

**WORKERS' COMPENSATION INSURANCE:  
SERVING EMPLOYERS & EMPLOYEES BETTER**

**Seminar organised by AISAM's (now  
AMICE's) WCI taskforce**

**Brussels, 24-25 May 2007**



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## 1. Introduction

AISAM's International Networking Working Group, under the inspired leadership of Mogens N. Skov, Denmark, decided to set up a taskforce dedicated to Workers' Compensation Insurance (WCI) in October 2004 following a very successful first seminar on the subject held in May 2004 the aim of which was to contribute to the debate in Europe on the privatisation of social security systems.<sup>1</sup>

We hope that the continuation of this work within our new association, AMICE, will bring more members to the taskforce and further widen the audience at the next seminar planned for 2009. Our aim should be to underline the contribution the mutual/cooperative insurance sector has made and continues to make in this area, such a critical one for the economic sustainable growth of our societies and their welfare systems.

The success of the 2004 seminar showed the need for a forum enabling mutual workers' compensation insurers to exchange experience and best practices. The WCI Taskforce was therefore founded and has met regularly over the last four years; it has not only discussed relevant developments in the different markets but it also organised a second seminar in October 2005, the results of which are contained in a second report<sup>1</sup> which can also be obtained from the AMICE Secretariat General, and contributed to the international WorkCongress7 held in September 2006 in Hong Kong.

In 2007, the taskforce organised a third seminar on 24 and 25 May at Mensura's offices in Brussels which attracted 30 participants from 11 countries. The main elements of that seminar are included in this report.

We should like to thank the dedicated members of the AISAM, now AMICE, WCI taskforce - Renaud ROSSEEL, *Mensura*, Belgium, and Taskforce leader, Henrik HARRESTRUP, *Naersikring*, Denmark, Gunnel LANDSTRÖM, *Länsförsäkringar* and Andreas LÖRTSCHER, *Swiss Mobiliar*, Switzerland – for their contributions over these last years.

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<sup>1</sup> A report summarizing the presentations of the various speakers can be obtained from the AMICE Secretariat General at [secretariat@amice-eu.org](mailto:secretariat@amice-eu.org)



## 2. Programme

### Thursday, 24 May 2007

- Chair Lieve LOWET, Secretary General, AISAM
- 14.00 – 14.15: Welcome to the hosting company *Mensura* by Jean-Claude DEBUSSCHE, CEO
- 14.15 – 15.05: **Developments in workers' compensation insurance systems across the world**  
Victor SCHULTHEISS, Corporate Underwriting/Global Clients, Workers' Compensation Unit, *Munich Reinsurance Company*, Germany
- 15.05 - 15.50: **Workers' compensation insurance in Public-Private systems: a comparison between the Netherlands and Belgium**  
Dr Wim ESHUIS, *Hugo Sinzheimer Instituut, Universiteit van Amsterdam*, Netherlands
- 16.20 - 17.05: **United Kingdom: Employers' liability**  
Justin JACOBS, Head of Motor & General Liability, *Association of British Insurers*, UK
- 17.05 - 17.50: **Workers' comp. insurance in a new EU Member State**  
Jaroslav DOSTAL, Member of the Management Board and Director, *Kooperativa Insurance Company*, Czech Republic
- 17.50 – 18.00: Conclusions – Lieve LOWET, Secretary General, AISAM

**Friday, 25 May 2007**

8.30 – 10.00:

**The effects of Solvency II on workers' compensation insurers**Moderator: Lars BECK, Senior Manager, *Deloitte*, DenmarkCase studies: **Single-line mutual insurer:** Jean-Marie MAES, Advisor, *Mensura*, Belgium;  
**Multi-line mutual insurer:** Antti PULKKINEN, Actuary, *Tapiola*, Finland

10.30 – 12.00:

**Workshop 1: Bonus-Malus systems in workers' compensation insurance****Workshop 2: Reducing the cost to society – prevention & rehabilitation**

Moderator:	Lieve LOWET, Secretary General, <i>AISAM</i>	Dr Wim ESHUIS, <i>Hugo Sinzheimer Instituut, Universiteit van Amsterdam</i> , Netherlands
Case studies:	Marcel WINKLER, <i>SUVA</i> , Switzerland;	Dr Friedrich MEHRHOFF, <i>Hauptverband der gewerblichen Berufsgenossenschaften</i> , Germany;
	Tom DE TROCH, <i>Mensura</i> , Belgium	Isabel MAYA, <i>Mutua Universal</i> , Spain

12.00 – 12.30:

**Workshop conclusions: Reports by the moderators**Workshop 1: Lieve LOWET, Secretary General, *AISAM*Workshop 2: Wim ESHUIS, *Hugo Sinzheimer Instituut, Universiteit van Amsterdam*

12.30 - 12.45:

**Closing remarks** – Renaud ROSSEEL, Leader of *AISAM*'s Workers' Compensation Taskforce

### 3. Workers' incapacity: AISAM holds meeting in Brussels

This article was published in De Verzekeringwereld/Le Monde de l'Assurance, a Wolters Kluwer Belgium magazine, and is reprinted and translated here with their agreement

#### Workers' incapacity

## AISAM holds meeting in Brussels

At the end of May, Aisam, an international organisation of mutual insurers, organised a two-day seminar on workers' compensation insurance at Mensura's Brussels head office as a means of providing better service to employers and employees. The extent of the diversity of European insurance systems and the type of resistance which private insurance systems encounter were striking. Our editorial staff attended on the first day and reported the following.

Victor Schultheiss, a senior underwriter with re-insurer München Re, showed that occupational illness statistics - which like industrial accidents are categorised as profession-related occupational disability risks (worker's compensation) - are as such not very enlightening. And he conjured up onto the screen graphs showing the new occupational diseases for a number of countries per 100,000 residents since 1978. From this it appeared, for instance, that for certain years Germany had thirty times more reports of occupational illness than Sweden. Does this mean that Germans have weaker constitutions than Swedes? Not necessarily, states Schultheiss. Much depends on what is understood by occupational illness. Some countries, for example, accept mobbing or post-traumatic stress following an industrial accident as an occupational illness. And the peak in Finland's graph during the period from 1985 to 1988 is, for example, to be explained by compulsory screening for asbestosis for blue-collar workers.

Schultheiss subsequently outlined the various insurance models found in Europe. His conclusion is that there is not one model which is the one and only perfect solution. Every country must find its own system and, in addition, be willing to learn from the experience of other countries. However, he is of the opinion that complex occupational illnesses such as asbestosis and silicosis do not belong in private insurance systems. According to the re-insurer, these are so complicated due to their multi-causality and long latency period that it is preferable that they be covered by the government.

#### Prevention

Aisam invited Wim Eshuis to explain the relationship between prevention and paying

#### AISAM

AISAM, the Association Internationale des Sociétés d'Assurance Mutuelle (International Association of Mutual Insurance Companies), came into existence in 1964 to defend mutual insurers' interests. The Association's secretariat-general is located in Brussels, with Lieve Lowet at its head. The Association has 143 members. In addition to the Verbond der Verenigingen van Onderlinge Verzekering (VVOV) (Union of Mutual Insurance Companies), the following Belgian insurers are also members: Amma; Emani, Ethias, De Federale Verzekering, Secura, Securex, UAAMI and Mensura. Currently, there are discussions underway regarding a merger with the Association of European Cooperative and Mutual Insurers, which was established in 1978 and which brings together 142 mutual and cooperative insurers.

compensation for occupational hazards (industrial accidents and occupational illnesses). Eshuis is working as doctoral researcher on this type of research project at the Hugo Sinzheimer Institute (University of Amsterdam), and the first results will be available at the end of this year. This ex-trade unionist is convinced that not only do we need sound compensation systems for occupational hazards, but that these systems should also perform well within the context of prevention. However, according to Eshuis, there is currently a distressing lack of research on the quality of prevention in the various compensation systems.

Why is limiting occupational risks so important? In Belgium alone the Fund for Occupational Illnesses annually compensates 6,700 new victims of occupational illnesses and more than 200,000 new victims of industrial or commuters' accidents are registered. Although the number of victims has been dropping slightly in recent years, the annual costs still amount to EUR 342 million for occupational illnesses and EUR 261 million for industrial or commuters' accidents. This is all the more reason to try to keep occupational risks as low as possible, more particularly because the European Commission wishes to reduce occupational risks by a quarter during the coming years. That same Commission is also aiming at higher labour market participation by older employees which will, *per se*, increase the possibility of industrial accidents and occupational illnesses.

In that regard, the question arises as to the extent to which the current compensation systems do or do not contribute to prevention. According to Eshuis, this question is crucial. This is because, should the answer be negative, the pressure on insurers to revamp the current compensation systems will increase. As regards the preventive effect of liability laws, the researcher can only come to the conclusion that scientists are still groping in the dark due to a lack of empirical studies. Legal economists do indeed accept that liability laws which unduly advantage victims have a negative impact on prevention. Consequently, the so-called no-fault compensation systems are frequently labelled as prevention *unfriendly*.

And what is the situation concerning the preventive effect of occupational illnesses and industrial accident insurance? In Eshuis's view, there is still too little research on that subject. In addition, this research remains limited to some six countries, is primarily analytical instead of empirical, and the most recent research dates back to 2000. "As such that is a strange situation," is Eshuis's opinion. "Because so much money is paid to compensate employment-related occupational hazards, research in this field is extremely useful. This is all the more the case because current research completely ignores the occupational hazards' impact on the victims' social life. To them, an occupational illness or industrial accident represents more than just a financial blow. Such events have far-reaching effects on their social lives and relations with their colleagues."

It seems that all those studies indicate that financial incentives generally have little influence on prevention. This is definitely the case where occupational illnesses are concerned.

On the other hand, a Canadian and an English study indicated that a combination of financial incentives with the insurer's support regarding prevention produce the best results. At the beginning of last year, Eshuis started a large-scale research project to assess the relationship between the various compensation systems for employment-related occupational risks and their effects on prevention. The research will, for budgetary reasons, remain limited to Belgium and the Netherlands. The researcher is convinced that both countries can learn a great deal from one another. More specifically, he hopes to gain insight into the advantages and disadvantages of the privatised and market-oriented Dutch system as opposed to the Belgian system, which is regulated by the government and which, at least where industrial accidents are concerned, is managed by private insurers.

During question time, Eshuis emphasised that the main concern must be to prevent industrial accidents. "200,000 industrial accidents annually imply that there are as many occasions of meeting with companies to encourage prevention. So many opportunities to meet are invaluable. Furthermore, it is important that insurers communicate well with the victims. It would be wrong to force them into the position of a victim. The compensation systems in particular should contribute to victims returning with a stronger mental position after an accident. Furthermore, those systems must contribute to the work itself becoming safer."

#### **British market**

Justin Jacobs, head of the General Liability and Automobile Liability division at the Association of British Insurers, lifted a corner of the veil on the British occupational disability insurance market. It is legally based on the Employers' Liability Act of 1969 which makes it compulsory for British employers to insure their liability as soon as an employee has an industrial accident or contracts an occupational illness. That market amounted to a net premium turnover of GBP 1.3 billion in 2005, but it worked with heavy losses until 2004. In Jacobs's view, there were three causes for this. To start off, British insurers counted too much on financial results to compensate for technical losses. And because it concerned obligatory insurance, they tried to secure other policies via a low-priced occupational disability policy. And last but not least, it appeared that insurers had underestimated the number of long-tail claims (i.e. claims taking a long time to settle).

Jacobs is of the opinion that it is an extremely difficult task to allocate a premium to occupational illness risks. Asbestosis, for instance, was for many

## Four questions for Jean-Marie Maes

Mutual insurers are particularly wary of Solvency II. This is because the directive, which is currently in the pipeline, aims to better attune the capital position of insurers to their actual risk profile. Yet it is not so easy for a mutual insurer to simply go out and raise more capital. This is why the editorial staff asked Jean-Marie Maes, actuary and advisor to Mensura management, how he assesses the repercussions Solvency II will have on occupational accident insurers.

### ✓ Does Mensura dispose of sufficient capital to comply with Solvency II?

**Maes:** At face value it does. We are currently still extremely busy recalculating all balance sheet items. Those all have to be evaluated in terms of market value. The problem is, however, that a number of parameters have not yet been definitively laid down.

### ✓ Is Mensura to a certain extent not at a disadvantage because it is an insurer in only one field?

**Maes:** Correct. Diversification is a factor which calls for a position with less capital. But seeing that Mensura is especially active in industrial accidents, we are obliged to set aside a little more capital than our colleague insurers who form

part of a multi-field insurer. Neither do we do anything about international diversification because we work only in Belgium.

### ✓ Do re-insurance and subordinated loans offer a solution for complying with the Solvency II capital demands?

**Maes:** Certainly. If our capital position were inadequate, Mensura would be able to opt for raising the re-insurance cover. But in contrast to some other mutual insurers, Mensura has never appealed to subordinated loans.

### ✓ Will Mensura have to cut down on its return of premium policy?

**Maes:** Much will depend on the results of the third quantitative impact study (editor's note: QIS3 in

jargon). That is, moreover, the reason why we are participating in QIS3 which, for a small insurer, is anything but straightforward.

HVD

years an unknown risk. And he does not dare think that a judge would, in fifty years' time, decide that cancer can be blamed on the use of mobile telephones. This would then mean that insurers would be confronted with claims for which they never even collected premiums.

To receive compensation in the framework of the Employers' Liability Act, the employee must hold his employer liable due to an unlawful act. That system does not work well at all and consequently it takes an average of a thousand days before an occupational disability claim is settled. In addition, the emphasis is almost exclusively on the financial compensation, so there is little interest for the victim's professional reintegration. But what is the greatest shortcoming is most definitely that on average, 37% of all damages disappears into the

lawyers' pockets. For smaller claims, that percentage can even rise to 90%. Accordingly, insurers will also go to much trouble to be quickly informed of a claim. In this way they can contact a victim before he falls prey to a lawyer. Insurers are even willing to pay higher damages to avoid expensive lawyers.

British insurers have also established a tracking system to find the occupational disability insurer. Remember that this is about long-tail risks. For example, think of British mine workers who are suffering from black lung but whose coal mine no longer exists. The Association of British Insurers receives an average of 7,000 questions per year. The Association succeeds in tracking down the insurers for an average of a quarter of the cases.

For the period after 1972, when insurance coverage became mandatory, the success rate increases to 41%. And what happens if you cannot track down the insurer and/or employer? Then the victim has to cope without compensation.

It goes without saying that British insurers are appealing to reform the system. To begin with, they hope to remove long-tail occupational illnesses from the system to entrust them to a government body which would charge the companies a separate premium for these risks. For the time being, the government is still not prepared to accept this hot potato. Furthermore, the insurers are ardently working for a change in the manner of dealing with the claims. Jacobs: "In eight out of ten cases the insurer does not oppose the claim. Consequently, it serves no purpose whatsoever for the lawyer to go in search of an unlawful act. Finally, insurers are fervently working for more transparency in lawyers' and experts' fees and they are promoting bona-fide reintegration."

Insurers will have to give all they have to get this reform through because, in Jacobs's opinion, the reputation of British insurers is even worse than that of the country's lawyers. To crown it all, the insurers also have the trade unions against them. After all, the latter get paid by lawyers as soon as they phone through an accident. Surprisingly, only the consumer organisations support the insurers' propositions because they too want the bad money out.

### **Czech Republic**

The Czech Republic, which has been part of the European Union since 2004, has a remarkable industrial accident and occupational illness

insurance system. This appeared from the presentation of Jaroslav Dostal, Director of Kooperativa, which is the second-largest insurer in the Czech Republic.

In this new EU Member State, the profession-related occupational disability insurance (workers compensations) system is based on the objective liability of the employer. Since 1993, employers there have been obliged to take out insurance to cover this liability. They can turn to two private insurers for this purpose: the one-time state insurer Ceska pojistovna and Kooperativa. Seeing that the latter obtained the exclusive right to provide all new policies in 1993, it now has a 77% market share. Neither of the insurers is allowed to make any profit in this field because this insurance falls within the ambit of the social security system, and they are only reimbursed for their administrative expenses. In any case, it means that the state makes all the profit. As a matter of fact, it is the state which lays down the premiums. The question remains, of course, for how long such a system can be sustained because no reserves are set aside for long-tail risks. In addition, there are not any incentives in the least for prevention.

A few years ago, the Czech professional insurers' association came up with a legislative proposal for a new profession-related occupational disability insurance law which complies with EU Directives and provides for a complete liberalisation of the market. However, the politicians decided to maintain the present system. To this end it was even decided to establish a new organisation, which is to become operational next year. In the meantime, this date has been postponed to 1 January 2010. Dostal sees this as a missed opportunity because the new organisation still has to start from scratch whereas the private insurers already have the necessary know-how, the network and the institutions. Apparently, not all governments are convinced of the benefits of private insurance for profession-related occupational disability insurance coverage.

Herman Van Doninck









## 4. Speakers and their subjects

### Welcome

by Jean-Claude DEBUSSCHE, Member of AISAM's Board, CEO of *Mensura*

Jean-Claude Debussche has been Chairman of Mensura's Executive Committee since 2002.

Following his training as an actuary, he joined the Assubel group (now Mensura following merger with APRA) in 1982 to manage studies in the field of group insurance and pension funds.

He became responsible for the technical affairs of Assubel Accidents du Travail (Assubel Worker's compensation) in 1989. In 2005, "La Caisse Commune Assubel" (A caisse commune is a mutual insurance organisation) decided to merge with APRA, another Caisse Commune specialised in worker's compensation.

Both companies have always played an active role within AISAM.

Jean-Claude Debussche was born in 1956, is married and has two children.



## Developments in workers' compensation insurance systems across the world

by Victor SCHULTHEISS, Senior Underwriter, *Munich Re*, Germany

Victor Schultheiss is Senior Underwriter for workers' compensation business, responsible for the Nordic countries and Belgium for Munich Re, a position he has held since 2004.

Prior to that, he was Senior Underwriter for treaty business (Non-Life) in UK and Ireland at the New Reinsurance Company, Geneva, for 2 years. He started his career with Munich Re in 1995, first as client manager and underwriter for French and Maltese clients then as underwriter for French casualty treaty business (motor, liability, accident) and also as assistant manager in the marketing department for France, Belgium and Luxembourg.

He graduated from the Verwaltungs- und Wirtschafts-Akademie, Munich, in Global Business Studies in 2001, is married and lives in Munich.



## Outline

Various developments have promoted diverse ways of insuring occupational accidents and occupational diseases. Although workers' compensation is increasingly becoming an area of private insurance participation, as well as an ongoing coverage for public institutions, it presents a number of inherent risks.

This presentation analyses the special requirements and risks of workers' compensation and presents them in the context of both national and global settings. It provides participants with the criteria for comparing a large variety of compensation systems and points out aspects which are of special importance for private and public risk carriers.

## Workers' compensation insurance in Public-Private systems: a comparison between the Netherlands and Belgium

by Wim ESHUIS, *Hugo Sinzheimer Instituut, Universiteit van Amsterdam*, Netherlands

In March 2007, Wim Eshuis joined the Hugo Sinzheimer research Institute for labour and law (University of Amsterdam) where he is participating in the research project 'Prevention and Compensation of Occupational Risks'. The first results of this project will be available at the end of the year.

From 2000 to 2006, Wim was involved in the development of a bureau for occupational diseases. This bureau, linked to the FNV, the federation of Dutch trade unions, supports victims of all kinds of occupational diseases in claiming compensation.

Prior to this (1980-2000), he worked in the field of prevention as a researcher, trainer and as a policy officer. During this period he gave special attention to topics such as technology and the development of working skills, stress in the workplace and the effect of burnout, the prevention of accidents in the workplace, and the prevention of exposure to organic solvents. In the 90's he was, as a member of OH&S committees of the European and International Federation of Building and Woodworkers, involved in the implementation of the EC directive on health and safety in mobile sites.

Wim holds a degree in social sciences from the Dutch RUG (Rijks Universiteit Groningen).



## Outline

This presentation concentrates on four questions:

1. why is it important to understand the preventive effects of compensation systems ?
2. which compensation systems do we find in the Netherlands and Belgium ?
3. which definitions of prevention are being used ?
4. which factors might influence prevention ? The speaker will discuss factors related to the compensation system, factors related to the compensated worker and factors related to the company.

## United Kingdom: Employers' liability

by Justin JACOBS, Head of Motor & General Liability, *Association of British Insurers*, UK

Justin Jacobs is Head of Liability and Motor Insurance at the Association of British Insurers (ABI). Justin leads the ABI's work to reform the personal injury compensation system, including publishing *Care and Compensation* in December 2005 to propose radical reforms to speed up the claims process, reduce costs and promote rehabilitation, and representing the ABI in numerous Government working groups on this topic.

Justin also leads the ABI's campaign to tackle uninsured driving and to improve the safety record of younger and older drivers, publishing *Young drivers: reducing death on the road* in September 2006 and *Older drivers: road safety, mobility and motor insurance* in May 2006.

Before joining the ABI in August 2004, Justin worked for HM Treasury, the UK Permanent Representation in Brussels (UKREP) and Accenture



## Outline

This session will provide an overview of the UK employers' liability insurance market, setting out the scope and coverage of employers' liability insurance, market performance and the key players; an overview of how premiums are set and claims are handled; and focus on the reforms needed to the UK personal injury compensation system and the challenges presented in providing cover for long-tail diseases.

## Workers' compensation insurance in a new EU Member State

by Jaroslav DOSTAL, Member of the Management Board and Director,  
*Kooperativa Insurance Company, Czech Republic*

Jaroslav Dostal has been a member of the Management Board and Director of the Czech Insurance Company, KOOOPERATIVA since 1998.

Prior to this, he was Deputy Minister and Director of several departments at the Ministry of Labour and Social Affairs from 1990-1998. From 1983 to 1989, he held the position of Deputy CEO at the Czech Social Security Administration and from 1972 to 1982 he was Director of the Department for Social and Economics Data at the Ministry of Labour and Social Affairs. He began his career in 1970 at the Institute of Geophysics of the Czech Academy of Sciences, in the mathematical and statistical evaluation of data.

He studied at the Faculty of Mathematics and Physics of the Charles University in Prague and holds a diploma in Statistical Methods in Economics from the University of Economics, Prague.



## Outline

Workers' compensation insurance in the Czech Republic is based on a principle of employers' objective responsibility for damage. This insurance was introduced in 1993 as a statutory, but temporary, solution for the next 2-3 years. In the absence of clear cut concepts, several attempts to find a new long term solution have failed.

A new law on workers' compensation insurance, No. 266/2006 Coll, effective from 1 January 2008, has now been adopted. This law is - together with others - part of the last package of bills drafted by the former Cabinet before the general elections of June 2006.

A screening by the new Cabinet has identified of significant number of imperfections requiring correction. Generally, it is expected that the Czech Parliament will postpone the entry into force of the law until 1 January 2010.

## The effects of Solvency II on workers' compensation insurers

Moderator: Lars BECK, Senior Manager, *Deloitte*, Denmark

Lars has been with Deloitte for 2 years. He is project manager for Deloitte's internal Solvency II project and involved in a number of Solvency II projects with Deloitte's clients. Before he joined Deloitte, Lars served as chief actuary and member of the global executive committee for a Lloyds syndicate.

Lars is a fully qualified actuary with an M.Sc. in actuarial mathematics and a B.Sc. in Finance and Risk Management.



## The effects of Solvency II on workers' compensation insurers

### Case study by Jean-Marie MAES, Advisor, *Mensura*, Belgium

Jean Marie joined Assubel AT (now Mensura) as Adviser on 1 June 2003.

Prior to this, he worked at Assubel Vie (now AGF Belgium) in various line functions like Life Director or staff functions like Chief Actuary.

He started his career as a statistician at Procter & Gamble European Technical Center.

Jean Marie holds a Master's degree in mathematics and a Master's degree as an Actuary from ULB (Université Libre de Bruxelles).

He is married with 2 children and 4 grand-children and lives in Brussels



## Outline

Because worker's compensation combines non-life and life features, fitting this line of business into the solvency II standard model is challenging.

Splitting reserves between non-life and life reserves and treating them accordingly in the standard model may help; but a specific calibration of the market premium risk and the market non life reserve risk will probably be needed.

A fair evaluation of the "cost of capital" margin requires the run off projection of the evolution of non-life and life reserves; because a part of the reserve of a single claim may change over time from "non-life" to "life", this process needs to be modelled. An illustration based on Mensura data is given.

## The effects of Solvency II on workers' compensation insurers

Case study by Antti PULKKINEN, Actuary, *Tapiola*, Finland

Antti joined Tapiola General as an actuary on 1 May 2006. Prior to this, he worked as an actuary at two other Finnish insurance companies, most recently at If P&C Insurance. His responsibilities at Tapiola include managing an internal Solvency II-related project from 2007 to 2009.

Antti holds a Masters degree in Applied Mathematics from the University of Helsinki. He is married and lives in Espoo, Finland.



## Outline

The Finnish workers' compensation system presents a rich and interesting example of challenges posed by Solvency II. In Finland, workers' compensation is a part of statutory social security, but is operated by private insurance companies, with competition and risk-related premium setting being present. The product is especially rich in the variety of benefits, ranging from short-tail daily allowances and medical care compensation to very long-term pension payments. In the case study, a short introduction to the Finnish system is given, followed by an examination of the QIS2 experiences as well as future Solvency II challenges from the point of view of this product for a multi-line mutual insurance company.

## Workshop 1: Bonus-Malus systems in workers' compensation insurance

Moderator: Lieve LOWET, Secretary General, *AISAM*

Lieve joined AISAM as Deputy Secretary General on 1 June 2003 becoming Secretary General in October 2004. Prior to this, she worked at McKinsey as European insurance expert, specializing in European regulations and bancassurance; she was also a Board member of the European Financial Institutions Centre (EFIC), McKinsey's business unit specialized in research and analysis of financial institutions which she helped found.

She started her career as a banker at BBL (now ING) Belgium.

Lieve holds a law degree from KUL (Katholieke Universiteit Leuven), Belgium, a BA in philosophy and a Masters degree in International Affairs from SAIS (School of Advanced International Studies), Johns Hopkins University, Washington-Bologna-Nanjing.

She is married with 3 children and lives in Brussels.



## Workshop 1: Bonus-Malus systems in workers' compensation insurance

Case study by Marcel WINKLER, *SUVA*, Switzerland

Marcel Winkler has been working for Suva since 2000. Two and a half years ago, he was assigned to the post of manager for the team handling class structures and premium assessment systems within the actuarial practice/tariff classification sector. Before this, he worked as a tariff specialist in the premium sector, where he was responsible for determining premiums in different insurance branches.

Marcel Winkler graduated as an engineer from Lucerne's University of Applied Sciences and Arts. Following his graduation, he worked for several companies in the fields of product development and marketing support in the machine industry.

Marcel Winkler is married and is the father of a thirteen-year-old son. He lives near Lucerne.



## Outline

A brief outline of the special aspects of Swiss accident insurance will be followed by an overview of the early days, further development and current status of bonus-malus systems. Current systems are described and a summary is given of the basic findings. Even though the current status is very far advanced nowadays and the systems have met expectations to a major degree, some issues remain unanswered. These will be addressed in the conclusion and possible solutions given if available.

## Workshop 1: Bonus-Malus systems in workers' compensation insurance

Case study by Tom DE TROCH, *Mensura*, Belgium

Tom De Troch is currently Manager of the Claims Department for Mensura having started his career within the company (Assubel) in 1997 as a prevention engineer.

In 2002 he became responsible for the underwriting department and founded Assubel Consult, a company specialised in Protecting People at Work. In 2005 he joined the claims department.

Tom holds a degree in civil engineering from RUG (Rijksuniversiteit Gent) Belgium, and is finishing his training as an actuary at VUB (Vrije Universiteit Brussel).

He was born on 7th February 1974 and has 2 children.



## Outline

In Belgium, the government decided to introduce a Bonus-Malus system for all workers' compensation insurers. This system will compensate those insured employers with few accidents whereas the badly scoring employers will have to pay an additional premium.

This new system creates an interesting forum for discussion: for example: will this make the workers' compensation insurance more expensive? Or what is the risk that accidents are not reported to the insurer?

## Workshop 2: Workshop 2: Reducing the cost to society – prevention & rehabilitation

Case study by Friedrich MEHRHOFF, *Hauptverband der gewerblichen Berufsgenossenschaften*, Germany

Dr. jur. Friedrich Mehrhoff has been the representative for all rehabilitation affairs at the German Federation of Insurers Against Work Accidents and Occupational Diseases for the past 15 years. Insurers, service providers and state authorities ask for his recommendations nationally and internationally.

In the last few years he has been focusing on the worldwide movement called Disability Management ([www.disability-manager.de](http://www.disability-manager.de)) as an investment on return for insurers.



## Outline

An engagement in programs concerning “return to work after injuries and diseases” promotes win-win-situations for insurers as well as for employees, employers and society. They all benefit from early interventions instead of paying for being dependent on long-term benefits. The credo of an insurance company is thus accepted by the disabled. The European goals of promoting employability for the elder population are also upheld by the worldwide movement of disability management.

The German Workers' Compensation Boards ([www.hvbg.de](http://www.hvbg.de)) are searching for strategic partners in case management close to the workplace, in qualifying disability managers ([www.disability-manager.de](http://www.disability-manager.de)) and in auditing employers and service providers ([www.iqpr.de](http://www.iqpr.de)). They are also promoting European collaboration through the International Forum on Disability Management in 2008 in Berlin ([www.ifdm2008.de](http://www.ifdm2008.de)).

## Workshop 2: Workshop 2: Reducing the cost to society – prevention & rehabilitation

Case study by Isabel MAYA, *Mutua Universal*, Spain

Isabel Maya Rubio is currently Director of the R+D Department in the Integrated Prevention Service of Mutua Universal. She graduated as a Chemical Engineer from the Chemical Institute of Sarrià (Barcelona).

She also works actively as an expert on the Advisory Committee on Safety, Hygiene and Health protection at work. Employment and Social Affairs DG, European Commission, a member of the Chemical and the the Health and Safety Working Groups of UNICE.

Isabel Maya is married and has two daughters. She lives in a village near Barcelona.



## Outline

This speaker will present the highly developed prevention services offered by Spanish workers' compensation mutuals and particularly those of Mutua Universal which has very advanced programmes.

## Closing Remarks

by Renaud ROSSEEL, Leader of AISAM's Workers' Compensation Taskforce

Renaud Rosseel is currently Commercial Director and Director for private individual and small/medium sized companies for Mensura having joined the company in 1988 as Manager Enterprises.

Before joining Mensura, he worked as an Engineer for WINTERTHUR in fire, theft, technical lines and workmen's compensation.

Renaud first trained as an Industrial Engineer before going on to complete his education with a vocational certificate in Fire Security (protection), a Licence in safety regulations and labour hygiene and a Post Graduate in Sales Management.

He is married with one daughter and lives near Brussels.





