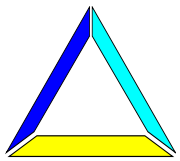
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Reforming the work accident insurance in Ukraine: Introducing economic incentives and private sector competition

Executive Summary

Notwithstanding the recent progress, the system of work accident insurance in Ukraine remains inefficient, especially with regard to promoting work safety. The risk classification of sectors is politically determined. Hence, firms have no incentive to invest in work safety as their respective premium will remain unchanged. Moreover, the supervision and enforcement of work safety is spread across numerous administrative bodies while the relevant legislation is cluttered and lacks coherence. Finally, we argue that the current system of financing the state work accident insurance is not sustainable in the long run. Accordingly, we urge policy makers to reform the system by changing the publicly operated insurance into a private compulsory work accident insurance. This would provide proper incentives and improve the efficiency of insurance.

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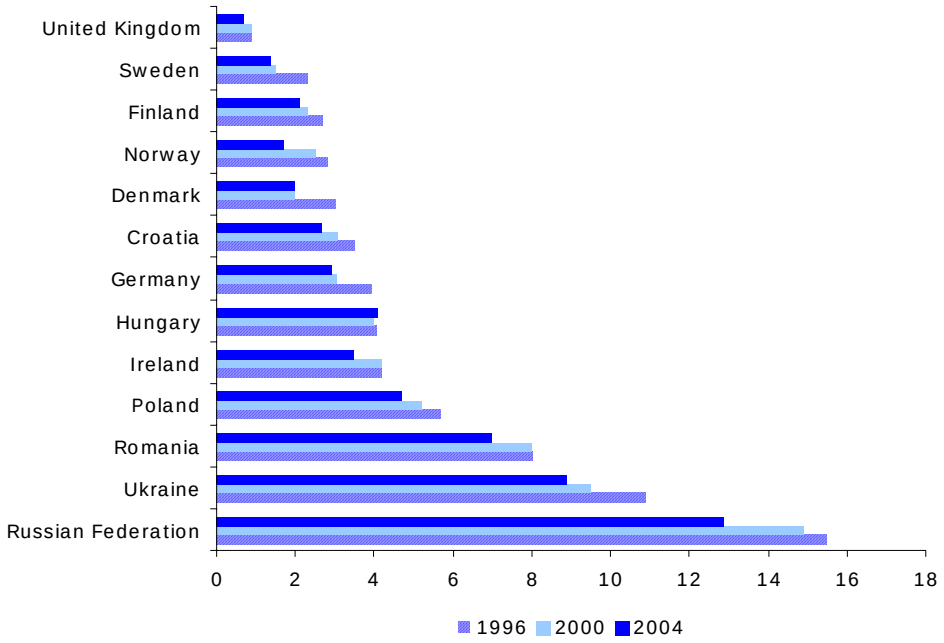
1. Introduction

Most forms of work have their dangers and risks. The insurance against injuries at the work place is one of the most common and oldest types of social security insurance, serving the following purposes. First, securing the injured employees (and others like members of their families) from income losses (insurance function). Second, freeing employers and fellow workers from consequences of own actual faults (liability function)[1]. Finally, promoting safer working conditions (prevention of work accidents function).

Apart from the appalling individual tragedies, work accidents also impose costs to the economy with losses in production and human capital, and high medical and social expenses. Therefore, an efficient system of protection from work-related injuries and diseases is a necessity for both, social peace and economic stability.

In 2001 Ukraine introduced a mandatory work accident insurance (WAI) as a part of the general social insurance system. Today Ukrainian policy makers regard the work accidence insurance as a substantial improvement to the previous situation (see Graph 1 below).

Picture 1
Ratio of fatal work accidents (per 100.000 employees)[2]



Source: the International Labour Organisation (ILO).

However, despite some recent moderate reductions and the introduction of the work accident insurance the total number of work accidents in Ukraine in international comparison remains high, with especially high fatality rates. One of the reasons for the still rather high accident rates (in 2004 twice the level of Poland) is the incentive structure of the mandatory work accident insurance.

In the rest of the paper we provide an economic assessment of the current work accident insurance system in Ukraine[3] with a special focus on its incentives structure, government

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1 Some work accident insurance systems (e.g. Germany) provide also special health rehabilitation services, while in most economies this is covered by the health system. The health insurance aspect will not be discussed further in this paper.

2 Note that the definition of a “work accident” varies considerably across countries. While in Ukraine only accidents and injuries actually happening at the working place are counted, in other countries like in Germany, Italy, and Austria the definition is much broader and includes, for example, accidents on the way to or from the working place. Commuting accidents in Germany account for 15% of all work accidents and 24% of severe injuries.

supervision and enforcement mechanisms. We briefly discuss the present financing of the work accident insurance system. We show that notwithstanding some positive trends in reduction of numbers of fatal accidents the system remains wrongly designed and risks financial insolvency in the long run. We conclude the work accident insurance system in Ukraine needs reforms and a transition towards private work accident insurance. We propose a time framework and a sequencing of reforms.

2. Work Accident Insurance in Ukraine

2.1. The State Work Accident Insurance Fund

In 2001 Ukraine introduced the compulsory work accident insurance (WAI), which is administered and implemented by the State Work Accident Insurance Fund (SWAIF). The insurance covers payments related to working accidents, occupational diseases and prophylactic measures at the enterprise level (mainly capacity building). The payments are conducted only if an accident and injury happened at the working place.

Expenditures of the Fund for 2006 were planned at around 0.5% of GDP. As of January 2006 the number of recipients of insurance benefits totaled to 317,900 claimants (incl. family members). In 2006 around 82.3% of expenditures were planned to be directed to the reimbursement for losses caused by injury to worker's health or death.

Such reimbursements include:

- Temporary disability benefits payable until the employee recovers or is recognized as disabled;
- Lump sum benefits in the case of loss of ability to work or the death of the employee;
- Monthly benefits in the case of full or partial loss of ability to work to compensate for a certain part of lost earnings;
- Disability pension benefits on account of working accident or occupational disease;
- Survivor's pension benefits on account of industrial accident or occupational disease;
- Compensation of moral damage to the victim;
- Benefits to an invalid child who was born an invalid because of industrial trauma and occupational disease during his/her mother's pregnancy.

Insurance benefits are paid either as lump sum or regressively during specified time periods. The size of benefits is related to the wage level of the employee that he/she was receiving before the working accident. Individuals disabled by working accidents and unable to return to the previous working place are entitled to re-qualification measures or pension payments paid by the Pension Fund at the expense of transfer from the SWAIF.

Most of reimbursement payments are paid in oblasts with significant mining industries: Donetsk – 40.3%, Luhansk – 17.7%, Dnipropetrovsk – 14.4%, and Lviv – 5.5%.

Although the number of working accidents declined somewhat over last years, the number of people receiving benefits is increasing as many people are entitled to long-term payments (e.g. disabled or survivors' pensions). As a result, the total of benefits paid from the SWAIF is continuously increasing and the long run liabilities of the Fund accumulate.[4]

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[3] This paper concerns the insurance of *work accidents* only. The issue of *occupational diseases* will be dealt within a separate paper. This is done for the reason that the occupational diseases in Ukraine are specifically classified and regulated, and therefore the similar analysis shall be separately conducted.

[4] The amount of benefits paid could be even higher, as anecdotic evidence suggests that only for a small number of actual work accidents claims are filed against the SWAIF.

2.2. Supervision and enforcement of work safety in Ukraine

At present work safety in Ukraine is enforced by several agencies with sometimes competing authorities. According to legislation, the main responsibility for inspecting the work safety rests upon the State Committee on Labor Protection. At the same time, the SWAIF is responsible for the promotion of the working safety. In 2006 2.4% of the Fund's budget was foreseen for preventive measures. This amount is significantly higher than in the previous years but still remains low. This does not allow the Fund to execute this task efficiently, though it is defined to be a priority. In 2005, 516 insurance experts were responsible for fulfilling preventive measures, a number to small for significant and systematic coverage of Ukrainian companies.

The work safety initiatives of the SWAIF include:

- Developing and implementing national and industrial programs to improve safety, working conditions, and work environments;
- Training and improving skills of labor safety officers;
- Organizing the design and production of individual safety items to be used by employees;
- Conducting research on labor protection and labor medicine;
- Promoting safe and harmless working conditions through preparing radio and TV programs on labor safety and publishing and disseminating information;
- Providing grants to enterprises to solve critical labor safety problems.

Still, in its actual work the SWAIF serves mainly as a payment processing institution compensating the victims of work accidents. An investigation of activities of Fund's experts revealed that the fund was mainly concerned with filing claims on behalf of the injured, establishing causal links and making decisions on financial compensations.[5]

In addition to the SWAIF, the work safety is also within domains of the Work Safety Inspection Commission (subordinated to the Ministry of Emergency), the State Health Inspection (subordinated to Ministry of Health), the State Fire Inspection, the Work Safety Office of the Labor Unions and several others. Besides, several (sector specific) institutions are entrusted with conducting analyses of work places. So, a large number of state agencies are issuing regulations and are conducting inspections. This promotes irresponsibility and lack of coherence in the state activities toward work safety.

At the firm level the responsibility for work safety rests upon the position of the work safety engineer. The work safety engineer has often limited insight into investment and management decisions. Because the role of the safety engineer is to request from the management the elimination of existing deficiencies, work safety issues are (not always) considered upon investment. In case of a conflict the work safety engineer as an employee is in a weaker position vis-à-vis the management. So, at the end of the day the company management just formally complies with the technical safety regulations. In case of an accident the company's easiest option is to solve the issues directly with the respective authorities.

The current work safety legislation in Ukraine lacks at all the coherence and clarity. The legislative body is focusing mostly on detailed technical documents, which are usually out of interest of firms' management. There are no economic incentives for companies to invest into safer work places, while the administrative supervision and enforcement both are ineffective and rather haphazardly applied. Anecdotic evidence suggests that the given situation creates rather disincentives for improving work safety as the confusing rules are easier to be ignored than to be obeyed, and in case of detection a negotiable service fee (plainly corruption) is paid to the inspecting authority.

2.3. Current incentive structure regarding the work safety

Besides the inefficient supervision other problems exist within the system of WAI in Ukraine. They are the following:

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[5] Volker Didier (2006): Ukraine: Unfallversicherung macht Fortschritte, in: Kompass, 7/8, p. 17.

1) Lack of linkage between contribution rates and sector risk profiles.

The risk classification of sectors used for determining the contribution rates to the SWAIF is in some cases politically determined and is not necessarily related to the actual occurring of work accidents within an industry. For example, employers in agriculture, which records among sectors with the highest work accident rates, are charged lower work accident contributions than "white collar" office employees, who face one of the lowest work accident risks (see Table A1 in the Appendix for the current classification of sectors by risk levels). Legislation establishes the actual agriculture insurance rate at 0.2%, exempting agriculture from the previously set tariff of 1,29% (see Table A2 in the Appendix for the list of some privileged industries to compare the premium rates difference). A privilege of a 35% reduction in the contribution rate is granted to some but not all industries grouped in class 59 (strip-mining of ores of ferrous metals, mining and enrichment of non-metallic raw material for ferrous metallurgy). Such political determined exemptions lead economically to a redistribution of risks from higher risk sectors to lower risk sectors distorting the incentives of companies that operate in the higher risk sectors to invest in prevention of work accidents.

2) No firm-specific adjustments of insurance premiums.

At present, all firms within a classified sector are charged the same contribution rates, without taking the past work safety records of a firm into account. In reality, however, the actual risk profiles of different companies within a sector or its branch can differ considerably, depending inter alia on firm-specific investments to improve work safety. The problem with the current insurance scheme is that in the absence of any link between contribution and firm-specific risks, contributions to work accident insurance funds are (un)avoidable costs, which can be reduced only by underreporting and shadow payment of wages. Hence, managers have no incentive to invest in work safety. Unfortunately, the mechanism for possible reductions/ increases of a firm contribution rates according to the firms work safety records, as already foreseen in the Law on the WAI, has remained terminated thus far.

The corresponding transfer of risks from higher-risk firms to lower risk firms creates moral hazard problems when companies with high accident rates are not interested in improving the situation and rather benefit at the expense of other companies' contributions. Under such a system, firms invest less into safer working conditions than they otherwise would, because besides production losses all other losses from accidents are covered and this takes place mostly at the expense of contributions of other companies. To conclude, the present so called principles of "solidarity" lead to irresponsibility by the firms' management and create disincentives to maintain the appropriate working safety standards. That causes high records of injuries and deaths at the work place in Ukraine in comparison to the indicators of the developed countries where the relevant incentive structure is forced by the market and leads to self-controlling and responsible firm behavior.

2.4. Financing of the SWAIF

At present the work accident insurance is organized as a pay-as-you-go (PAYG) system and the contributions to the state fund are collected from employers. Small entrepreneurs working under the simplified taxation scheme are not contributing to the SWAIF and do not receive benefits from it either. Agricultural employees contribute at reduced rates under the fixed agricultural tax regime (FAT)[6].

The contribution rates vary according to administratively defined occupational risk classifications of economic sectors and branches. At present 67 classes of occupational risk are used. The contribution rates vary from 0.86% of the gross wage for the 1st class to 13.85% for the 67th.[7]

At the end of a certain period (year) the expenses of the work accident insurance fund - including the burden from claims payments - are calculated and the insurance contributions are adjusted accordingly. It is thus the insured persons of the future that bear the claims burden of the current generation of insured, what is often related as an *intergenerational*

[6] During practical trainings (internship) students and pupils are insured as well.

[7] The highest tariff of 13.85% for the 67th class is applied for underground coal mining.

solidarity. However, demographic decline in Ukraine will significantly affect the contribution base. The group of working age Ukrainians aged 20-64 will decline by around 20% from 28,4 m in 2005 to around 22,9 m in 2025[8]. Accordingly, assuming constant real value of aggregate annual claims, average contributions will have to increase by 25%[9] by 2025. At the same time, the group of individuals receiving benefits from the SWAIF under long run liabilities schemes will increase, making the balancing for SWAIF increasingly difficult.

In conclusion, the contributions to the present PAYG work accident insurance system are attached to a shrinking contribution base, while benefits are likely to increase. This undermines the long run sustainability of the SWAIF, urging for reforms and readjustments.

3. A reform proposal for work accident insurance

In Ukraine's past, there might have been some arguments that justified state action for providing a work accident insurance. Until today, the SWAIF is the only collector of insurance premiums and payee of insurance benefits. It has the authority to estimate the amount of benefits to be paid and does not face competition from the market on relevant issues. However, we argue that times are changing and Ukrainian policy makers should seriously consider the reform of the work accident insurance toward opening the system to the market forces. Inviting private insurance companies to the WAI system will introduce the proper incentives and ensure sustainable financing.

The main arguments for reform are that the present work accident insurance will get under increasing pressure from the financing side, while work safety remains an issue of a rather declarative nature with high levels of accidents and hence claims. If reform are delayed then the increasing number of claimants and decreasing number of payees will make future reforms more costly and difficult.

The insurance market, as a part of overall financial market in Ukraine, is developing fast and has seen rapidly increasing FDI in the recent past[10]. Ukraine's accession to the WTO will further open up the insurance sector. As a result, competition within the sector will increase; this will reduce its costs and improve the efficiency. Besides, the state supervision of insurance markets in Ukraine has improved considerably.

Taking all this into account, we believe that private insurance market will be able to handle working accidents insurance, which will further develop and enlarge the Ukrainian insurance market. Therefore, **from a given year** (let's say 2010) **companies should be given an option to bypass the SWAIF and to buy working accidents insurance at private companies**. This option will allow the market of private work accident insurance to develop and insurance companies will gain experience.

The insurance companies that want to provide work accident insurance coverage must obtain a license. The Commission of Regulating Markets of Financial Services shall create a registry of such authorized agents. The registry shall be publicly available. Each authorized agent shall present its basic contract to the Commission; the contract is to be checked with respect to its correspondence to the contracting rules that, in their turn, should be clearly stipulated by the law.

The goal of the reform should be that in the future, only private working insurance should remain in business, whereas the SWAIF should delegate its functions to the market and its existence will become unnecessary.

A transition from the state to the market accident insurance system should be carefully planed and clearly announced.

For some period of time firms should face both private and state insurance options. During this period private insurance companies will gain experience.

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8 Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2004 Revision and World Urbanization Prospects: The 2003 Revision, http://esa.un.org/unpp, medium variant.

9 25% = 1 / (1-20%)

10 For details on FDI in insurance see Concord Capital Analyst's Notebook, August 21st, 2006.

The state should be ready to continue providing insurance cover for high risk industries, because private insurances companies will start to develop the market by cream skimming, i.e. they start offering low insurances to companies in sectors with higher contributions at the current system and rather low risks. It is not very likely that they will go into high-risk businesses (coal mining) right away. But it should be made clear that the state insurance is temporarily limited so that firms have an incentive to look for future private solutions, i.e. to improve work safety during the grace period by specific investments and benefit from lower rates for a private insurance once the grace period is over. The state should stimulate this development by reinstalling the mechanism for possible reductions/ increases of a firm contribution rates according to the firms work safety records, as already foreseen in the Law on the WAI. However, it should be clear, that the transition period will require additional budget contributions for a given time.

After a period of say 3-5 years the government and the supervising agencies should conduct a careful assessment of the private work accident insurance. In case of a below the expectations development of private work insurance the transition period with the two insurance options could be prolonged and reassessed later again.

In case of a positive assessment that the private insurance services developed strong enough to take the whole burden of work accident insurance the insurance option with the SWAIF should be cancelled. From that point further the SWAIF should stop collecting insurance premiums and should not pay out any new benefits, but should deal only with the remaining long-term obligations and payments.

The private WAI should be regulated as employers' liability insurance, which is designed to offer specific protection against third party claims, i.e. benefit payments are not typically made to the insured (the employer), but rather to someone suffering losses (a worker), who is not a party of the insurance contract between employer and insurance agency. In the case of working accident insurance, the employer is responsible for employees' health and safety while they are at work. If they are injured as a result of an accident at work, or become ill as a result of their work, and if they believe that their employers are responsible, they may seek compensation from the employers. In order to be able to pay compensation, employers must take out an insurance policy. Employers' liability insurance will provide compensation for injuries or illness caused at working place.

The rating system of sectors, enterprises and occupations should be reviewed accordingly to the actual risk exposure, not to the politically comfortable schemes. Under conditions of competition insurance companies will implement own rating systems.

The wage level should no longer be the base **for work accident insurance contributions but the actual risk profile and the past experience with work accidents.** The legislator should define minimum insurance coverage. For instance, in the UK the regulatory act sets that the coverage should be at least 5 m pounds[11]. The techniques of premiums estimation might vary between sectors and even companies. In the agriculture, for example, the insurance premium might depend on a number of hectares in use or a number of tractors and other machines owned by a farm. We recommend that while the specific regulation (a law) should stipulate minimum coverage rules in Ukraine, risk estimation and classification should be determined by market forces. Otherwise this type of insurance will be not provided by private insurance companies.

The recommended premium adjustments will make the companies' management to care about work safety. The irresponsible attitude toward work safety will rather be punished by the market in form of higher insurance premiums charged from the company, which ignores the work safety rather than by financial penalties imposed by state inspecting authorities.

Within the private WAI system the role which is played by the state will be cardinally changed.

1) The state function to "check" will be to control and enforce insurance coverage, instead of issuing detailed technical regulation.

[11] In the UK there are some exemptions from the list of employers obliged to have the employers' liability insurance.

2) A work accident insurance Ombudsman should be a mediator between employer, injured worker and insurance company[12].

Moreover, the private work accident insurance system will be less prone to corruption. In addition to all that, within the new incentive structure and market insurance system the position of a safety engineer will be strengthened. It will become of interest of the firm management to pay attention to recommendations of a safety engineer and to invest in work safety in order to prevent accidents and avoid higher premiums.

An administrative reform should be conducted to clarify the state functions with regard to regulation and inspection of working standards. Performance of **relevant functions should be streamlined**. Ukraine needs to introduce a new legislation, which would conceptually clarify and regulate the work accident insurance.

To ensure efficiency of the private work accident insurance, the Commission of Regulating Markets of Financial Services should create specific regulation of private working accidents insurance. The regulation should concern such issues as improved data collection, contracting rules, etc. The minimum range of services and coverage should be defined by law.

4. Financing the transition period

It is important to carefully stipulate the financial aspects of any reforms. Transition from state toward market provision for work accident insurance should be carried out without any gaps in financing the current obligations.

Unfortunately, the available data on the SWAIF's budget does not allow to separate payments performed toward covering either working accidents or occupational disease. Therefore the analysis presented below is very rough and provides only the major outlines of the financing side of reforms.

We have tried to distribute financing according to the type of payment: either lump-sum or long-term. It seems that the long-term payments (current claims) account for around 65% of total expenditures of the SWAIF (see Table 1). This makes it difficult to restructure the Fund and substitute it immediately and entirely by the private insurance companies. Therefore, we think that there should be a transition period, when the Fund continues paying current claims, whereas the private insurance companies are responsible for financing future risks of working accidents. The necessity in funds needed for paying current claims will diminish over time.

The government might consider several options for organizing the transition period:

1) The current claims are tax financed: the SWAIF receives a special fiscal transfer form the central budget for financing such claims but does not collect the insurance premiums any more. This will allow the restructuring of the Fund and simultaneously finance the current claims. However, this would create an additional fiscal burden (around UAH 1.5 bn per year).
2) The current claims are financed at the expense of special contributions from the private insurance companies conducting the working accidents insurance in Ukraine. These contributions are to be paid to the SWAIF. Such an option will not create the fiscal burden, but will reduce the interest of private insurance companies to deal with working accidents insurance in Ukraine.
3) The third option might be a mix of the first two. In this case current claims will be financed at the expense of taxes as well as special contributions paid by the private insurance companies.

We believe that the third option is the most suitable for Ukrainian case, as it will not create a high fiscal burden as well as will not significantly influence the interest of private insurance companies to the working accidents insurance.

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[12] For the details of the establishment of Insurance Ombudsman in Ukraine, see IER Policy Paper T31 'Improving Dispute Resolution in Ukraine's Insurance Sector: Proposal for an Insurance Ombudsman'.

Table 1
The SWAIF's budget expenditures

		UAH m	Type of payment	Structure, %
3	**Reimbursement for losses caused by injury to workers' health or death**	**1,876.2**		82.30
3.1	Transfers to the Pension Fund of Ukraine to cover costs of (a) infertility benefits to those whose infertility was caused by industrial accident or occupational disease; and (b) survivor's benefits if a principal earner died due to industrial accident	102.4	Long-term	4.49
3.2	Temporary disability benefits payable until a recipient recovers or receives invalid status	50.7		2.23
3.3	One time benefits in case of permanent loss of occupational ability to work	233.1		10.22
3.4	Monthly cash benefits in case of full or partial loss of ability to work to compensate the lost portion of wages	1,282.6	Long-term	56.26
3.5	One time benefits to victims transferred to easier jobs	1.2		0.05
3.6	One time benefits in case of victim's death	104.7		4.59
3.7	Monthly benefits to persons eligible for survivor's benefits	94.1	Long-term	4.13
3.8	Benefits for victim's funeral	1.0		0.04
3.9	Repayment of debt to the Pension Fund of Ukraine	0.0		0.00
3.10	Compensation of moral damage to victims	6.3		0.28
	Total expenditures:	**2,279.7**		100.00

Source: Bulletin of the Ministry of Labor and Social Policy

5. Policy recommendations

We recommend to Ukrainian policymakers to change the present publicly operated work accident insurance into a private compulsory work accident insurance. Such a reform step would introduce proper incentives to firms to invest into work safety, what will reduce the number and severity of work accidents in Ukraine, or in other words the economic and social costs of work accidents. This reform step would also improve the efficiency of work accident insurance.

In order to achieve this goal we recommend to open the work accident insurance market for a certain period for a parallel option for firms to get private and public work accident insurance cover. This option will allow the market of private work accident insurance to develop and insurance companies will gain experience. The government should provide the regulatory framework for the operation of private insurance companies in this field.

Private insurance companies must obtain a license prior to providing work accident insurance coverage and should be registered by the Commission of Regulating Markets of Financial Services.

The regulator should define minimum insurance coverage.

For the period of time with parallel insurance options the state should be ready to continue providing insurance cover for high-risk industries.

The state operated WAI system should immediately adjust the sector-specific contributions to current real risk profiles of sectors and industries, while privileged treatments should be abolished (e.g. agriculture).

The system of up- and downgrading firm specific contributions within the classification of a sector depending on the firms past work accident record should be activated. This step would improve the safety investments of companies in risky sectors and increase their chances of obtaining later on a private insurance.

After the transition period the state should be firm on companies failing to obtain a mandatory private insurance, stimulate their restructuring and closing down to risky operations.

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Appendix

Table A1
Current classification of sectors by risk levels

Class #	Insurance tariff (% of wage)	Industries of economy and types of works
1 class	0.86	Civil service, defense, courts, trade unions, lawyers, notaries, etc.
2 class	0.87	Royalty, programming activity, accounting, advertising, etc.
3 class	0.88	Education
4 class	0.89	Post and communication
5 class	0.90	Turnover and retail trade, restaurants, bars, canteens, etc. Financial activities (leasing, insurance, pension funds, brokerage, etc.)
6 class	0.92	Activities related to architecture, engineering, construction
7 class	0.93	Publishing activities, tour agencies, health care activities
8 class	0.95	Hair dressing saloons, funeral services, other individual services
9 class	0.96	Making and showing movies, libraries, museums, other entertainment activities
10 class	0.98	Land transportation, pipelines, etc.
11 class	1.00	Services related to fishing, R&D, etc.
12 class	1.02	Hotels, garbage processing, etc.
13 class	1.03	Polygraphy, and related services
14 class	1.05	Textile production individual request, etc.
15 class	1.10	Refineries
16 class	1.14	Preparation to sale or rent of the property
17 class	1.16	Textile production, production of electricity, etc.
18 class	1.23	Oil extracting, services related to oil and gas extracting
19 class	1.26	Air transport
20 class	1.27	Gas mining and production
21 class	1.28	Salt production, meat production and processing, bread production, production of tea, coffee, wine, tobacco products, perfumes, etc.
22 class	1.29	***Cultivating grain and others, livestock breeding***, production of toys, musical instruments, etc.
23 class	1.36	Intermediaries in the trade by fuels, machines, wood, and other products, wholesale trade by agricultural products and products of light industry, etc.
24 class	1.40	***Provision of services in plant cultivation, livestock breeding, forestry, etc.***
25 class	1.43	Tram, trolley and water transportation
26 class	1.49	Production of weapon and ammunition
27 class	1.55	Construction of space and aircrafts
28 class	1.61	Industrial production of fish
29 class	1.68	Pharmaceutical industry, precious stones mining, etc.
30 class	1.70	Production of stationery, watches, medical and surgery equipment, etc.
31 class	1.71	Railway transportation, production of rubber products, etc.
32 class	1.75	Production of machines, furnishings, etc.
33 class	1.76	Cellulose industry products
34 class	1.87	Production of flour and cereals

Class #	Insurance tariff (% of wage)	Industries of economy and types of works
35 class	1.88	Activity in the field of geology, etc.
36 class	1.96	Production of details of electric equipment
37 class	1.97	Water supply and distribution, production of boilers, radiators, etc.
38 class	2.06	Production of industry gas, plastics, chemical fertilizers, dyes, etc.
39 class	2.07	Production of equipment of broadcasting, etc.
40 class	2.09	Transport cargo operations
41 class	2.10	Open coal and lignite mining
42 class	2.13	Production of fodder
43 class	2.15	Mining and enriching of bauxite, mercury, nickel, titanium, lead, etc.
44 class	2.20	Production of wooden panels, wooden chairs, kitchen and other furniture, etc.
45 class	2.21	Production of metal details, knives, etc.
46 class	2.29	Production of glass and products from glass, etc.
47 class	2.34	Production of fabrics, etc.
48 class	2.36	Production of construction machines and equipment
49 class	2.38	Mining of limestone, gypsum, chalk, clay slate, gravel, etc., production of ceramic tile, cement, lime, etc.
50 class	2.55	Repair of medical, surgical and orthopedic equipment
51 class	2.57	Production of abrasive wares, instruments, metal-cutting and woodworking machines, etc.
52 class	2.62	Mounting and installing of engines and turbines, pumps, compressors, machines for metallurgy, etc., concrete and painter works, etc.
53 class	2.64	Production of ceramic insulators, turbines, pumps, compressors, machines for metallurgy, engines, generators, electric tubes, etc.
54 class	2.67	Repair of engines and turbines, pumps and compressors, machines for metallurgy, etc.
55 class	2.76	Ferrous metallurgy, production of products from coke, production of steel pipes, etc.
56 class	2.84	Production of jeweler goods
57 class	3.11	Production of wares from a fiber cement
58 class	3.12	Production of agricultural tractors, machines for plant cultivation, livestock breeding, forestry, Production of motor vehicles, equipment for cars, etc.
59 class	3.20	Strip-mining of iron, manganese ore, construction and repair of ships
60 class	3.58	Fishery, etc.
61 class	3.86	Mining and agglomeration of peat
62 class	4.00	Mining and enriching of other colored, rare and precious metals
63 class	4.29	Treatment of wastes and scrap of precious metals
64 class	4.50	Underground mining of iron-stone, manganese ore
65 class	6.71	Mining of uranium and thorium ores, production and processing of nuclear fuel
66 class	6.82	Sawing and planning production, production of metallic constructions
67 class	13.80	Underground mining of coal

Table A2
Special rates for some industries

Class #	Industry of economy	Insurance tariff (in percent of actual payment of labour of workers employed)
22	Agriculture	0.2
24	Maintenance of agriculture, economic management by agriculture	0.5
59	Strip-mining of ores of ferrous metals, mining and enrichment of non-metallic raw material for ferrous metallurgy	2.1