

Work accident insurance contribution



ayming

Unknown cost,
hidden savings



Report 2019

A large, jagged iceberg floats in the dark ocean. The sky above is a deep black, filled with numerous small, bright white stars. The iceberg's surface is textured with various shades of white and grey, showing its complex, crystalline structure. The water in the foreground is dark and calm, reflecting the light from the stars and the iceberg.

Ayming is an international consulting group, operating in 15 countries in Europe, Asia and North America. Ayming Polska helps businesses optimally conduct their operations and achieve better financial results, by offering professional consulting in two areas:

- **taxes and innovation financing (property tax, research and development reliefs, grants)**
- **labor costs (accident insurance, payments to PFRON – State Fund for the Rehabilitation of Disabled Persons)**

Since 1986 globally and since 2005 in Poland, Ayming has been helping companies verify the correctness of their accident insurance calculations and payments. Ayming is the first company to introduce this service to the Polish market. Ayming has conducted over 1500 such projects in Poland, generating 100M PLN savings for clients. From a global perspective of labor costs, this sum amounts to about 180M € per year. The quality of the services provided by Ayming Polska is attested by ISO 9001:2015.

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Introduction

„Verifying the correctness of the work accident insurance settlements may generate savings, visibly influencing the company’s financial result.”



The report You are now holding is the effect of fourteen years of our experience in supporting businesses with the settlement of their accident insurance contributions. According to the outcomes of the 1500 projects we have conducted, managing the cost of work accident insurance contribution remains a serious challenge to businesses. Ayming analyses confirm that companies make much larger contributions to ZUS than they should be making.

In connection with the legal changes that are being announced and the growing costs of labor for employers, some businesses are presently choosing to raise the prices of their products and services, to compensate at least partially for the financial burden. In the meantime however, savings can be found in employment costs, specifically in the accident insurance area, which is funded completely by the employer.

According to our analyses, only 2% of the Polish businesses are paying accident insurance contribution based on the lowest percentage rate chosen. As many as 75% of companies’ accident insurances have been calculated based on a percentage rate that is higher than what their PKD (Polish Classification of Businesses) code should warrant. In many instances, the decision-makers in the businesses are unaware that their accident insurance contribution is being settled incorrectly, which could mean they are grossly overpaying. In fact, payers can verify their accident insurance contribution burden and effectively reclaim overpaid amounts going back even 5 years.

Verifying the correctness of the accident insurance settlements may generate savings, tangibly influencing the company’s financials. The amounts reclaimed can be invested in improving employee safety and help effectively manage the employee remuneration costs.

Magdalena Burzyńska
Managing Director

„Actions aimed at identifying and mitigating threats provide 65% of the savings acquired from the work accident insurance contribution.”



According to Ayming experience, businesses often view work accident insurance contribution as a purely HR-payroll problem, which is not strictly supervised by the financial departments. Organizations simply view it as a fixed contribution to ZUS, believing that it cannot be managed in a way that energy costs can.

In reality, the size of the accident insurance contribution is dependent on a variety of factors and may be different every year. It is the only insurance contribution that is set individually for every company. The contribution depends on what is happening in a given workplace. If many accidents occur and if many hazardous conditions have been identified, the size of the accident insurance contribution increases automatically. But if the employer takes the right measures to assure the employees' safety, there are required to pay a lower contribution. According to Ayming analyses, actions undertaken towards the identification and mitigation of risks and the number of accidents are responsible for 91% of the savings that companies acquire on the accident insurance contribution. The "hazardous conditions" category deserves special attention, as it is responsible for as much as 65% of savings.

It is worth noting that undertaking steps aimed at limiting the risks that are most frequent at the workplace does not require massive spending. Sometimes, simple information campaigns and regular occupational safety trainings are sufficient. However, if larger investments are required, for example to pay for specialized surveys or for additional equipment, they should be viewed as a long-term investment that will turn into better employee safety and provide a return in the form of a lower accident insurance contribution.

What are the most frequent reasons for incorrectly setting the size of the accident insurance contribution? Why should financial departments examine their costs more closely? What to pay attention to in order to reduce the size of the accident insurance contribution made to ZUS? This and many other questions are answered in this report .

Piotr Radko
Labor Costs Area Director

5 key facts about the work accident insurance contribution in Poland



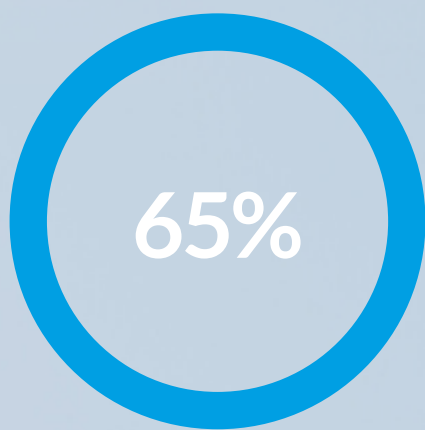
2%

companies pay
a contribution calculated
on minimum %



4

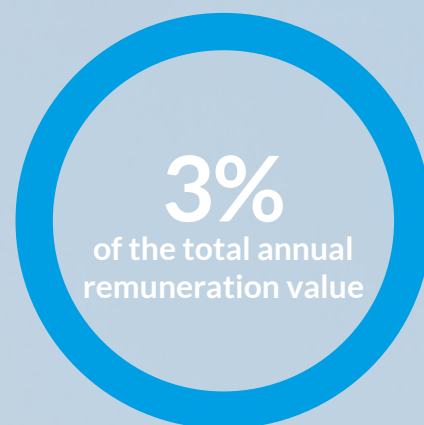
in this many areas it is
possible to reduce the size
of the accident insurance
contribution



the share of the „hazardous conditions” area in the savings made on the accident insurance



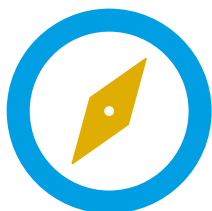
this is how much % for calculating the accident insurance varies



savings that can be acquired by verifying the accident insurance

Main causes of irregularities





#1 Not being aware of the contribution's specific characteristics

The work accident insurance contribution is the only contribution in the Polish social security system that depends on multiple factors and is variable. This means that the legislator does not impose a single rate on all payers, as is the case with the old-age pension contribution or disability pension contribution. The work accident contribution is set individually based on the risks present at a given contribution payer's workplace. Each business that effectively minimizes the risks and accidents in the work environment pays a smaller accident insurance contribution. It is not sufficient to calculate the size of the contribution once – it requires yearly verification, in connection with many factors.



#2 The cost is deemed beyond control

Most businesses do not see the accident insurance contribution as a cost. They view it as a fixed payment made to ZUS. This is why it is not as strictly controlled as other operational costs.



#3 No cost management

Many companies are unaware that the size of the accident insurance contribution can be managed to the same extent as other operational costs and that its size can be fully legally reduced. In the meantime, companies can verify their accident insurance burden and reclaim any overpaid amounts going back even 5 years. The reclaimed amounts can be so significant that it could improve the company's financial result.



#4 Scattered competences

The accident insurance contribution is usually the competence area of multiple departments, starting with Health & Safety, HR, through Finance and accounting, ending with Legal. Each of these departments has a different approach to accident insurance. In order to determine the right size of the contribution, it is necessary to consider all perspectives and to have close cooperation between departments.



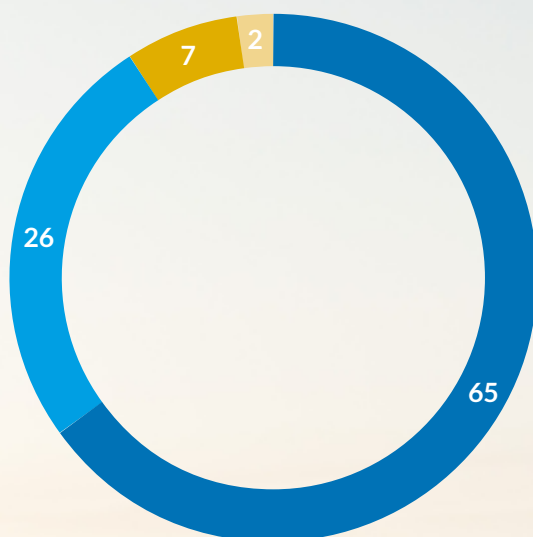
#5 Complicated ZUS algorithm

What determines the % rate for determining the accident insurance is the data from the past 3 years. What is taken into consideration is the type of business activity as specified by the PKD code, the number of employees, the number of people working in hazardous conditions and the number and type of workplace accidents. The size of the contribution is calculated by a complex algorithm that calculates partial risk categories and their weighed average. The basis for establishing the partial risk categories is the arithmetic mean of the frequency indicators, which are calculated for every year. Businesses have many difficulties with the correct application of this algorithm.

4 areas of savings

There are four areas of savings identified in the field of work accident insurance contribution.

According to Ayding analyses, the following areas have the biggest share in the savings: hazardous conditions (65 percent) and workplace accidents (26 percent). The type of business activity and the number of insured generated savings in 7% and 2% of the cases respectively.



Share of specific areas in savings

- 65% hazardous conditions
- 26% workplace accidents
- 7% type of activity
- 2% number of insured

Hazardous conditions

Most of the amounts overpaid are due to the hazardous conditions resulting from the presence of harmful factors at the workplace. These factors are among others noise, radiation, electromagnetic field, industrial dust, chemical factors. If the norms for respective factors are exceeded, their effects may impact the employee's health, in extreme cases it can even be lifethreatening.

Workplace accidents

26% of the overpaid amounts in companies are due to the accident rates. According to GUS* (Central Statistical Office) data, in the first three quarters of 2018, the main cause of accidents in Poland was the incorrect behavior of employees. This category is responsible for 60.4% of all accidents registered.

Prevention is fundamental to having fewer accidents, prevention which boils down to ensuring the right protective clothing, modernizing machines and devices or regularly organizing occupational safety training. What is highly effective are simple information campaigns that increase awareness of the threats among the employees and provide information on how to use the machines or what to avoid at the workplace. From the employer's perspective, minimizing the accident rate can reduce costs of absence and substitution in the short-term and helps reduce the insurance contribution in the long term.

Type of business activity

7% of the amounts overpaid by businesses are due to the incorrectly identified type of predominant business activity. This is established according to the PKD (Polish Classification of Businesses) and the percentage share of each type of business activity in the total value of revenue from sales or based on the people that carry out specific types of activity in the total number of employees.

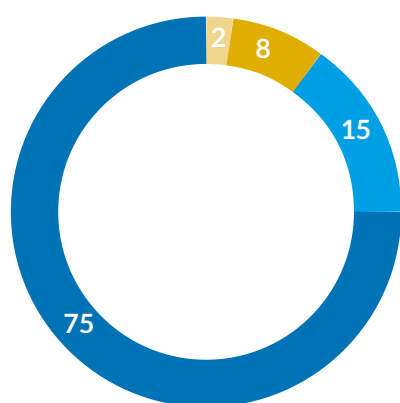
Number of insured

2% of the amounts overpaid by businesses are due to incorrectly determining the number of employees that meet the criteria for being subjected to accident insurance. It is worth keeping in mind that when setting this value, one has to consider all the insured that were liable to accident insurance for at least one day in a given month. On the other hand, the people who are excluded are the employees that were on unpaid or parental leave for the full month, who were receiving parental benefits or benefits to the amount of parental benefits and who no longer fall under any social security insurance in a given month. With respect to the last group, named reports are still submitted for these persons for a given period, i.e. due to settling contributions or due to the necessity to present the eligible benefits after the insurance coverage expires.

* Source: GUS, Wypadki przy pracy w okresie styczeń - wrzesień 2018 r. - opening data.

Know Your sector... accidents happen

**Only 2%
companies in
Poland have their
work accident
insurance
contribution on
the lowest % rate.**



- 2% companies pay the minimum work accident insurance contribution
- 8% companies pay below the basic one
- 15% companies pay their basic according to the PKD
- 75% companies pay above the basic rate

The fewer accidents there are and the less risky the work conditions at the workplace are, the bigger the chance to lower the base % rate for determining the accident insurance contribution. According to Ayming analyses, the “hazardous conditions” and “accident rate” categories are responsible for 91% of the savings acquired.

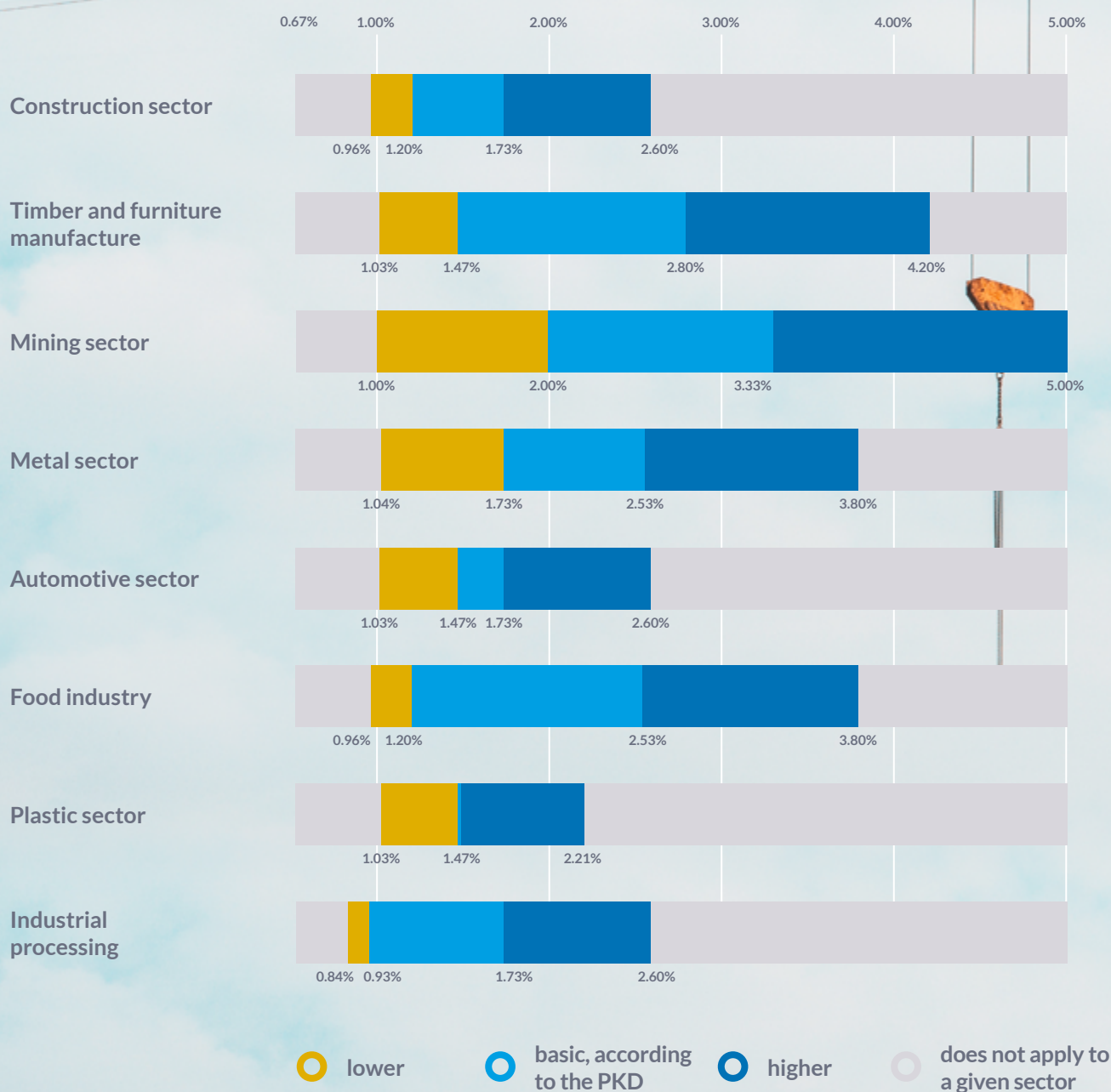
According to the Polish Classification of Business Activity, the % rate for the accident insurance contribution ranges from 0.67 to as much as 5%, whereas the highest value applies to the mining sector.

Such vast differences between the % rates are due among others to the number of people employed in hazardous conditions, persons that had been hurt in workplace accidents and the character of the company and the risk category tied to it. A verification of all the factors influencing the variables used for calculating each payer’s individual accident insurance contribution can reveal overpayments. The reasons for the overpayments depend on the specific character of each sector and mitigating them requires an individual approach. Savings acquired this way may constitute even 3% of the total yearly remunerations.

The % rate depends on the number of people working in hazardous conditions and the number of persons injured in workplace accidents and the company’s activity type and risk category associated with it.

% rate for the work accident insurance contribution and the sector

The % rate for the insurance contribution since April 2018.



The construction sector

61% overpayments in the analyzed businesses from the construction sector are due to the presence of hazardous conditions.

The hazards in this sector are influenced by the factors generated by machines and equipment used during construction, as well as atmospheric factors. According to Ayming data, there is about 10% employees on average within the year that are working in hazardous conditions in the construction businesses.

What is a unique characteristic of the construction sector is that it operates in multiple locations, that the workstations are scattered, there is high employee rotation and that work is done outdoors, in open spaces. Due to the changes in the locations and the character of the work, identifying the workstations with hazardous conditions and determining the number of employees working these stations is very challenging and very costly.

The correct identification of the threats requires frequent surveys, many times with the use of dosimetric methods. Due to the high costs, such measurements are either not done at all, or they are done incorrectly, for example only in a select place, or for a too short period of time.

The accident insurance contribution is also increased by the high accident rate, responsible for 39% of the overpayments. Ayming analyses show that in a year, on average 2% employees have accidents. These accidents are often due to the lack of regular Health & Safety sessions for the employees, which results in them being unaware of the workplace risks. On the other side, some do not follow the established occupational safety rules.

1.86%

average % for the accident insurance contribution in the analyzed construction sector businesses

0.96%

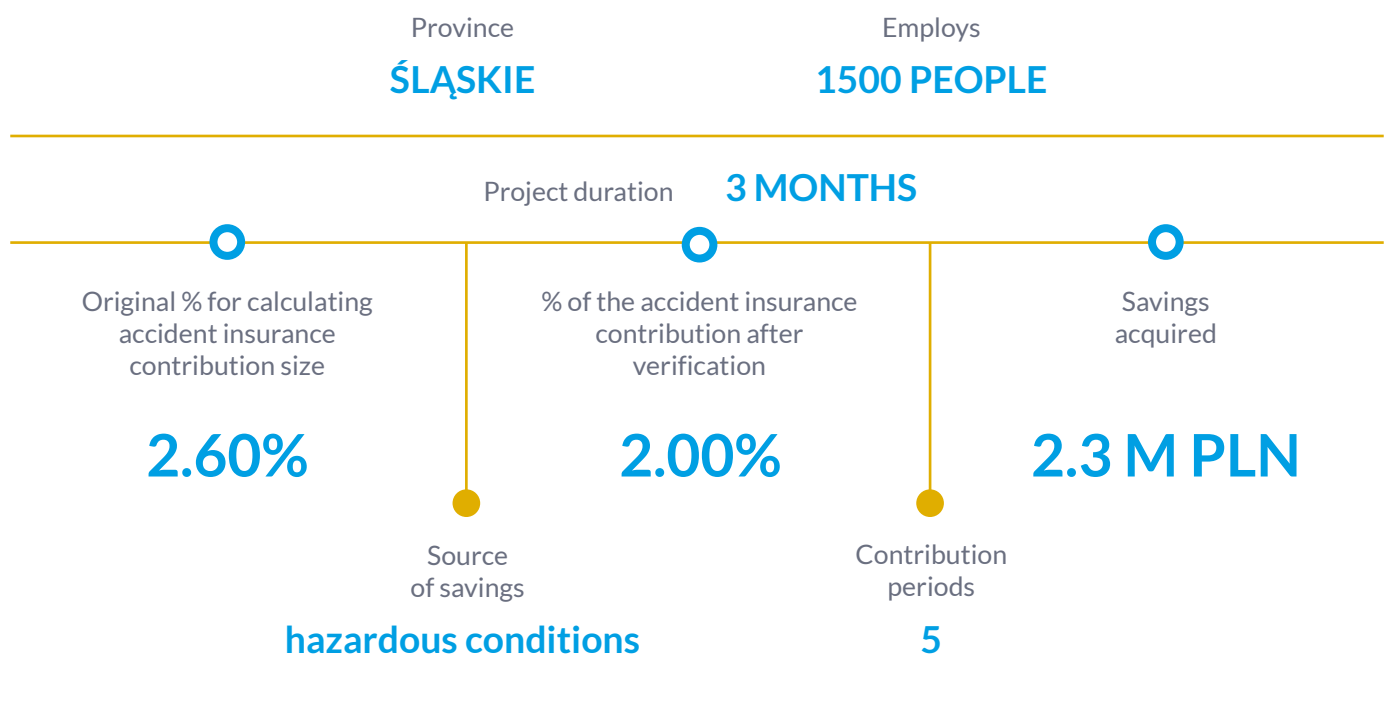
minimum % rate of the accident insurance contribution in the construction sector



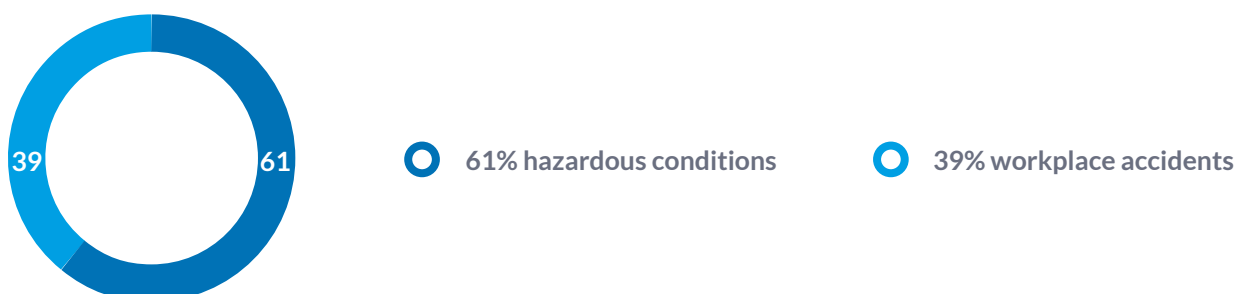
Case study

Construction sector

MAIN CHALLENGE: necessity to precisely estimate the number of people working outdoors in hazardous conditions



Share of specific areas in savings for the construction sector



MOST COMMON IRREGULARITIES:

- incorrectly established professional risk for specific workstations
- lack of, or incorrectly done surveys of the work environment on workstations with hazardous conditions

Timber and furniture manufacture sector

This sector is recognized by legislator as one of the more dangerous, as evidenced by high category risks even 10 in the case of timber sourcing (maximum risk category – 12).

The use of dangerous machinery for manufacturing products from wood and for producing timber, such as saws and planers causes many severe accidents. This is due to the fact that the employees are directly in contact with hazardous, moving and spinning parts of machines.

Over half of the overpaid amounts is a consequence of the hazardous conditions at the workplace. The dangerous factors present in this sector are above-normative noise, dust generated when using saws, but also using chemical substances for coating. Wood processing is indeed an accumulation of all these factors that negatively affect the employees' health.

in conditions where the norms for one of the above listed factors are exceeded.

"The challenge for the timber and furniture manufacturing businesses is to correctly identify the workstations that are exposed to harmful factors. A more uniform and coherent methodology for assessing the hazardous conditions at the workstation and correct surveys of the work environment will reduce the number of people working in hazardous conditions, which may reduce the cost of the work accident insurance contribution" – explains Michał Wawrzynowski, health & safety expert in the Labor Costs Area at Ayming.

According to Ayming analyses, in the timber and furniture sectors there are on average 12% people working

1.74%

average % rate for the accident insurance contribution in the analyzed companies from the timber and furniture sector

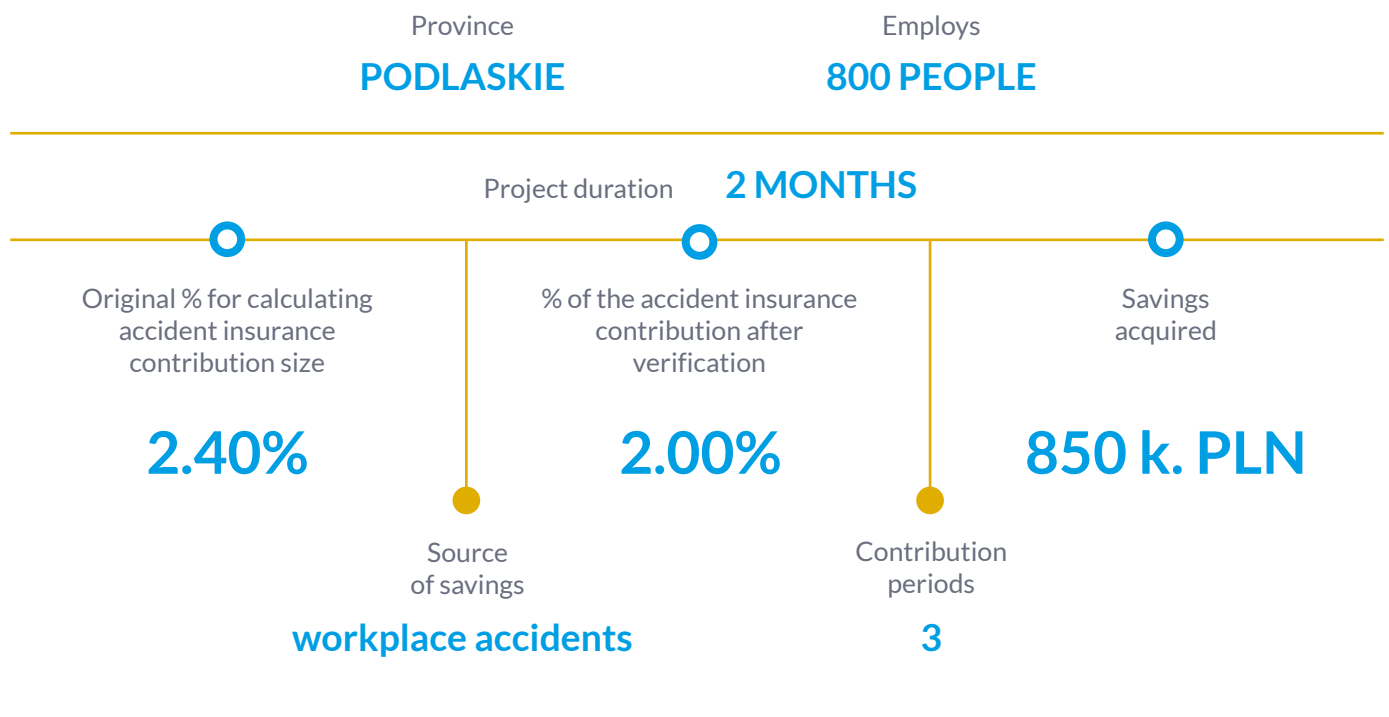
1.03%

minimum % rate of the accident insurance contribution in the timber and furniture sector

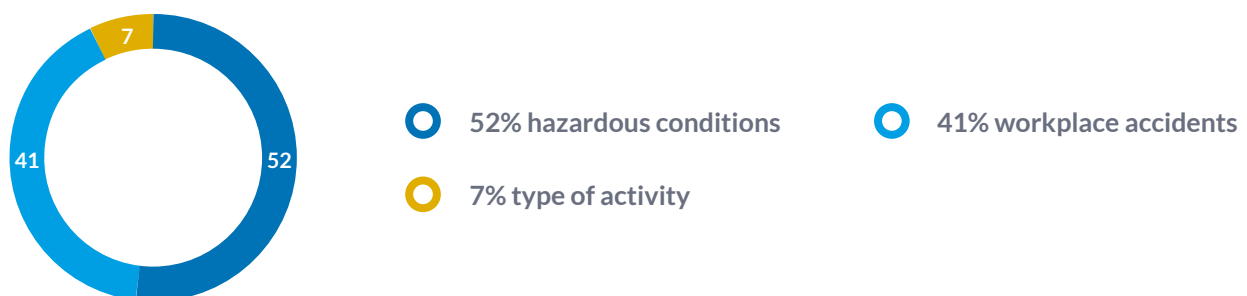
Case study

Timber and furniture manufacture sector

MAIN CHALLENGE: vast and incohesive company records



Share of specific areas in savings for the timber and furniture sector



MOST COMMON IRREGULARITIES:

- incorrectly declared number of workplace accidents
- incorrectly identified number of people working in hazardous conditions

Mining and extracting sector

Hazardous conditions constitute the largest share (72%) of the overpayments made by mining sector companies.

2.44%

average % rate for the accident insurance contribution in the analyzed companies from mining and extracting sector

1%

minimum % rate of the accident insurance contribution in the mining and extracting sector

A specific characteristic of this sector is the simultaneous presence of multiple harmful factors at the workplace. These include noise, dust and high temperature. The presence of so many factors that influence work comfort and safety directly translates into the size of the accident insurance contribution paid. Businesses operating in the mining and mineral extracting sectors already at the start pay a twice higher contribution than companies from the food sector for example.

The main challenges related to the correct calculation of the work accident insurance contribution size is the correct identification of workstations which exceed the allowed norms for harmful factors and providing the number of people working on these stations. In mines we are dealing with constant employee rotation and changes of workstations i.e. excavation sites. Within a year, some of the corridors are closed and new ones are opened. The employees work not only underground, but also on the surface, in processing.

"In the mining and extraction sector, employment is very seasonal. In consequence, the work environment surveys carried out in February are obsolete in August, because the previously surveyed stations no longer

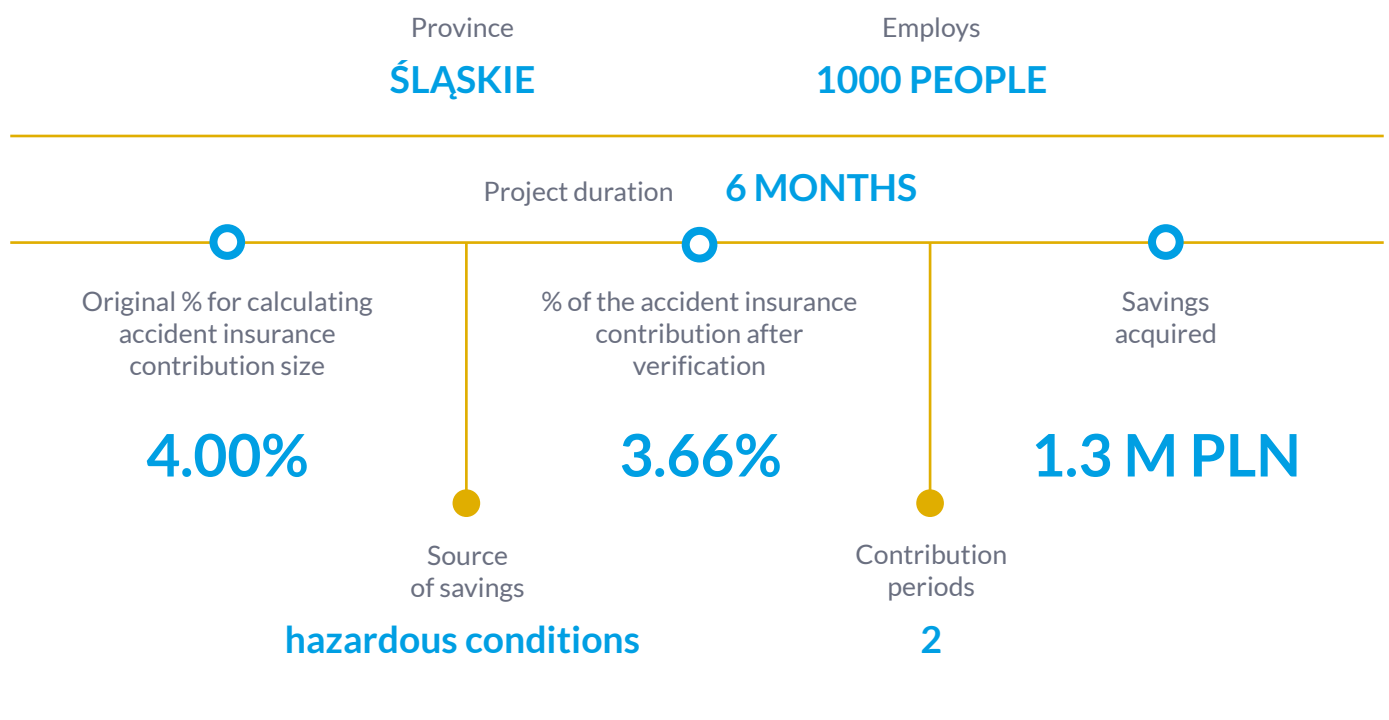
exist, for example because a longwall is no longer being exploited. Not having valid work environment surveys results in lack of data on the threats and may result in too many employees being reported to ZUS as people working in hazardous conditions. This influences the accident insurance contribution % rate, thus raising costs for the entrepreneurs" – explains Robert Adamczyk, attorney at law, expert in the Ayming Labor Costs Area.

In the analyzed companies from the mining and mineral extracting sectors, 42% employees on average work in hazardous conditions. The accident insurance contribution in a vast majority of the companies is increased not just due to there being many people working in hazardous conditions, but due to the significant number of workplace accidents. According to Ayming data, on average 3% employees suffer from accidents in every year in the mines.

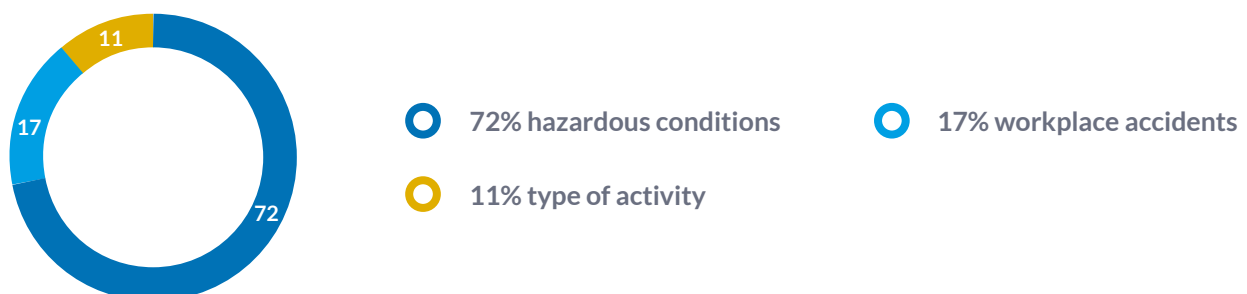
Case study

Mining and extracting sector

MAIN CHALLENGE: identifying the number of people working in hazardous conditions considering the constant employee rotation due to the closing and opening of new tunnels and longwalls



Share of specific areas in savings for the mining and extracting sector



MOST COMMON IRREGULARITIES:

- incorrectly determining the number of people working in hazardous conditions
- incorrect measurements of work environment

Metal sector

Together with the mining sector, this industry is characterized by the highest share of employees working in hazardous conditions.

1.95%

average % rate for the accident insurance contribution in the analyzed companies from the metal sector

1.04%

minimum % rate of the accident insurance contribution in the metal sector

Hazardous conditions are the reason for 70% overpayments of the accident insurance contribution. Based on Ayming data, on average 15% employees in the metal sector work in hazardous conditions and on average 1% suffer from accidents.

Metal processing above all generates above-norm noise, a hot microclimate and optical radiation, which increases the accident contribution size. It is usually set above the base % rate that would be applicable due to the type of business activity and quite frequently it nears the maximum value (3.80%).

A significant challenge of the metal sector is correctly surveying the work environment. This requires the execution of a detailed study, followed by an analysis of the results to find possible prevention mechanisms. Such a process is

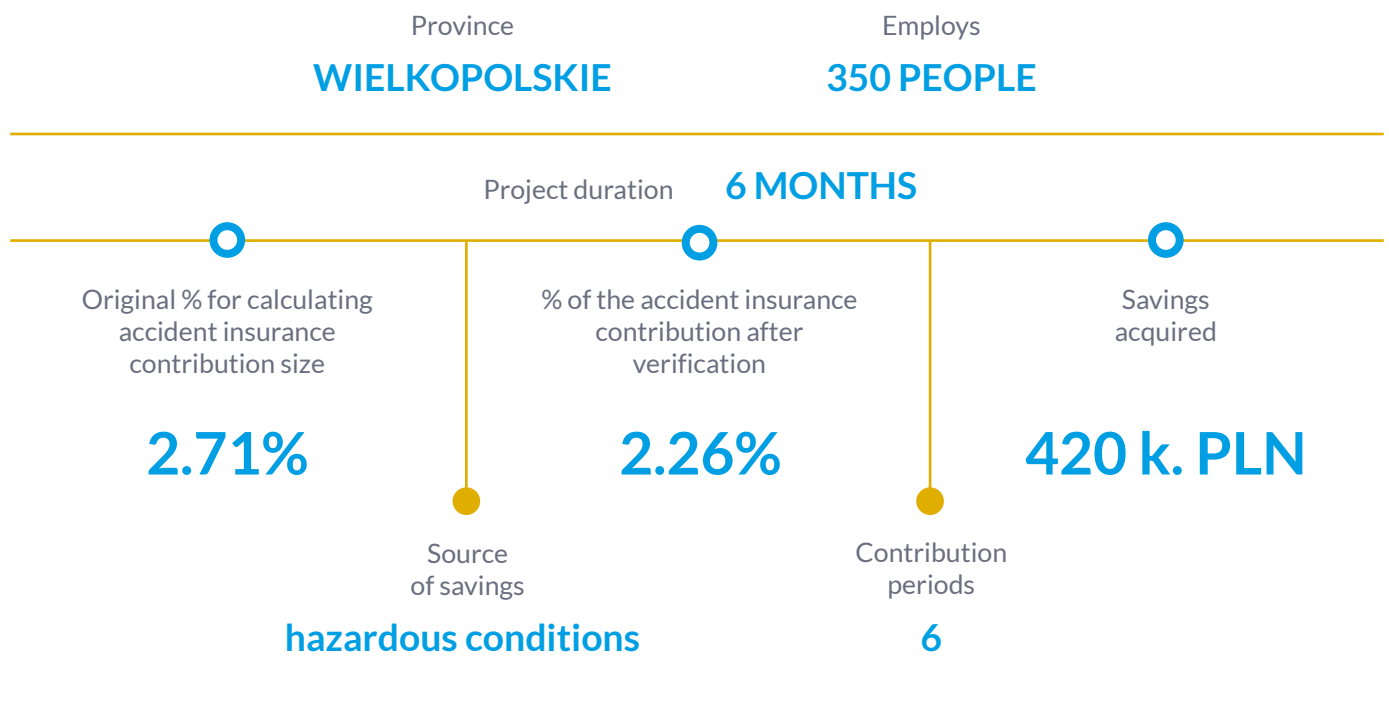
very time-consuming, difficult and requires close cooperation with the occupational safety department .

“Surveying the hot microclimate and heat comfort and identifying the workstations particularly vulnerable to excessive thermal encumbrance is a very difficult task. This is due to the constant changes with respect to production and rotation of employees between the stations. When we are dealing with borderline values, the moment and the method used for the survey may incorrectly qualify the employee as someone working in hazardous conditions. As a consequence, this would unjustly raise the cost of the accident insurance contribution” – specifies Michał Wawrzynowski, health & safety expert working in the Labor Costs Area at Ayming.

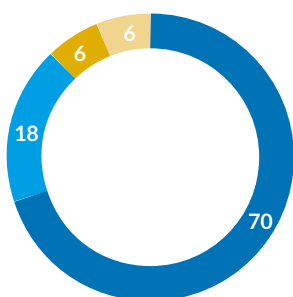
Minimizing the harmful factors that the metalworking plants' employees are exposed to daily can help significantly reduce the accident insurance contribution size. Apart from the savings acquired, another tangible benefit of carrying out proper surveys is also more information on the dangers at the workplace, some of which an employer may be unaware of.

Case study Metal sector

MAIN CHALLENGE: necessity to analyze extensive occupational safety documentation



Share of specific areas in savings for the metal sector



70% hazardous conditions

18% workplace accidents

6% type of activity

6% number of insured

MOST COMMON IRREGULARITIES:

- faulty preparation and execution of work environment surveys
- using the wrong methods when identifying the exposition to a given harmful factor
- lack of an in-depth analysis of the survey results to find possible prevention methods

Automotive sector

Nearly half of the overpaid amounts in the automotive sector are due to the high accident rate, but most of the accidents are in fact minor injuries.

Compared to the other sectors, the automotive displays slightly lower accident rates and there are fewer employees working in hazardous conditions. This is due to the high level of production automation and the high awareness of the employees about the necessity to follow occupational safety rules. Within one year, on average 6% of the employees of the automotive sector work in hazardous conditions and 1% suffer from accidents.

Nearly half of the overpaid amounts in the automotive sector are due to the high accident rate. The incorrect classification of the accidents is generating an increase of the accident contribution. Most accidents are in fact minor injuries (bruises, contusions, etc.), which do not require the care of a physician. Post-accident teams very often too hastily consider such events accidents. Introducing the proper procedures to evaluate the character of a given accident can help classify it correctly, which will help not increase the accident insurance contribution.

1.43%

average % rate for the accident insurance contribution in the analyzed companies from the automotive sector

1.03%

minimum % rate of the accident insurance contribution in the automotive sector

Case study

Automotive sector

MAIN CHALLENGE: complicated legal problem

Province
DOLNOŚLĄSKIE

Employs
3300 PEOPLE

Project duration **5 MONTHS**

Original % for calculating
accident insurance
contribution size

1.62%

% of the accident insurance
contribution after
verification

1.47%

Savings
acquired

2.5 M PLN

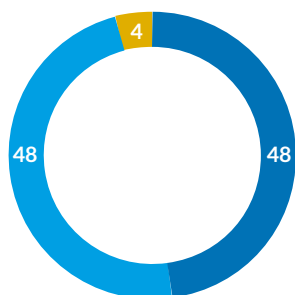
Source
of savings

workplace accidents

Contribution
periods

3

Share of specific areas in savings for the automotive sector



48% hazardous conditions

48% workplace accidents

4% type of activity

MOST COMMON IRREGULARITIES:

- events as a result of which the person did not suffer injuries requiring the care of a physician are deemed accidents
- insufficient legal support from the post-accident teams

Food industry

Over half of the overpayments in the food industry are due to hazardous conditions.

1.48%

average % rate for the work accident insurance contribution in the analyzed companies from the food industry

0.96%

minimum % rate of the accident insurance contribution in the food industry

The harmful factors above all include working in the so-called microclimate, in very low temperature, which directly affects the employees' comfort and health.

Many businesses have difficulty identifying the right number of people working in the cold microclimate. This is tied to the unclear regulations and due to there being no acceptable norm. According to Ayding analyses, there are about 8% employees working in hazardous conditions in the food industry. 33% of the overpayments are due to accidents.

According to Ayding data, on average 2% employees suffer from accidents in the food industry.

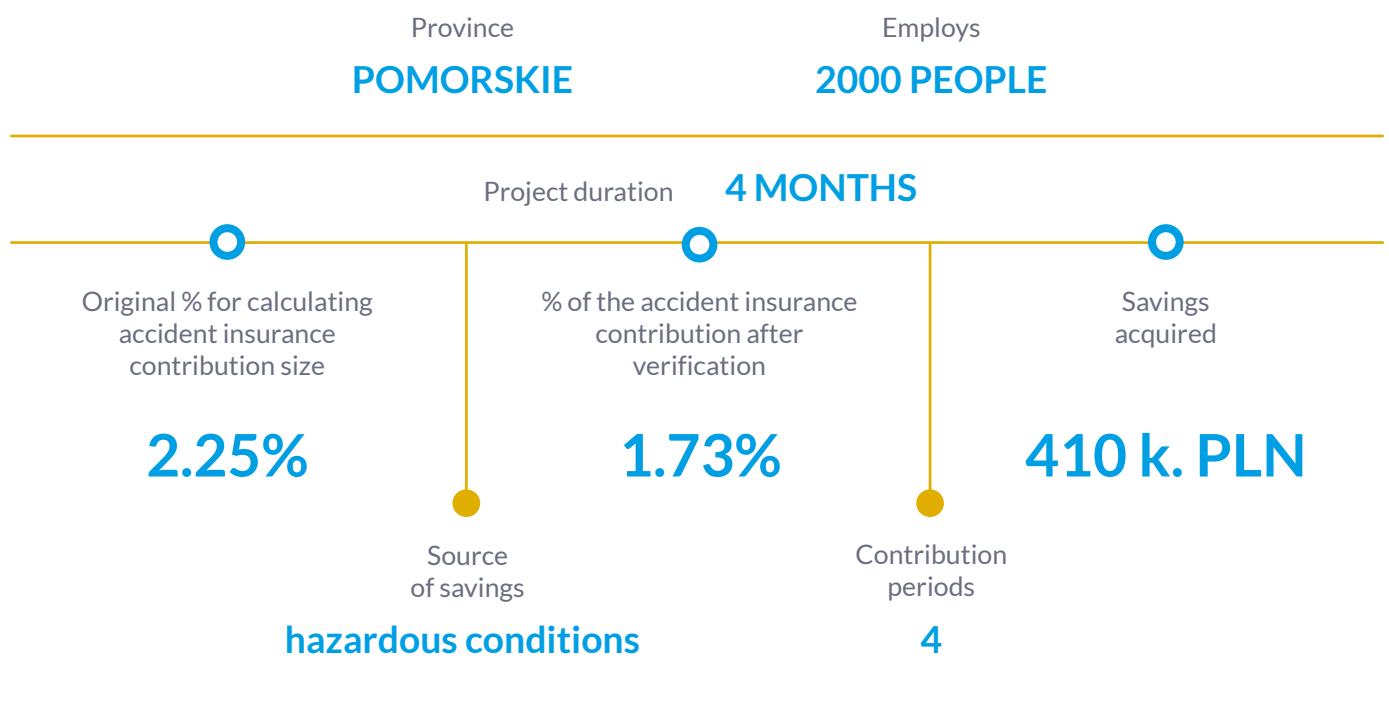
"The challenge of the food industry is to keep the accident rate low. Many of the events that are reported are indeed minor cases, such as bruises, contusions or grazed skin. These events most often occur in the warehouse and they can be limited relatively easily through regular prevention or information activities" – explains Robert Adamczyk, attorney at law, expert in the Labor Costs Area at Ayding.

Some food industry companies have an incorrectly identified predominant type of business activity, therefore they have a wrongly attributed PKD code. This applies in particular to businesses that are not only producers, but which also sell goods and provide warehouse services. An incorrect PKD code may lead to overpayment of the accident insurance contribution.

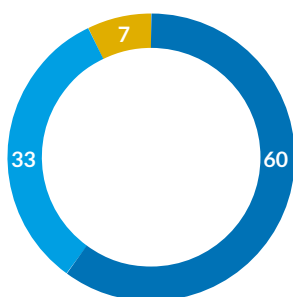
Case study

Food industry

MAIN CHALLENGE: necessity to conduct extensive surveys of the work environment and to prepare occupational safety documentation



Share of specific areas in savings for the food industry



60% hazardous conditions

33% workplace accidents

7% type of activity

MOST COMMON IRREGULARITIES:

- incorrect classification of the number of accidents, due to their large number and varying character
- difficulty identifying the cold microclimate in companies with cooling warehouses
- difficulty conducting the right surveys of the cold microclimate

Plastic sector

In the plastic manufacture sector, there are many employees working in areas with above-norm noise levels.

The production of plastic is part of the industrial processing sector, but it has a single separate and unique characteristic in the context of the accident insurance contribution.

The sector is characterized by a very high share of people working in above-norm noise, the norm being 85dB for an 8-hour workday.

The machines used for air-filling plastic packaging generate a shortlasting, but very loud noise. As a result, even spending relatively short periods of time in a place exposed to the noise results in exceeding the norms. In one of four production plants over 70% of the employees work in an environment

that exceeds the allowed noise norms. Ayming data shows that in a year, on average 12% employees work in hazardous conditions. 67% of the overpayments in this sector are due to the hazardous conditions.

Using the work environment surveys to introduce the necessary changes and to improve work organization may save many employees from the impact of harmful factors. This will also provide tangible benefits to the employer, who will be able to apply a lower indicator correcting the accident insurance contribution, thus lowering it.

1.50%

average % rate for the accident insurance contribution in the analyzed companies from the plastic sector

1.03%

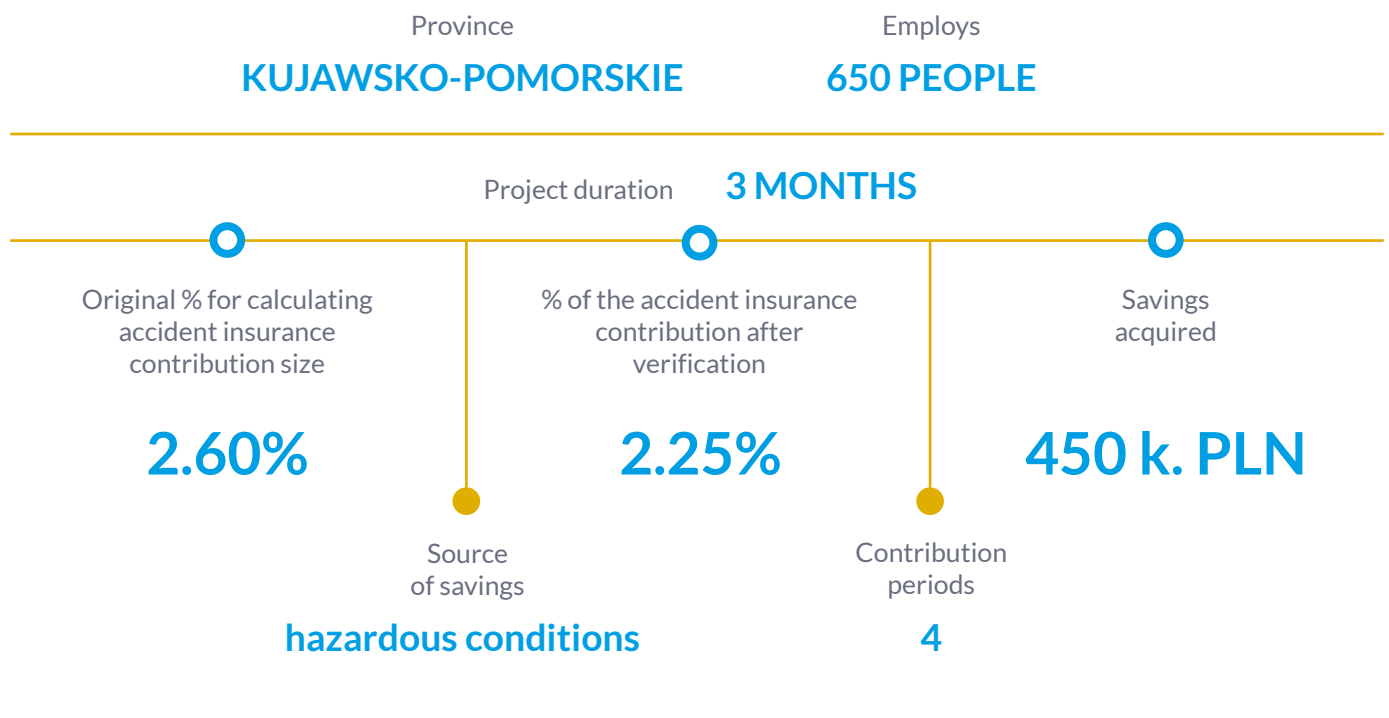
minimum % rate of the accident insurance contribution in the plastic industry



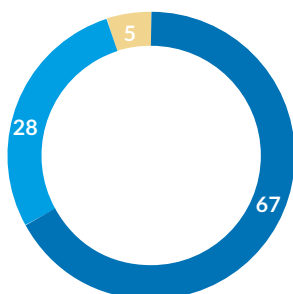
Case study

Plastic sector

MAIN CHALLENGE: necessity to carry out extensive work environment surveys and to prepare appropriate work health & safety documentation



Share of specific areas in savings for the plastic sector



67% hazardous conditions

28% workplace accidents

5% number of insured

MOST COMMON IRREGULARITIES:

- incorrectly identifying the number of people working in hazardous conditions
- incorrect work organization
- incorrect selection of individual protection measures

Industrial processing

In this sector, as many as 68% overpayments are due to hazardous conditions.

1.57%

average % rate for the work accident insurance contribution in the analyzed companies from industrial processing sector

0.84%

minimum % rate of the work accident insurance contribution in the industrial processing sector

Industrial processing includes the widest range of businesses. These include such industry sectors as the production of tobacco and leather, clothing, paper, chemicals or i.e. manufacturing products from other non-metal materials.

In the analyzed companies, within a year, on average 9% employees work in hazardous conditions. However, one has to keep in mind that this result depends on the specific character of a given company and it may be much lower in a company that makes computer parts and higher in a company that makes chemical products, where the dangers are incomparably higher.

"A frequent challenge for industrial processing companies is to reducing the number of people exposed to harmful factors, whose concentrations exceed the allowed norms. Due to working in enclosed spaces, such as production halls or warehouses, the threat sources present at the workplace amplify one another. Limiting or eliminating threats is extremely costly and difficult to carry out in many cases, as it requires interfering with the structural integrity of machines or buildings" – explains

Michał Wawrzynowski, health & safety expert in the Labor Costs Area at Ayming.

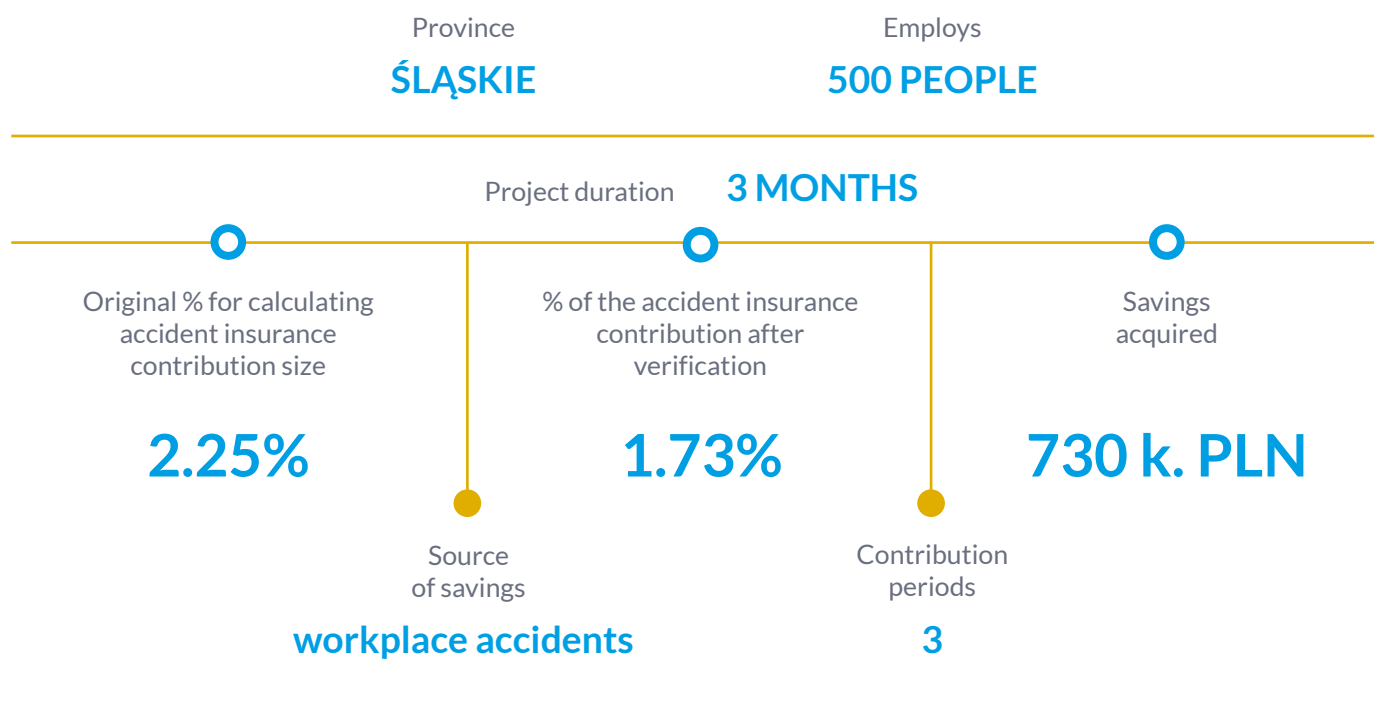
Most processing sector companies display a high accident rate, which translates into a higher accident insurance contribution. Depending on the specific character of a given company, most frequent difficulties are found when determining and classifying accidents, due to there being many events.

"It may happen that a payer will use ZUS IWA declaration and right alongside the number of persons that suffered from workplace accidents (i.e. 10 people), the payer also provides these affected regarding which ZUS refused to pay a one-time compensation, questioning whether an event was a workplace accident (i.e. in reference to 4 people). According to ZUS practice, such events should also be included in ZUSI WA declarations. This will lead to a higher base % rate, based on 14, not 10 cases. However, such an interpretation is completely unjustified and goes against the ratio legis of the social security accident insurance law" – comment by Robert Adamczyk, attorney at law, expert in the Labor Cost Area at Ayming.

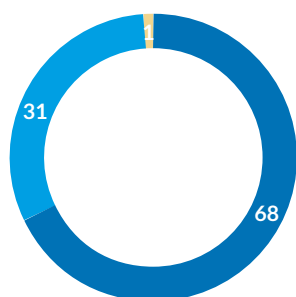
Case study

Industrial processing

MAIN CHALLENGE: client's documentation is incomplete



Share of specific areas in savings for the industrial processing sector



68% hazardous conditions

31% workplace accidents

1% number of insured

MOST COMMON IRREGULARITIES:

- misclassification of accidents due to their large number and varied character
- difficulties in correct qualifying the number of workstations exposed to work in hazardous conditions

Myths about work accident insurance contribution in Poland

Myth #1: The size of the insurance contribution is fixed

Truth: The work accident insurance contribution is calculated individually and depends on the situation at the organization. ZUS calculates the size based on data declared by the payer from the past three consecutive years, with consideration of individual risks present at a given workplace.

Myth #2: The work accident insurance contribution is purely an HR/ Health & Safety matter

Truth: HR departments view the accident insurance contribution usually based on how many people are insured, whereas the health & safety inspectors focus on employee safety. Whereas changing the accident insurance contribution has a tangible effect on the company's financial result, improving or worsening it. This is why the accident insurance contribution should be also monitored by financial departments.

Myth #3: A company that currently pays the lowest possible work accident insurance contribution cannot influence how much it paid in the past

Truth: The work accident insurance contribution can be verified even up to 5 years in the past, and each contribution period is influenced by data from the three previous, consecutive years. Even though the contribution size may be minimal at the moment, it does not mean that the company cannot reclaim overpayments from the past years.

Myth #4: The work accident insurance contribution does not require yearly verification

Truth: Aby To correctly determine the size of the % rate for the accident insurance contribution, one has to verify it systematically. Conclusions drawn from such controls may contribute not only to reducing the accident insurance contribution size, but may also improve employee safety.

Myth #5: The savings that can be acquired from the work accident insurance contribution are insignificant

Truth: According to Ayming analyses, the verification of the accident insurance contribution may bring savings even up to 3% of the yearly total remunerations. Such a sum may improve the company's financial results.

Myth #6: Only accidents can affect the size of the work accident insurance contribution

Truth: The size of the insurance contribution is influenced by a range of many factors, whereas the accident rate is only one of them. One has to consider the type of activity according to PKD classification to the same degree, the number of insured and the number of people working in hazardous conditions. When verifying the size of the accident insurance contribution, one has to utilize a comprehensive approach, considering each of the aspects mentioned before.

Myth #7: ZUS inspectors verify the size of the accident insurance contribution as part of their periodic inspection

Truth: According to Ayming analyses, it has happened only in two out of 1500 projects conducted that an inspection carried-out by ZUS inspectors led to the modification of the work accident insurance contribution.



Methodology of analysis

This report has been prepared on the basis of an analysis of 500 projects verifying the size of the work accident insurance contribution, conducted in 2006-2018 in companies with over 200 employees.

Eight sectors were taken into consideration which most often display irregularities when setting the accident insurance contribution size and where the savings potential is highest. These are: the mining sector, construction sector.

Analysis methodology industrial processing sector, metal sector, timber and furniture manufacture sector, food industry, automotive sector and production of plastic.

If not stated otherwise, all the statistics originate from Ayding's own reports. Internal data is used due to the reliability of their statistical value, as it had all been acquired in a complete and correct fashion.



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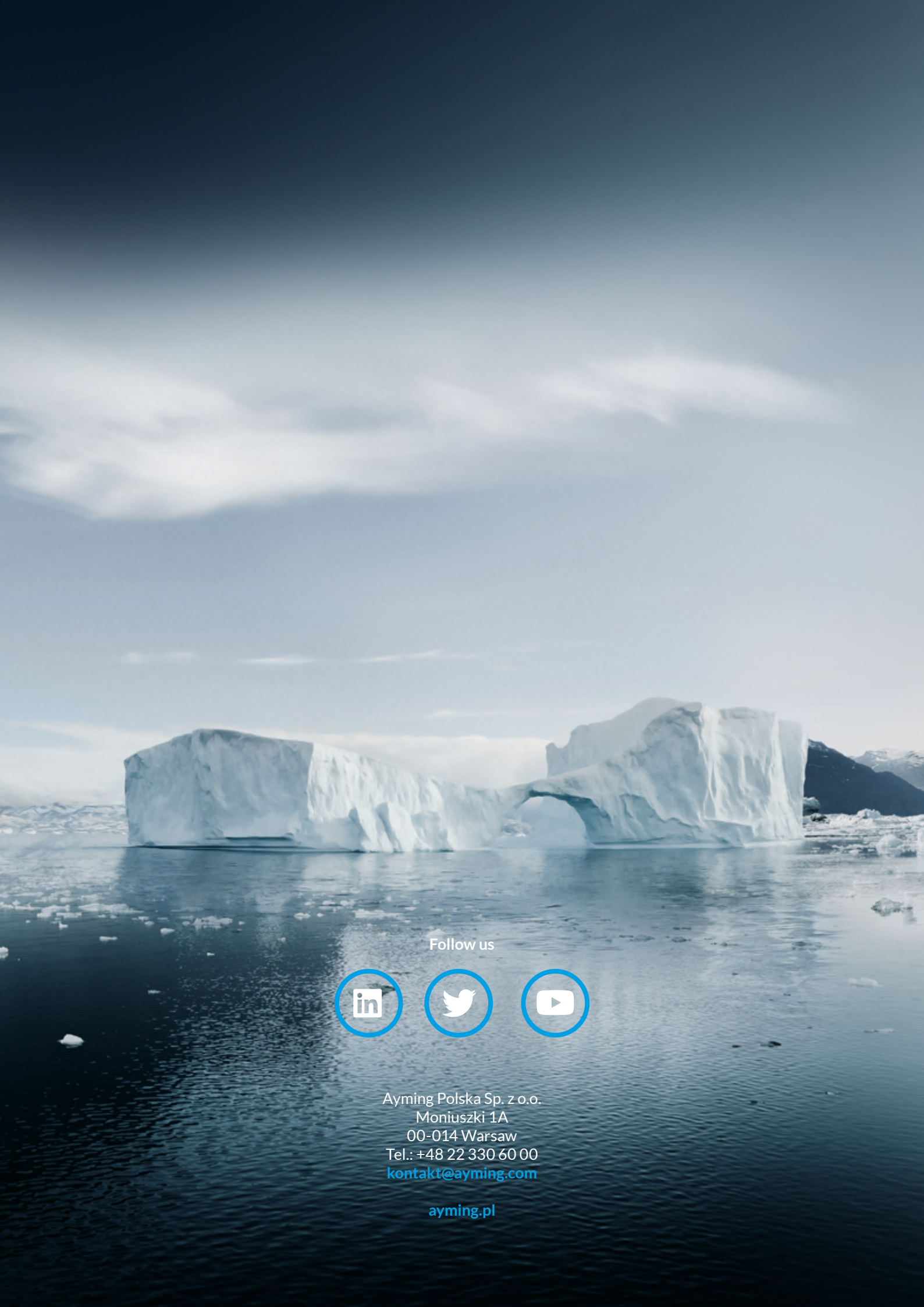
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The Ayming report "Work accident insurance contribution. Unknown cost, hidden savings" contains exclusively general information. The analysis presented in this report, the comments and opinions are data interpretations and must not be used as a specific piece of advice applicable in an individual case. Therefore, no decisions of any kind, be it financial, legal or business decisions, must be made based only on the information found in the report. Prior to making such decisions, it is necessary to use the support of individual consulting services. Ayming Polska cannot be held accountable for any damage caused by decisions made exclusively based on the data and solutions presented in this report.



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