

## Statutory Employer Liability Insurance

The history of this insurance dates back to 1992. The labor code imposes an obligation on companies to register for statutory employer liability insurance, and today it can be exclusively concluded with the Kooperativa insurance company. However, we can still encounter older insurances from Česká pojišťovna, which concern employers and their legal successors who were insured with ČP until 31.12.1992. An interesting fact is that there is no upper limit set for this insurance. The statutory employer liability insurance is specified in the decree of the Ministry of Finance no. 125/1993 Coll. „*The employer has the right for the insurance company to ... compensate for the damage caused to the employee due to a work accident or occupational disease, to the extent to which the employer is responsible according to the labor code.*“.

### ■ Who has to pay for this insurance?

Every company with at least one employee must pay for this insurance. This includes companies that conclude only contracts for work or contracts of work. The payment of this insurance does not apply to the performance of functions of members of the supervisory board, board of directors, partners, and statutory bodies of capital companies.

### ■ How much is the insurance?

This insurance is part of wages once a quarter, always in March, June, September, and December. Its calculation is based on the total assessment basis for social insurance of all employees who worked in that quarter. The insurance rate is given in ‰ (permille). Each company has a different rate depending on its predominant activity. Hence, a company involved in coal mining will have a higher rate than, for example, a company providing payroll consulting. The rates according to the CZ-NACE code list are available at:

<https://www.koop.cz/file/edee/dokumenty/formulare/formulare-k-zakonnemu-pojisteni-zamestnavatelu/prevodnik-OKEC-na-CZNACE.pdf>

Employers who employ only employees on contracts for work (and their remuneration does not exceed an assessment basis of 10,000 CZK) pay a

minimum quarterly insurance of 100 CZK. In such a case, it doesn't matter if they employ only one employee or several dozen on such contracts.

As this insurance is paid in advance, the first payment is always doubled. If a company terminates its activities, it doesn't pay anything in the last quarter.

#### ■ When is the insurance due?

Insurance for the I. quarter of each calendar year is due by 31.1., for the II. quarter by 30.4., for the III. quarter by 31.7., and for the IV. quarter by 31.10. of that year.

#### ■ Which documents are sent to the insurance company?

In case of a work accident or occupational disease, companies usually send the following documents:

- ❖ Accident record
- ❖ Insurance event report
- ❖ Compensation for loss of earnings during incapacity for work
- ❖ Medical assessment of pain rating

The insurance company may request additional documents based on the type and scope of the work accident. In the case of foreigners, additional documents are required.

The employer is obligated to report the work accident to the health insurance company within 5 days following the month in which the work accident occurred. It's always mandatory to record the accident in the work accident book.

#### ■ What can the insurance company reimburse to the employee?

In the event of an insurance payout, the employee is entitled to compensation for loss of earnings during incapacity for work, compensation for loss of earnings after the end of incapacity, compensation for pain and social integration difficulty, purposefully incurred costs associated with treatment, compensation for



material damage, and a one-time compensation for non-material harm in case of special injury to the employee's health.

In the event of the death of an employee in a work accident or as a result of it, the survivors are also entitled to insurance benefits.

■ **How can the insurance benefit be reimbursed to the employee?**

When paying out insurance benefits, the employee has two options. Firstly, the employee can have the payment sent directly to their account. Then they are obligated to submit a tax return for that year. At the beginning of the following year, the employee will receive a letter from the Kooperativa company with the amount they are required to adjust. The second option is to agree with their employer and have the payment sent to the company's account. The employee then receives the insurance payout along with the following wage. Tax is directly deducted from the compensation, so the employee doesn't need to submit a tax return for this payout.

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