

## Berufsgenossenschaften: Responsibilities and Services

The Statutory accident insurance remains probably the least known branch of the German social security system, despite the fact that the insurance institutions for trade and industry alone (the "Berufsgenossenschaften") insure 43 million workers and three million companies.

Statutory accident insurance has existed in Germany for more than 100 years. It dates back to Imperial Chancellor Otto von Bismarck, who in the late nineteenth century developed comprehensive social welfare legislation. Up until that point compensation for an occupational accident had to be claimed from the employer directly.

But ever since then, as far as trade and industry are concerned, this has been the jurisdiction of the Berufsgenossenschaften - or institutions for statutory accident insurance and prevention.

### The Social Security System

Germany now has five branches of statutory social security which together make up the country's social security network.

- 1.) Unemployment insurance offers financial security in the event of job loss and encourages those out of work to re-enter employment.
- 2.) The compulsory health insurance covers the risks of sickness.
- 3.) The pension insurance guarantees the provision for old age and provides a financial guarantee in the event of an occupational or general disability
- 4.) The statutory accident insurance assumes liability for the consequences of occupational accidents, commuting accidents and occupational diseases. Accidents that occur during leisure time can only be covered by a private accident insurance.
- 5.) At the beginning of 1995, a fifth branch was added to the social security system: the

nursing care insurance. This insurance covers a large part of the costs arising from longer-term nursing care.

The insurance cover is financed via proportionate contributions from employers and employees. The statutory accident insurance constitutes an exception: here contributions are paid by the employers only as the Berufsgenossenschaften accept liability for the companies' risks.

### Organisation

At present there are 9 Berufsgenossenschaften divided according to the branch of industry with which they are concerned. The law states that their prime responsibility is to prevent occupational accidents and diseases, to eliminate work-related health hazards, and, should an insured event occur, to compensate the injured person, the relatives or the surviving dependents.

The Berufsgenossenschaften are self-administered by their members (companies) and the insured (employees) on the basis of parity. As a consequence all important measures to be taken are decided on a consensus basis.

### Financing

Every company is a member of the Berufsgenossenschaft responsible for its respective branch of industry. At the end of each fiscal year the Berufsgenossenschaft apportions its expenses among its members. Contributions are calculated according to total wages and salaries paid in the course of the past year by the company and on the basis of risk categories.

The risk rate and its risk categories reflect the probability and severity of accidents for each particular industry and activity. Success of a company in the area of health protection and the prevention of accidents is also considered when fixing contributions: companies recording fewer accidents and occupational diseases receive a reduction in their insurance premiums

where the opposite is true, surcharges are added.

The statutory accident insurance constitutes the only branch of the German social security system with stable or even slightly declining average contributions over recent decades. In 1960 the average contribution rate paid to the industrial Berufsgenossenschaft amounted to 1.51 per cent of wages and salaries. By the year 2003 this figure had dropped to just 1.35 per cent. In spite of a slight increase in 1990 as a result of German unification, taken overall, contributions paid to the Berufsgenossenschaften have thus decreased slightly. The development differs with regard to the different branches.

The construction industry in particular faces a less favorable development of contributions. In the year 2003, companies in trade and industry had to contribute a good Euro 9 billion to the statutory accident insurance scheme. Euro 2.6 billion of this went to rehabilitate persons injured in occupational accidents or recovering from occupational diseases. Euro 5 billion were allotted to injury benefits and other benefits. In the year 2003, the Berufsgenossenschaften invested almost Euro 730 million in the field of prevention. Expenses for administration and legal proceedings amounted to Euro 1.1 billion.

## Extent of insurance

As with all other social security institutions there are two kinds of statutory accident insurance, namely compulsory and voluntary. Every individual in trade and industry in employee or trainee status is covered by the accident insurance scheme by act of law. Insurance coverage is granted regardless of age, sex, legal status, nationality, payment and whether a company has paid its contribution to the Berufsgenossenschaften or not.

Entrepreneurs - and their spouses if they work in the same company - can insure themselves voluntarily, unless they are already insured by act of law or statute.

Insurance coverage is provided for occupational accidents, commuting accidents and

occupational diseases. Occupational accidents are accidents occurring during the performance of one's working activities or when travelling on behalf of one's employing company or institution.

Commuting accidents are accidents that employees suffer on their way to or from work. Detours necessitated for example by car sharing or the organization of child care during working time are also covered. Occupational diseases are diseases that are listed in the Occupational Disease Ordinance by the legislator and that employees suffer from as a result of their working activities.

## Prevention

The Berufsgenossenschaft's main task is aimed at preventing all work-related health hazards (prevention). Responsibility for occupational safety and health within the company rests with the employer. He is supported in this matter by health and safety inspectors from "his" Berufsgenossenschaft who ensure regulations are adhered to, in particular the Berufsgenossenschaften's accident prevention regulations. If, despite all efforts, an occupational accident or an occupational disease should occur, the Berufsgenossenschaften ensure first and foremost that the individual receives the best possible rehabilitation assistance. In the event of permanent ill-health, compensation is paid (in the form of pensions and other benefits).

## Rehabilitation

There are two kinds of benefits which may be received in the event of an occupational accident or an occupational disease: rehabilitation and cash-benefits. The Berufsgenossenschaften follow the principle of rehabilitation before pension, bearing the cost of curative treatment - sometimes in specialized BG-clinics - and of occupational and social rehabilitation.

The Berufsgenossenschaften control the process of rehabilitation i.e. they look after the injured in order to enable them to recover as quickly as possible and to restore as much of their health as possible, and in order to minimize costs.

For the duration of their medical and occupational rehabilitation, invalids receive cash benefits from the Berufsgenossenschaft. This ensures that no worker suffers any deterioration in their material quality of life as a result of an occupational accident or disease.

At the end of the continued wage payment period, the Berufsgenossenschaft pay injury benefits for as long as the individual remains unable to work as a result of his or her accident. These benefits amount to 80 per cent of the last monthly gross pay, but no more than the last net wage. However, social insurance contributions do have to be paid from the injury benefits. During the process of occupational rehabilitation the Berufsgenossenschaften provide a temporary allowance.

## Accident benefits

If on completion of all rehabilitation measures, earning capacity remains reduced by at least 20 percent for more than 26 weeks, a pension is paid by the Berufsgenossenschaft. The amount of the pension is once again determined by the insured person's gross annual earnings before the accident. Two thirds of this amount equals a full pension.

This sum, in turn, is the basis for partial pension benefits. For example: if an individual's gross annual earnings were Euro 36,000 before the accident, a full pension afterwards would be Euro 24,000 (or Euro 2000 a month). A 20-percent reduction in earning capacity would result in partial pension benefits of Euro 4,800 a year or Euro 400 a month. If an insured individual dies as a result of an occupational accident or an occupational disease, survivor's benefits and death benefits are paid to the surviving spouse and orphans.