

Economic incentives to improve occupational safety and health

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Project organisation

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European Strategy 2007-2012
Reduce accidents by 25 %

European Agency Project
on economic incentives

Network of
economic
incentives
organisations

Topic Centre –
Consortium of
European OSH
institutes



First phase

➤ Products (2008-2010)

- Economic incentives report
- Fact Sheet
- New Single Entry Point (SEP)
- 2 articles in scientific journal (Scandinavian Journal for Work, Environment & Health)
- Promotion: September 2010 (IOHA Rome)

➤ Products (2010-2012)

- Report on preventive solutions
- OSH in the supply-chain, private and public procurement, recognition schemes

Premium discount model - Finland

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- **Farmers employment accident insurance (MATA) for self-employed farmers**
- **Each claim free year:**
 - premium reduction: 10%
 - every consecutive year: +10%
 - max of 50% for 5 consecutive years
- **Each compensated accident:**
 - 10% loss of discount
 - Upper limit



Decrease in overall injury rate: 10.2%

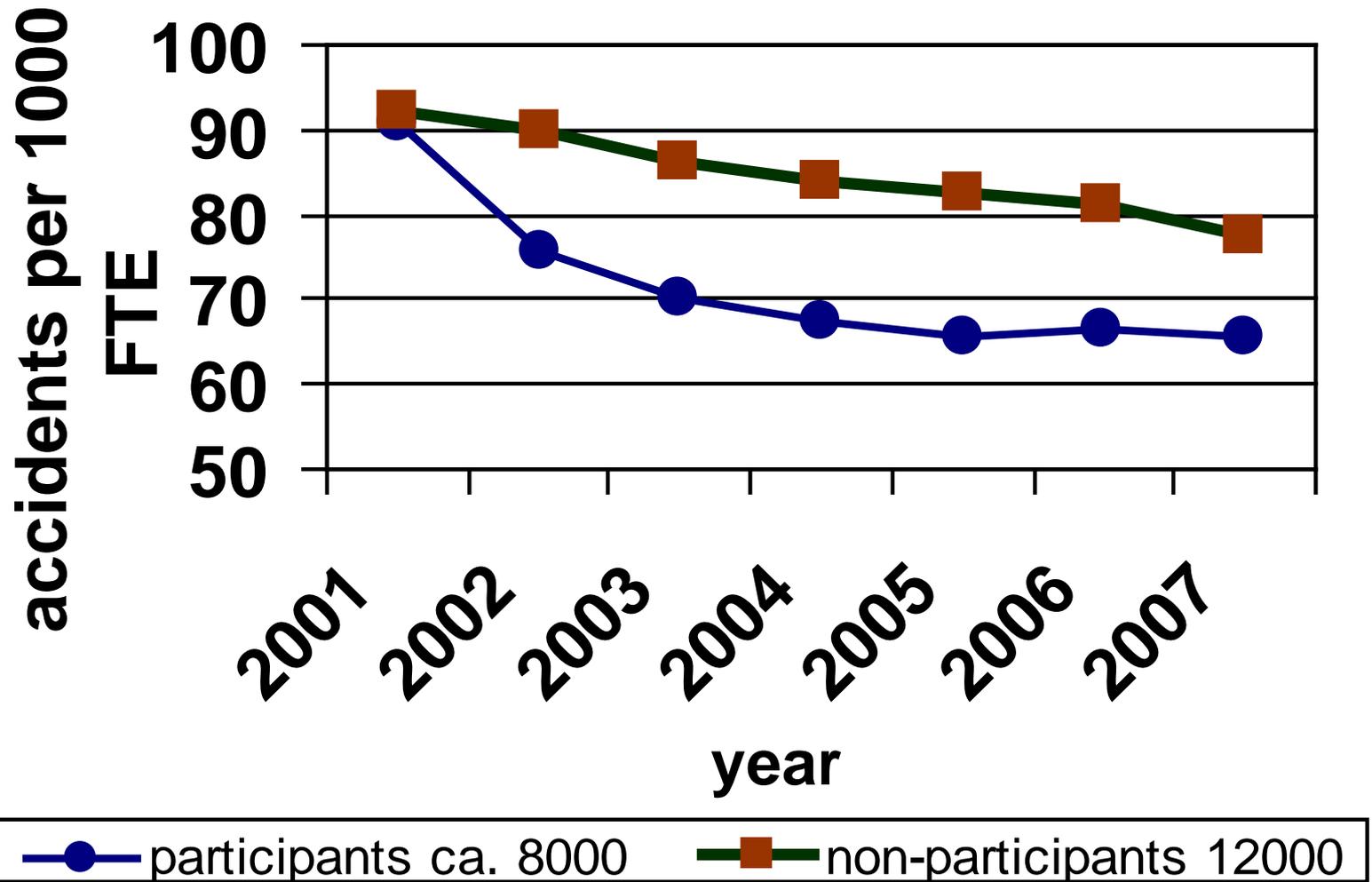
Incentive model in German butchery sector

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Preventive approach	Tangible measures	Bonus Points (can reduce premium by 5%)
Technical measures	Use special safety knives	8 points
Organisational measures	Road safety training for drivers	8 points
Individual measures	Use skin protection agents	6 points

Incentive model in German butchery sector

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- **Butchery sector incentive scheme leads to ca. 1000 accidents less/year**
- **Costs for incentives € 8.32 Mio Euro (6 years, 2002-2007)**
- **HSE estimates 6670 € costs for each reportable accident**
- **Business case**
 - 6000 accidents X 6.670 € = 40.02 Mio €

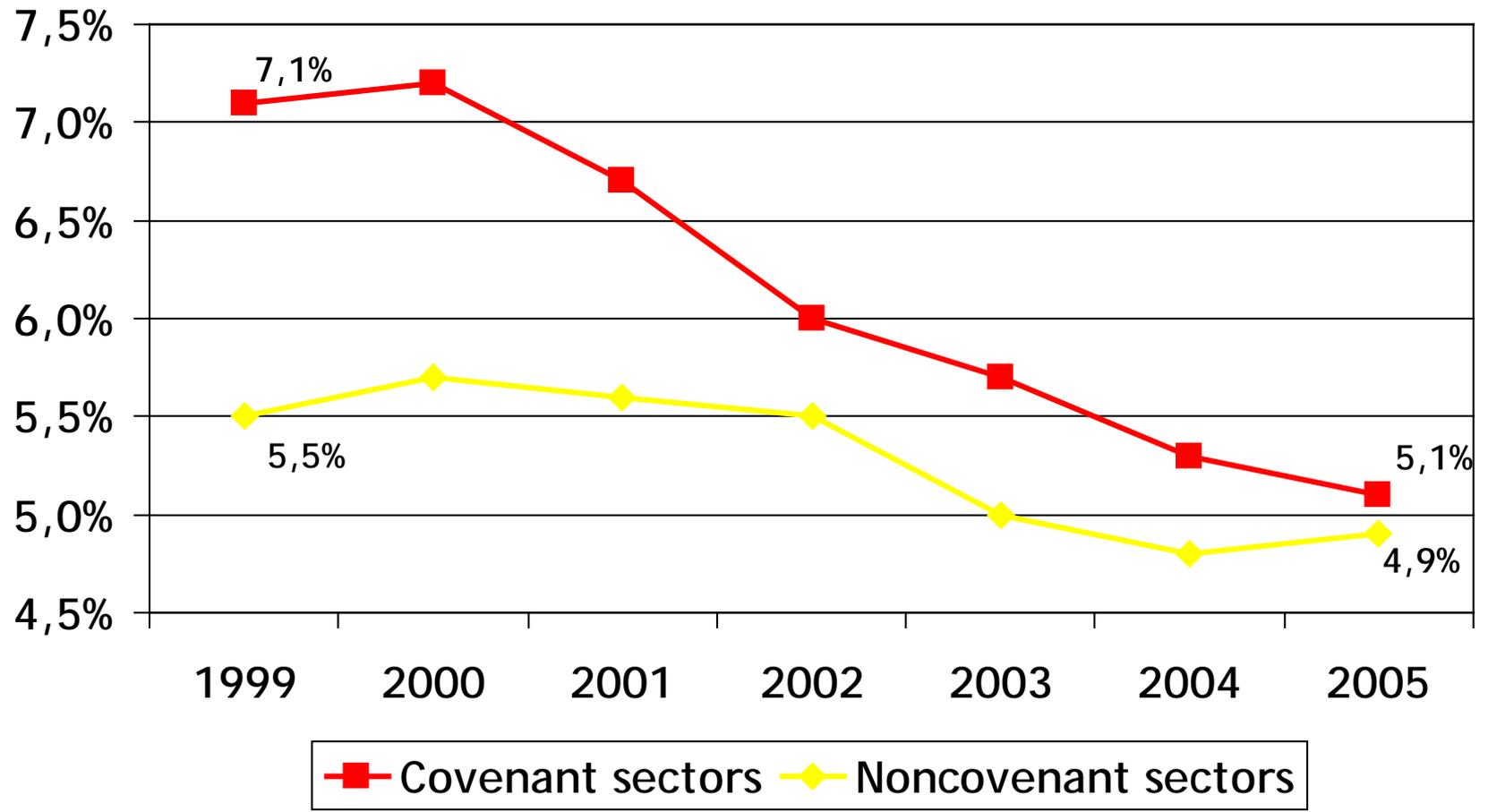


4.81 € savings for every 1 € invested

Development of sickness absence rates, 1999-2005

Evaluation of Dutch Covenant Program

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Costs and benefits of Dutch Covenants

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Costs of covenants:

- € 303 million
 - 55% from sectors
 - 45% from the Ministry
- = € 10-30 per worker per year

Benefits:

- Co-financing attracted extra funds from sectors
- Added value of extra drop in sickness absence: 2.7 billion euro
- If 1/3 attributed to covenants: payout-ratio 3:1

- **Uncertainty avoidance:** The extent to which a society, organisation or group relies on social norms, rules, and procedures to alleviate unpredictability of future events.
- **Future orientation:** The extent to which individuals engage in future-oriented behaviours such as delaying gratification, planning and investing in the future.
- **Power distance:** The degree to which members of a collective expect power to be distributed equally.
- **Gender egalitarianism:** The degree to which a collective minimises gender inequality.

Dimensions of cultural differences

(1 = low, 7 = high, GLOBE study 2004)

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Cultural dimensions	Germanic	Eastern	Anglo	Latin	Nordic
Uncertainty Avoidance	5,12	3,56	4,42	4,18	5,19
Future Orientation	4,4	3,37	4,08	3,68	4,36
Power Distance	3,47	4,22	4,23	3,86	3,63
Gender Egalitarianism	3,14	3,84	3,4	3,36	3,71

- **Transferability:**
Regarding the basic criteria there are not very many differences in Europe.
- **Following incentives are possible everywhere:**
 - Experience rating (private or public insurance)
 - Subsidies (Insurance or governmental)
 - Tax incentives (rarely used)
- **Problem: effort-based incentives in private markets, possible solutions:**
 - Long-term contracts
 - Prevention funds (e.g. Finland)

How to get from output to impact – work of expert group

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- **December 2007: Scoping meeting**
- **February 2009: Discussion of first drafts**
- **November 2009: With ECOSH, Agency CLEV**
- **May 2010: With INAIL in Rome**
- **November 2010: With BE-Presidency in Brussels**

- **Economic Incentives Practicalities:**
 - Translation of butchery incentives questionnaire
 - MunichRe Insurance has talked with clients about economic incentives
 - Develop a sector independent incentive scheme for SMEs
 - Development of new incentives scheme by INAIL (Italy)
- **Evaluation of Incentive Schemes**
 - Develop a template with standard evaluation criteria on incentives
 - Apply standard template to current schemes in cooperation with insurers
- **Create awareness at national level**
 - Cooperation with EU presidencies, Czech Republic, Sweden, Belgium (November 2010)
 - Conferences in Italy, Cyprus, Bulgaria, UK, Germany

- **Identify those preventions activities, which are worth while to be rewarded:**
 - They should be easy to measure and to control, in order to keep administrative costs to a minimum.
 - They should reflect the major risks of a sector, which cause the greatest economic damage.
 - The prevention activities should be evidence based, i.e. it should be proven, that this prevention activity will have a measurable impact in improving OSH. Such activities could be the following:
 - Training (What kind of training is efficient?)
 - Sector specific activities
 - OSH management system certification
 - Investment in machinery and equipment
 - Provide a framework for the evaluation of future-oriented incentive schemes should be developed, using evidence-based criteria.

2010: Prevention checklists for selected sectors

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- **Based on the results of the report on evidence-based prevention activities, sectoral checklists should be developed e.g. for:**
 - Construction
 - HORECA
 - Health care
- **Target audience: Intermediary organisations such as insurers, social partners, trade organisations.**
- **Possible use: Incentives schemes, certification schemes, promotion of preventive solutions for 2012-13 campaign**

2011: A report on OSH in the supply-chain

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- **A report on OSH in the supply-chain: private and public procurement**
- **Managing the supply-chain in a responsible way is an essential part of effective leadership**
- **Review recent developments in member states policies regarding OSH in procurement and recognitions schemes**
- **Review recent research about the effectiveness of procurement and recognitions schemes**
- **Take into consideration reports which were already published by the Agency, including ESENER survey**
- **Develop a theoretical framework how procurement and recognitions schemes could work together with other economic incentives and OSH regulation.**

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**Thank you very much
for your attention!**

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