Reduction of companies compulsory insurance premium following prevention support measures
A case of the National Employment Accident Insurance Institute

National Employment Accident Insurance Institute
Italy
Summary

This good practice regards an Italian experience in the reduction of the rate of compulsory insurance for employers adopting prevention measures, besides the system based on accident rate. Since 2000, companies that carry out activities aimed at improving health and safety are rewarded with a premium reduction paid to the National Employment Accident Insurance Institute (Istituto Nazionale per l’Assicurazione contro gli Infortuni sul Lavoro (INAIL)).

The rate reduction is granted as follows:

- 5 per cent for companies employing more than 500 workers;
- 10 per cent for other companies.

The companies have to fill a questionnaire in which they declare to be compliant with insurance contributions and with the compulsory provisions in the field of safety and health at work. Furthermore, it is necessary that they carried out a relevant preventive action included in the list of Section A of the application form (implementation of MS-OHS or CSR) or, alternatively, at least three measures among those listed in the remaining Sections (prevention and protection, equipment, medical surveillance, etc.), at least one of which relates to training.

The first statistical data show a decrease in the accident rate of those enterprises which applied for a premium reduction through prevention measures.

CRITERIA 1:

What was the issue/problem/challenge addressed by your good practice?

The costs of "lack of safety" in Italian workplaces, both direct and indirect (loss of lives, loss/interruption of production, increase in insurance premiums, damaged company image, etc.) are very high. The Italian SMEs do not invest a lot in safety and health also because, unfortunately, profit margins have been reduced by the current historical and financial scenario. In line with recent legislation, INAIL has been called on to strengthen its prevention function in terms of information and training, consultations, assistance and support to enterprises (mainly micro and SMEs), in full collaboration with other authorities and the social partners. The provisions of Legislative Decree 38/2000 were aimed at supporting the safety and health activities of INAIL, whether through incentives to improve company safety, the provision of information and training programmes or through offering companies variable premiums depending on their safety and health record. Legislative Decree 38/2000 amended the previous tariff system, introducing a distinction between four different funds: industry, crafts, service sector and "other activities". Each of these funds has its own tariffs and premium rates corresponding to the average national risk of the sector. These premium tariffs are organized according to a technical classification of work, divided into ten main groups. The insurance premium payable by employers is calculated on the basis of the average tariff corresponding to the classification of the type of work, which is reduced or increased depending on the accident trend and, since 2000, also on prevention measures taken.
CRITERIA 2:

What were the main objectives and the expected outcomes?

The main objective of the insurance premium reduction is to encourage companies to go beyond the mere compliance with legal provisions, by incorporating safety into the overall management framework and striving for continuous improvement of the environment and the organization of workplaces.

CRITERIA 3:

What is the innovative approach/strategy followed to achieve the objectives?

The reduction of the tariff premium for prevention support measures is a very important form of support because it is linked to the insurance system and because it innovates the traditional system of increase/reduction of the accident premium by introducing a criterion on "premium on the prevention investments" of each company. Leading companies towards the adoption of socially responsible behaviours means guaranteeing suitable working conditions, and increasing the wellbeing of workers by protecting their health and safety. In this respect, sector agreements, specifically signed with trade associations, turned out to be a strategic tool to help disseminate targeted information and thereby positively influence healthier and safer behaviour in the workplace.

CRITERIA 4:

Have the resources and inputs been used in an optimal way to implement the practice?

This initiative shows the role that an insurance institution involved in prevention activities can play to support businesses. It can put in place many resources at financial, technical, technological, management, organizational and IT level to enhance the effective implementation of the practice. INAIL experts define which prevention activities should be rewarded by premium reduction in order to promote effective safety and health measures. INAIL regional structures perform in addition technical evaluations of so-called self-certification statements made by companies, which are applying for a premium reduction. The technical department of INAIL in charge of these evaluations is CONTARP (Technical Advisory Department for Risk Assessment and Prevention), with its expert professionals in the field of hygiene and safety.
CRITERIA 5:

What impact/results have been achieved so far?

The positive impact include:

- a reduction of safety costs,
- a reduction of production costs,
- an improvement of the internal corporate climate,
- an increase in quality and productivity,
- enhanced company image and reputation,
- a rise in market competitiveness.

For example, by totalling the experience rate with safety and health measures, an enterprise with more than 500 employees can reach a premium reduction of about 40 per cent, while an enterprise with up to 100 employees can obtain a reduction of about 32 per cent. The first statistical data show a reduction in the accident rate of the enterprises who applied for a premium reduction due to the application of safety and health measures (mainly those who implemented a Management System of Occupational Health and Safety at Work).

CRITERIA 6:

What lessons have been learned from the introduction of this good practice?

It is crucial to provide more information about the advantages of this insurance/prevention tool. Particularly important are the agreements with industrial trade bodies to disseminate information. Agreements have been signed with the industrial trade bodies FEDERCHIMICA, ASIEP and ATECAP allowing companies to obtain a premium reduction for a positive safety and health behaviour as assessed by INAIL. Since the actions envisaged are carried out under the guidance and/or control of INAIL, they might reduce the need for on-site assessments of the truthfulness of the applications made by companies during the self-certification phase, and lead to higher participation in this initiative. The actions on which agreements are made are mostly linked to the implementation of the Systems for the Management of Health and Safety at Work, considered as tools to systematize the prevention efforts of companies with a view to a continuing improvement in safety levels and an increase in companies’ productivity and competitiveness. These "sector" agreements may pave the way for other forms of agreement, for instance with the so-called "industrial clusters": i.e. groups of companies in the same area belonging to a common productive sector.

CRITERIA 7:

To what extent would your good practice be appropriate for replication by other social security institutions?
Similar approaches could be implemented in other countries and social security institutions. The general approach is transferable. However, as laws, insurance systems and policies differ between countries, the practice can and should be modified or adapted to meet the needs and requirements of a specific organization.