurance can be transferred to another insurance company by giving a transfer notice in writing. The insurance cannot be transferred until it has been valid in the current insurance company for at least one full calendar year.

The policyholder has the right to cancel a leisure time insurance policy at any time. In such circumstances, the policy will expire no earlier than on the date on which the insurance company received a written notice of termination.

The insurance company reserves the right to terminate leisure time insurance policies in the event of non-payment or if the policyholder is found to have intentionally provided false or incomplete information when the policy was taken out or in connection with a claim. In such circumstances, the policy will expire 30 days after the date on which the written notice of termination was sent.

The insurance company also reserves the right to terminate leisure time insurance policies in the circumstances specified in the insurance Terms and Conditions. In such circumstances, the policy will expire 30 days after the date on which the written notice of termination was sent.

## Insurance premium and payment schedule

The premium for each calendar year is set based on premium principles adopted by the insurance company's board and calculated based on the information available to the insurance company. The amount of the premium is always at least the minimum insurance premium determined based on the premium principles.

There are two types of premium systems that affect the insurance premium for workers' compensation insurance:

- **Tariff premium** used for smaller companies. The tariff premium is mainly based on the company's own information, such as the payroll distribution per occupational class.
- **Individual rating** used for larger companies. Claims that occur in the company affect the individual rating. Depending on the type of individual rating chosen by the company, the claims will either be taken into account in the final insurance premium or debited on separate invoices.

The policyholder has an obligation to provide the insurance company with accurate and complete information about their line of business, the volume and nature of work they provide, the start time of the work, the company's ownership structure, preventive actions related to occupational safety within the meaning of section 166(5) of the Workers' Compensation Act and other factors that the insurance company considers relevant in order for the insurance company to be able to evaluate the risk of accidents at work and occupational diseases, calculate the policyholder's premium and manage the policy.

This information must be provided in the insurance application or in any case no later than 14 days after the start of cover. Any material changes in the information must be reported to the insurance company within 30 days.

The insurance company uses information uploaded to the Incomes Register to calculate the final insurance premium. If any of the information that the insurance company needs is not found in the Incomes Register, the policyholder will be asked to submit the necessary information by the end of January each year ('annual declaration') or, in the case of fixed-term policies, within 30 days after the expiry of the policy.

An advance premium is collected at the start of the insurance period. The premium is reviewed at the end of the insurance period based on the latest available information. If the revised amount differs from the amount that the policyholder has already paid, the difference is charged or refunded to the policyholder ('adjustment premium').



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