

Petrushka O.V.

*PhD. in Economics, Senior Lecturer
of Department of Finance named after S.I. Yuryi*

Shuliuk B.S.

*PhD. in Economics, Associate Professor
of Department of Finance named after S.I. Yuryi*

*Ternopil National Economic University
Ternopil, Ukraine*

INDUSTRIAL ACCIDENT INSURANCE ACCORDING TO V. BEVERIDGE MODEL: LESSONS FOR UKRAINE

The system of social insurance against accidents at work by V. Beveridge model is mandatory and is financed from the resources of the state budget and is not related to a specific employer whose enterprise has an insurance case. The main function of this system is the payment of temporary incapacity benefits and disability pensions due to injuries in the workplace.

For a more detailed study of this issue, consider the mechanism of functioning of this model of social insurance on the example of Great Britain.

The insurer's obligations in the UK social security system are entrusted to a state body – the Department of Labour and Pensions, which is directly subordinated to the relevant Ministry. The feature of this insurance system is that the insurer does not have the opportunity to make a profit, and the insured – the ability to replace the insurer and the transition to another entity of insurance. There is also no relationship between the size of employers' contributions and the level of injuries in the enterprise. The employer is required to insure its liability in private insurance companies licensed by the UK Government. The state reserves the right to carry out control over the solvency of such insurance companies in the financial market. Private insurance companies, at their

own discretion, set the amount of insurance premiums, as well as determine the mechanism for reimbursement of injured losses. When investing their insurance reserves in financial institutions in the stock market companies receive income (within 10%) [1]. And the longer the financial resources received in the form of insurance premiums are at the disposal of the insurer, the greater is the income of the company. In this case, the insurer is interested in reducing insurance cases and, accordingly, may refuse to insure an employer who does not invest resources in improving working conditions.

In case of an accident, the employee is paid one-time compensation in cash for lost benefits. If there is a controversial situation, then the victim is obliged to prove to the insurer that the harm done to him during the production process took place due to the employer's fault in connection with failure to comply with the last appropriate conditions of work. For Great Britain, there is a large number of litigations concerning the recognition of the employer's fault. This, in turn, creates additional costs that can reach up to 50% of the amount of compensation payments. The distinctive feature of the Beveridge model is that it lacks the limits of employer liability. Along with the possibility of obtaining compensation for damage caused by the national system of social insurance, the victim has the right to sue the employer in order to receive remuneration for damage to his health as a result of a professional illness or injury. Therefore, recently British employers use reinsurance contracts with private companies in their practice in order to reduce the risk of payment of insurance indemnities.

So, summing up the peculiarities of social insurance against occupational risks at work in the UK, we distinguish the characteristic features of the Beveridge model (Fig. 1).

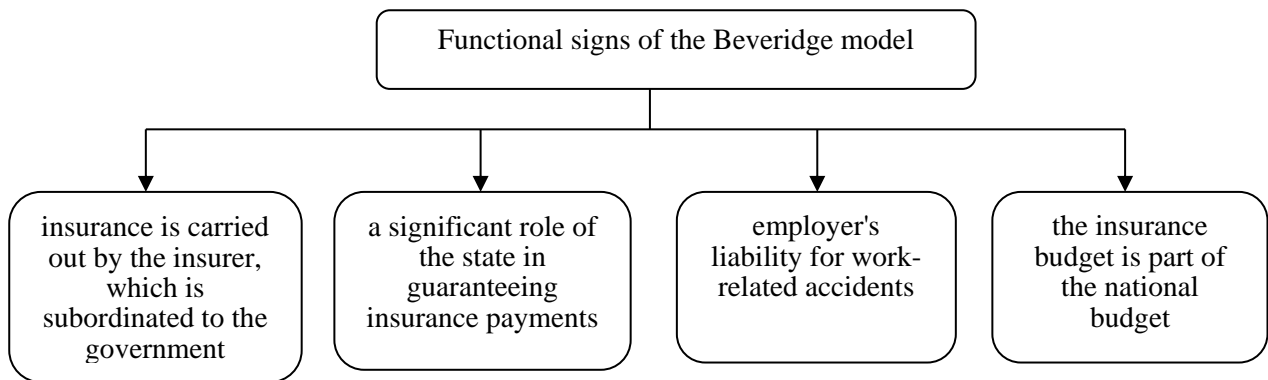


Fig. 1. Features of the V. Beveridge model of social insurance against accidents at work

Source: prepared by the author on the basis of [2; 3, p. 215; 4]

In the framework of the improvement of the Ukrainian system of social insurance against accidents at work and occupational diseases, taking into account the positive experience of foreign states, it is necessary to harmonize the legal framework for the functioning of social insurance funds and adapt it to world standards. If we talk about the future, in our opinion, the budget-insurance system of social insurance of occupational risks can be the ideal model for Ukraine, which will lead not only to the growth of a strong and healthy nation, but will also contribute to the sustainable development of a market economy.

References:

1. Clarke M. Report by the Government Actuary on: The draft Social Security Benefits Up-rating Order 2016. URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/54111/attachment_GA_UpRating_Report_2016_Accessible.pdf.
2. Biltsan A. Models of social defence of population in the world. URL: <http://bsfa.edu.ua/files/biljzan.pdf>.
3. Hupalo O.H., Zhuk O.B. Comparative analysis of models of social politics of the state / Hupalo O., Zhuk O. // Scientific announcer NLTU Ukraine. 2015. № 25.4. S. 211-218.
4. Shevchenko L.A., Turynova T.Y. Foreign experience of social security from industrial accidents and professional diseases URL: <https://cyberleninka.ru/article/v/zarubezhnyy-opyt-sotsialnogo-strahovaniya-ot-neschastnyh-sluchaev-na-proizvodstve-i-professionalnyh-zabolevaniy>.