

Policy on Work Accident, Occupational Disease Insurance in Vietnam



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ABSTRACT: During the process of production activities, there are factors or incidents that affect the health of workers, such as hazardous working environments, prolonged fixed working postures, accidents caused by machinery, etc., resulting in a decrease or even permanent loss of work ability. Accidents occurring during labor or illnesses arising from work conditions incur costs for medical treatment, functional recovery, purchase of assistive devices for daily living, costs of caregivers in case of disability or severe illness, reduction or loss of income due to the inability to perform previous works, or the need to find a new job suitable for the health condition. Economic and social development has impacted the occupational risks of workers and changed the protection needs of workers against these risks. Therefore, countries, including Vietnam, have promulgated policies for workers involved in work related accidents and occupational diseases, with the cornerstone being the social insurance regime for work related accidents and occupational diseases. This writing analyzes the achieved results and limitations of the policy for workers involved in work related accidents and occupational diseases in Vietnam, and proposes solutions to improve this policy.

KEYWORDS: work accident, occupational disease, insurance, policy, Vietnam

1. INTRODUCTION

Work related accidents and occupational diseases directly affect the health and lives of workers, causing partial or complete impairment of work capacity and even death. There are many subjective and objective causes resulting in work related accidents and occupational diseases, such as workers' safety awareness, cost-cutting for occupational safety and hygiene by employers, the emergence of new occupations with unforeseen risks of work related accidents and occupational diseases, which significantly impact the lives of workers and their families, and hinder the development of society. The International Labor Organization (ILO) estimates that there are about 340 million work accidents and 160 million victims of occupational diseases worldwide each year, including approximately 350,000 fatalities due to work accidents and 2 million deaths due to occupational diseases. The remaining individuals, though not fatal, suffer severe injuries and loss of work capacity. The overall damage caused by work related accidents and occupational diseases is enormous, accounting for about 4% of the global GDP. In Vietnam, according to the statistics from the Ministry of Labor, Invalids and Social Affairs, from 2018 to 2022, an average of 7,750 work accidents occurred each year, affecting 7,950 individuals, including 857 fatalities. The total number of days off due to work accidents was 141,089 days, resulting in over 3,600 billion VND in damages, not including economic losses due to work stoppages, job losses, retraining, and reduced labor productivity.

Although many preventive measures have been implemented, such as modernizing production technology, enhancing occupational safety measures, and providing occupational safety training, work related accidents and occupational diseases still occur. To provide financial support for workers to cope with the risks of work related accidents and occupational diseases, countries, including Vietnam, have implemented work accident and occupational disease insurance policies. The work related accident and occupational disease insurance policy not only provides allowance for workers who experience a reduction in their work capacity resulting in a decrease in income but also supports risk prevention and vocational training to help workers find suitable job.

2. OVERVIEW AND RESEARCH METHODOLOGY

2.1. Research Overview

One of the essential needs of human beings is the need for safety, including safety in terms of health and finance. To ensure this need for workers in the face of occupational hazards and illnesses, as well as for the workers themselves, employers, and social managers, various measures have been implemented, ranging from risk prevention and loss limitation to financial measures for

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contingencies. There have been numerous studies on work related accidents and occupational diseases, and insurance of work related accidents and occupational diseases. Some of these studies include:

International Labour Organization (ILO), 2022, *International Practices on Occupational Accident Insurance for Platform Workers*. The Covid-19 pandemic and the development of the digital economy have created opportunities and challenges for employment worldwide. Jobs related to the digital platform have rapidly developed, providing flexibility and autonomy to workers, but they also pose challenges to occupational safety and social security. In terms of occupational safety, these workers often cannot equip themselves with necessary tools or do not prioritize labor protection measures. In order to make a living, they may accept jobs with high risks of work related accidents and occupational diseases. In terms of social security, they may lack knowledge or face difficulties in accessing social welfare services or resources. To ensure income protection for workers against work related accidents and occupational diseases, the ILO has adopted conventions such as the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Injury Benefits Convention, 1964 (No. 121). Countries, whether they have ratified these conventions or not, apply and implement systems of occupational accident and disease insurance in accordance with the social security principles stated in these conventions. A new wave of reforms to expand the coverage of occupational accident and disease insurance for self-employed workers and digital platform workers is taking place worldwide. This study aims to assess and update the general principles of occupational accident and disease insurance and how these principles can be adjusted to protect workers in specific national contexts. It also proposes solutions to expand the coverage of occupational accident and disease insurance for workers in new forms of employment, particularly digital platform workers.

Geofrey Masisa and John R.P. Mwakyusa (2021) conducted a study on the factors influencing the satisfaction of employees/workers with occupational accident insurance programs in Tanzania. Insurance programs on occupational risk and accidents are one of the earliest forms of social insurance to appear worldwide and have received significant attention from many countries, to provide medical care, vocational rehabilitation, and welfare services to workers injured or suffering from work-related illnesses. The study focuses on evaluating the satisfaction of employees/workers with welfare packages, service delivery time, and compensation levels. The authors used a questionnaire to survey 380 beneficiaries of compensation funds from the Occupational Accident Compensation Fund for workers. The results showed a statistically significant positive relationship between service delivery time, compensation amount, and employee/worker satisfaction. The study also demonstrated the effectiveness of the fairness theory in understanding worker satisfaction and their perception when comparing the costs incurred with the benefits received. The study provides several recommendations to improve the effectiveness of occupational accident insurance programs and enhance employee/worker satisfaction.

Selver Kurtuldu et al. (2014) conducted an analysis of work related accidents and occupational diseases in Turkey in 2014. The industrial revolution has had a significant impact on the environment and working conditions, and alongside positive effects, there are also negative impacts, such as new and modern forms and conditions of work that pose potential risks of work related accidents and occupational diseases. Work related accidents and occupational diseases are important issues in production and business in Turkey. The study analyzed the factors influencing the level of work related accidents and occupational diseases, the trends of occurrence of these accidents and diseases in the future, and the responsibilities of the parties involved in protecting workers from work related accidents and occupational diseases. Based on the analysis, the study proposed measures to minimize work related accidents and occupational diseases, as well as to protect workers from those risks.

Mai Ly Ngoc (2020) conducted a study on the legal aspects of work related accident and occupational disease insurance in Vietnam. The thesis examined the social insurance regime for work related accidents and occupational diseases from a legal and practical perspective, evaluating the regime in terms of participant eligibility, entitlement conditions, benefit schemes, financial sources, procedures, and violation handling. Based on the findings, the study proposed solutions to improve the legal framework and enhance the effectiveness of implementing the law on work related accidents and occupational diseases, contributing to the improvement of state management effectiveness and ensuring social welfare.

2.2. Research Methodology

The writing utilized the following research methodologies:

- Logic-historical method, used to summarize theoretical literature on the work related accident and occupational disease insurance regime and its role for workers.
- Descriptive statistics method, used to analyze the current situation of the work related accident and occupational disease regime in Vietnam based on data from the Vietnam Social Insurance and the General Statistics Office.
- Analysis-synthesis method and normative research, used to synthesize and analyze empirical data to obtain results and identify limitations of the work related accident and occupational disease insurance regime, thereby providing recommendations for its improvement.

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3. WORK ACCIDENT AND OCCUPATIONAL DISEASE INSURANCE POLICY

3.1. Regarding the coverage of policy

The work related accident and occupational disease regime is a system that many countries are concerned about and implement. Even in the International Labor Organization (ILO) Convention No. 102 - the Convention concerning Minimum Standards in Social Security, 1952, it is stipulated that countries participating in the Convention must implement three out of nine regimes, including at least one out of the five regimes (the five regimes are: unemployment benefits, old age benefits, work accident benefits, occupational disease benefits, and death benefits).

In Vietnam, the work related accident and occupational disease regime is implemented in a mandatory form, with the participants being workers and employers. Workers include officials, civil servants, employees, and workers who work under labor contracts or contracts with a duration of one month or more. Employers include agencies, units, enterprises, organizations, individuals who hire or use labor. Due to such regulations, the proportion of workers protected by this regime is low, as can be seen from the following data table:

Table 1. Proportion of workers participating in the work related accident and occupational disease regime

Criteria	Year	Cal Unit	2018	2019	2020	2021	2022
1	Number of participating workers (*)	Thousand people	14,309	15,062	14,962	15,003	16,050
2	Number of workers receiving wages (**)	Thousand people	24,615	26,874	25,674	26,241	26,884
	Participation rate	%	58.1	56.0	58.3	57.2	59.7
3	Labor force in working age (***)	Million people	48.7	49.1	48.3	49.2	46.0
	Participation rate	%	29.4	30.7	31.0	30.5	34.9

Source: (*) Vietnam Social Security; (**), (***) General Statistics Office

During the 5-year research period from 2018 to 2022, the number of workers participating in the work related accident and occupational disease regime tended to increase over the years, although there was a slight decrease in 2020 due to the impact of the Covid-19 pandemic. This indicates an increase in the number of workers protected against the risks of work related accidents and occupational diseases. However, the participation rate of workers compared to the number of workers receiving wages, which approximates the number of workers who are required to participate, only reached around 60%. This shows that compliance with the legal regulations regarding the responsibility of employers and employees to participate in work related accidents and occupational diseases is not satisfactory. Since the work related accident and occupational disease regime in Vietnam requires contributions in order to be eligible for benefits, compliance with participation directly affects the receipt of benefits in the event of work related accident and occupational disease occurrence.

On the other hand, the limitation of the mandatory participation criteria for work related accidents and occupational diseases excludes many informal workers from being protected by the regime. The data on the participation rate compared to the labor force in working age reflects this, with only about 30% of the labor force in working age being protected by the work related accident and occupational disease regime. In other words, many workers are still not assured of stable livelihoods if they encounter risks during work. For those who have not participated in the work related accident and occupational disease regime, if they unfortunately experience work accidents or occupational diseases, they will not have alternative income or compensation to make up for the loss or reduction of income due to decreased work capacity, which will make their lives and families very tough.

3.2. Regarding risk prevention and reduction

One of the functions of insurance is to implement preventive measures and risk reduction for participants. This activity brings benefits not only to the insured individuals but also to the insurance organization, as no one wishes to experience risks, and the insurance organization can reduce compensation costs for workers. According to regulations, each year, the work related accidents and occupational diseases fund allocates a portion of its budget (up to 10% of revenue) to support preventive and risk-sharing activities, including occupational health examinations and occupational safety and hygiene training.

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Table 2. Percentage of funds allocated for preventive and risk-sharing activities for work related accidents and occupational diseases

Criteria	Year	Cal Unit	2018	2019	2020	2021	2022
1	Support for risk prevention, sharing	Billion dong	1	2	2	3	3.4
2	Total revenue	Billion dong	4,341	4,703	4,807	2,983	3,255
3	Proportion of expenditure on risk prevention, sharing	%	0.02	0.04	0.04	0.1	0.1

* The revenue in 2021 and 2022 was low due to the government's policy of waiving payments for businesses from July 2021 to June 2022 to support businesses affected by the Covid-19 pandemic

Source: Vietnam Social Insurance

Despite regulations on support for risk prevention and sharing with a maximum rate of 10% of total revenue, the actual amount of support for risk prevention and sharing is still low. As of December 31, 2020, there were 684.3 thousand active businesses and 15.3 thousand cooperatives, of which 40% were in the industrial-construction sector, where the risk of work related accidents and occupational diseases is high. On average, only 1.4 million VND per unit is allocated, making it difficult to implement effective preventive measures. The limited amount of funds is focused on safety training and occupational hygiene measures, so the effectiveness is not clear, and the number of work related accidents and occupational diseases continues to increase annually.

3.3. Regarding the level of compensation for work related accidents and occupational diseases

When workers suffer from work related accidents and occupational diseases, they may lose a part or all of their working capacity. As a result, their income from labor is reduced or lost, so workers need appropriate compensation to ensure their own and their family's livelihood.

After experiencing work related accidents and occupational diseases and stabilizing their disability or illness, workers are entitled to compensation based on the degree of their reduced work capacity: a one-time compensation if their work capacity is reduced by 5% to 30%, and monthly compensation if their work capacity is reduced by 31% to 100%. The level of compensation is calculated based on the degree of work capacity reduction and the contributions to the Fund. For those with mild work related accidents and occupational diseases, the employers have the responsibility to arrange suitable jobs, so they can continue to work in their positions. However, for those with severe cases, many people have to quit their jobs, and the compensation from work related accidents and occupational diseases becomes their main source of income. The monthly payment for work related accidents and occupational diseases is shown in the following table:

Table 3. Monthly payment for compensation of work related accidents and occupational diseases

Criteria	Year	Cal unit	2018	2019	2020	2021	2022
1	Total people	Person	43,967	46,364	49,432	52,389	55,823
2	Total amount	Billion dong	514	537	622	654	698
3	Average benefit	Million dong/person	11.69	11.97	12.33	12.48	12.5

Source: Vietnam Social Insurance

During the period from 2018 to 2022, the total monthly allowance payment gradually increased over the years. On average, each year spent 605 billion dong, and the average amount paid to beneficiaries increased from 11.69 million dong/year in 2018 to 12.5 million dong/year in 2022. Although the average benefit increased, the monthly amount received is still low, around 1 million dong/month in 2022, which is not enough to ensure the minimum living standard, not to mention the fact that workers still have to support their children.

3.4. Vocational training for workers with work related accidents and occupational diseases

One of the needs of workers after work related accidents and occupational diseases is to find suitable employment to generate income because they are still of working age and continue to be the economic pillar of their families. The law stipulates that employers have the right to arrange new jobs for workers who have had occupational accidents or diseases. If workers need

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vocational training for career transitions, they are eligible for support for tuition fees. The level of support is not more than 50% of the tuition fees and not more than fifteen times the basic salary. However, in the past 5 years, no workers have been supported under this category. The reason is that workers are only supported when employers arrange suitable jobs according to the workers' health conditions, but most workers with severe occupational accidents or diseases are not provided with suitable employment.

4. SOLUTIONS TO IMPROVE WORK RELATED ACCIDENTS AND OCCUPATIONAL DISEASES POLICIES

To make work related accidents and occupational diseases policies truly a support system for workers against the risks of work related accidents and occupational diseases and ensure safety for workers in the workplace, the following solutions should be implemented:

Firstly, expand the scope of policy protection

Expand the participation of work related accident and occupational disease regime to ensure the stability of the livelihoods of workers and their families against occupational risks, achieve social security goals, ensure fairness and equality among workers in various industries and economic regions, and also ensure a sustainable source of income for the work related accidents and occupational diseases fund. To achieve this, it is necessary to enhance information dissemination and raise awareness among workers and employers about their responsibility to participate in work related accident and occupational disease regimes. Furthermore, it is important to strengthen inspection and supervision to ensure compliance with the law. For those who are not currently required to participate, the coverage should gradually be expanded, such as workers employed under service contracts (shippers), agents, consultants, and non-formal workers...

Second, implement preventive measures to reduce risks

To reduce the risks of work related accidents and occupational diseases, measures can be taken to limit these risks, such as:

- **Investing in improving working conditions for businesses**

The work related accidents and occupational diseases fund should not only be a simple payment system for workers but also have a mechanism for reinvestment to improve working conditions and restore workers' health. The fund's expenditure should include activities for preventing risks as stipulated in the Occupational Safety and Health Law. Although the current expenses only cover training in occupational safety and health, there are various support methods to minimize work related accidents and occupational diseases for workers, such as providing support to improve working conditions for industries and units prone to work related accidents and occupational diseases.

- **Periodic occupational health examination organization**

Although there are regulations regarding the responsibility for regular health examinations for workers in units, especially in enterprises and production cooperatives with many workers working in hazardous environments, the number of enterprises implementing periodic health examinations for workers is still low, and many workers are not timely diagnosed with occupational diseases. The insurance organization needs to enhance support for enterprises to conduct occupational health examinations for workers, especially in production facilities with high risks of diseases, in order to detect and treat diseases early.

Thirdly, increase the benefits for recipients of work-related accidents and occupational diseases on a monthly basis

The monthly benefits for work-related accidents and occupational diseases are low, and moreover, workers who have suffered from severe work-related accidents or occupational diseases face difficulties in finding suitable employment, which affects the living standards of their families. Meanwhile, the difference between the annual income and expenses of the work-related accidents and occupational diseases fund is significant. According to the statistics of the Vietnam Social Insurance organization, the fund has a surplus of about 50-60 trillion VND each year, and the expenditure-to-income ratio of the fund is about 20%. Therefore, there are sufficient resources to increase the benefits for workers.

Fourthly, diversify the methods of vocational training support for workers who have suffered from work-related accidents and occupational diseases

Many workers who have suffered from work-related accidents or occupational diseases are still young and have the need to find employment to supplement their income in addition to the monthly benefits for work-related accidents and occupational diseases. According to regulations, the Work-related Accidents and Occupational Diseases Fund has a budget for supporting vocational training for workers. However, this support can only be provided when the employer arranges new employment for the worker, requiring vocational training for career transition. In cases where the employer does not arrange new employment for the worker, the worker does not receive this support. Instead of linking vocational training support to employment arrangement at the unit, direct support should be provided to the workers, with specified eligibility conditions and a limited level of support. The range of

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vocational training should also be expanded, and workers should be allowed to choose their desired profession and contribute their own funding for amounts exceeding the support provided.

5. CONCLUSION

The work related accident and occupational disease policies in Vietnam have met many needs of workers, ranging from preventing and mitigating risks to supporting vocational training for workers to find suitable employment after experiencing work accidents or occupational diseases. Along with changes in economic and social circumstances, this policy has been revised and supplemented multiple times with the aim of providing better benefits for workers and employers.

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