

# **POLITICAL ECONOMY OF THE DESIGN OF AND IMPLEMENTATION OF EXISTING EMPLOYMENT INJURY FUNDS: THE CASE OF ACCIDENT PREVENTION AND WORKERS' COMPENSATION INSURANCE SCHEME OF ZIMBABWE**

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## **Introduction**

The National Social Security Authority (NSSA) is a board corporate mandated by the government of Zimbabwe in terms of the NSSA Act, Chapter 1704, to administer social security schemes. The Authority currently administers two social security schemes, namely Accident Prevention and Workers' Compensation Scheme and The Pensions and Other Benefits Scheme. This presentation is primarily on the Accident Prevention and Workers' Compensation Scheme.

## **The Accident Prevention and Workers' Compensation Scheme**

The scheme is insurance for employees against employment injury (workplace accidents and occupational diseases). It covers all workers in Zimbabwe save for civil servants, domestic workers and informal traders, who are currently exempted from the scheme. The Scheme is administered in terms of Statutory Instrument (SI) 68 of 1990. Commuting accidents are not compensable. The scheme also has in-place a procedure manual, which guides officers on the day to day and step by step processing of employment injury claims.

## **Main Objective of the Scheme**

The main objective of the scheme is to prevent accidents at the work places and compensate workers who get injured in work-related accidents or contract work-related diseases. Accident prevention is the responsibility of the Occupational Safety and Health (OSH) division within NSSA. Compensation of employment injury victims is the responsibility of the Benefits Division, the main subject of this presentation.

## **SCHEME DESIGN**

### **Financing of the Scheme**

Being social security insurance against employment injury, the scheme is 100% employer funded. Employer pays premiums to the Authority on a monthly basis. Premiums are determined by multiplying employer's total basic wage bill by industry premium rate. The scheme follows a Pay As You Go financing system.

The industry premium rate is the rate that applies to all companies that are within the same industry sector. It is determined based on risk rating of the industry sector. The calculation is based on accident statistics and claims volumes of the industry sector. Actually, it is the claims history of the industry over a specified period of time expressed as a percentage of total wages of the industry over the same period of time.

$$\frac{\text{Total Industry Claims}}{\text{Total Industry Wages}} \times 100$$

### **Actuarial Valuations**

From time to time, usually every 3 years actuaries assess financial viability and sustainability of the fund, where upon they verify our calculated rates and compare them to liabilities of the fund. They then forecast the scheme/fund's ability to meet future financial obligations based on projected accident rates and pension reforms. Based on their findings, they advise the Authority to increase/decrease premium rates in line with required financing levels needed to maintain viability of the fund.

Actuarial advice was also sought when we migrated from Zimbabwean dollars to multiple currency system. This was necessary to ascertain the financial needs of the fund in the new currency era that would ensure its viability and sustainability.

### **Additional Assessments**

In the event that an employer's total claims costs exceed total premiums paid in a given financial year, such employer is loaded with additional assessment determined as 50% of employer's total amount of assessment that was payable during the period under review.

### **Claims Processing (Administration)**

This process begins with the happening of an employment injury to a worker at the work place. The process is thus explained below.

#### **Immediately after the accident**

Upon the happening of an accident to a worker, the employer is obliged to render first aid to the worker, after which he or she ferries the worker to the nearest medical centre/facility. The cost of ferrying worker to the medical centre/facility is claimable from NSSA.

### **Accident Reporting**

Having made sure that the worker is receiving the necessary medical attention, the employer is obliged in terms of SI.68 of 1990 to report the accident to a worker within 14 days of gaining knowledge of such work related accident. Fatalities should be reported within 24 hours of occurrence. Failure to report work accident within stipulated time period attracts a surcharge/penalty in terms of the statutes governing

the scheme. There is however no cut off period within which the injury should be reported. Late reports are accepted but the employer is then penalised for late reporting.

If an employee has been diagnosed with an occupational disease, for example pneumoconiosis, the report should be submitted to NSSA in the same way as a work place accident.

### **Receipt of Accident Report from Employer**

Employment injury reports are submitted at Regional offices and Sub-offices around the country. NSSA has six regional offices and several sub-offices throughout the country. Upon receipt of an employment injury report from the employer, the adjudication process, which can involve investigations at the work place is undertaken in order to ascertain whether or not the accident or disease is indeed work related. If according to NSSA it is not work related, the claim is rejected. The employer and/or worker is notified of the outcome in writing. However, they are entitled to appeal against the decision of the Authority if they so wish. The appeals procedure will be outlined later on.

If the injury is found to be work related, a claim file is opened at the regional office. Legitimate benefits arising from the injury are processed/paid. These can be one, some or all of the benefits explained below, since one accident can have multiple benefits.

### **Benefits Payable by the scheme**

The benefits can either be short-term or long-term.

#### **Short-term benefits**

Periodical payments,  
Lump-sum,  
Funeral grant and  
Medical aid

There is also provision for capitalised values.

#### **Periodical payments (PPs)**

If the accident to the employee results in days unfit for work as ascertained by the medical doctor, the Authority pays the wages/earnings in respect of such days (PPs). Usually, the employer pays the wages to the injured worker and gets reimbursement from NSSA.

## **Lump-sum**

If the employment injury results in a disablement or impairment that is 30% or less, a lump sum is payable to the worker as compensation. Disability assessment is usually done after 3 months. However scheduled disabilities such as amputations are assessed immediately after the accident.

Disabilities or impairments are assessed by patients' medical doctors. All medical assessments are checked by NSSA doctors, who either uphold or adjust disability assessments by external doctors.

## **Funeral Grant (FG)**

If the employment injury results in death of the worker, the Authority pays funeral assistance towards burial of the deceased employee. The FG is paid as a flat amount, currently pegged at US\$300.00. However, it is reviewed from time to time.

## **Medical Aid**

All the medical expenses in respect of the injury, ranging from medical bills for treatment and surgery to artificial appliances are born by the Authority. Medical Aid is paid in full either at either Association of Health Funders of Zimbabwe rates or Medical doctors rates.

**NB** All the short-term benefits explained above are processed and paid by regional offices.

## **Long-term Benefits**

Pension,  
Constant Attendants Allowance (CAA) and  
Rehabilitation

### **Pension**

If the disability percentage is more than 30%, the statute requires that a pension be paid to such employee in the form of monthly payments. If disability is rated at 75% or above the pension will be 51% of the worker's earnings. If it is below 75% it is calculated as  $51\% \times \text{salary} \times \text{percentage disability}$ . Any pension that falls below the minimum pension is commuted to a lump sum. The pension can also be payable to the surviving dependants of the employee in the event of death of the employee. The Regional office refers the claim file to the Central Benefits Office at Head Office in Harare where pension payment is centralised.

### Foreign pensioners

The Authority pays pensions to people who were injured whilst working in Zimbabwe and later relocated to their countries of origin. In this respect, the Authority has

pensioners throughout the world in countries such as the UK, South Africa, Malawi, Zambia, Italy, the US, Portugal and Yugoslavia just to mention but a few.

**NB** If upon medical review, it is established that the employee has recovered and residual disability is now below 30%, the pension is paid off as a lump sum. By the same token, if upon medical review, it is discovered that worker's condition has deteriorated with disability percentage rising above 30%, the lump-sum previously paid is recovered, and replaced by temporary pension for the same period. Thereafter, the worker becomes a fulltime pensioner.

### **Constant Attendants Allowance**

The Authority hires, trains and provides constant attendants to grossly disabled workers, such as paraplegics and quadriplegics to assist them with their day to day welfare requirements. The constant attendants allowance is currently 80% of the worker's pension.

### **Rehabilitation Services**

The Authority runs a fully-fledged Rehabilitation Centre in Bulawayo. The Centre is fully equipped and adequately staffed. It has highly specialised equipment like autoclave, spirometer and audiometer. Seriously injured workers are admitted at the Centre to receive rehabilitation services.

Rehabilitation services provided at the Centre include:-

Further medical treatment,  
Spinal injury care,  
Physiotherapy and Occupational therapy,  
Counselling and  
Vocational Training.

After the successful provision of rehabilitation services at the Centre, we reintegrate the worker to the workplace and to the community, through the services of our qualified and competent Social Worker. We build or modify dwellings to suit the condition of the injured worker, for example, modifying dwellings to enable free and easy mobility with wheelchairs. Due to high unemployment levels in the country, return to work programmes are generally resisted by employers.

We also provide grossly disabled pensioners with capital to start up self-sustaining projects following successful completion of vocational training.

### **Grievance and Redress handling procedures**

#### **Appeals**

If the injured employee objects against the decision of the NSSA doctor on medical assessment, the case is brought before the Medical Board appointed by NSSA. If still the employee is not satisfied, the case goes to the Appeals Committee of the NSSA Board, to the Administrative Court, High Court, all the way to the Supreme

Court if the worker still feels that justice was not done. The Authority will process the claim in line with the decision given by the appeals authorities.

The same appeals procedure is followed in situations whereby the Authority rejects an accident claim or disease as not work related.

### **Uninsured Claims**

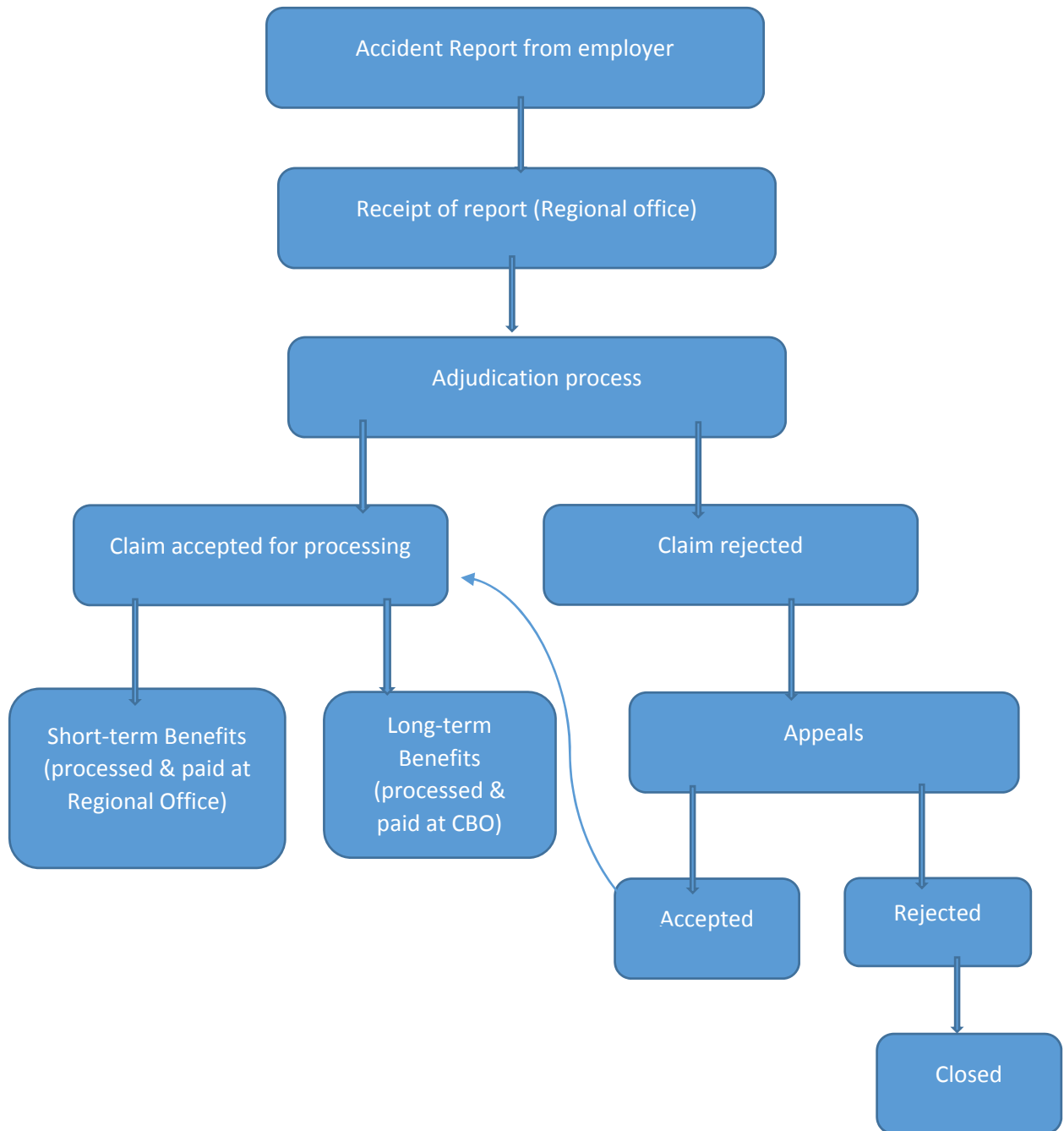
If the employer had not paid premiums or was unregistered with the Authority at the time of accident to the worker, such employer is treated as uninsured as provided for in the statutes. All claims costs or a fraction of the total costs as the General Manager may decide will be recovered from the employer as a penalty for being uninsured. Further to such penalty, the employer is required to settle all the unpaid employment injury social insurance premiums.

### **Third Party Claims**

In the case of mainly Road Traffic Accidents (RTAs) and a few others as well, the accident may be caused by a third party other than our insured employer or worker. In situations like that, all the claims costs are recovered from the third party. The Authority pays full compensation to the injured employee and goes on to recover such costs from the third party through its established debt recovery structure, which includes contracted legal practitioners.

## Presentation of Claims Processing Administrative Set Up

The diagram below gives a summary of the claims processing administrative set up explained above. It is a flow chart of the claims processing logical sequence.



## **Key Partners of The Authority in Claims Processing**

The following are important partners of the Authority in claims processing:-

Doctors,  
Medical Centres/Hospitals,  
Association of Healthcare Funders of Zimbabwe (AHFoZ),  
Zimbabwe Republic Police,  
Government Ministries,  
Zimpost,  
Banks,  
Health Profession Bodies and many others.

### **Doctors and Medical Centres/Hospitals**

For medical assessments and treatment of injured workers.

### **AHFoZ**

To gunner bargaining power when negotiating services and fees with other industry players such as medical service providers.

### **Zimbabwe Republic Police**

They assist with reports on RTAs. They also assist on prosecuting defaulting employers and third parties.

### **Government Ministries**

As the regulators of our operations and the industry, especially Ministry of Public Service, Labour and Social Welfare and Ministry of Health and Childcare.

### **Zimpost and Banks**

They are an important part of our pensions payment system as our paying agents.

### **Health Profession Bodies**

For inspection and licencing of our facilities such as the Rehabilitation Centre and Clinics. They also licence our medical personnel.