

# Comparative Review of Workers' Compensation Systems in Select Jurisdictions

**JURISDICTION:** SWEDEN

## ENVIRONMENT

**Population Size** 8,845 million (December 1996)

**Labour Force** 3,845 million (January 1997)

**Demographic and Economic Indicators** Sweden has a highly homogeneous population which is concentrated in a band across the middle of the country, in the southern parts and along the coastline. There are relatively isolated, small communities dispersed throughout the rest of the country. Though it is one of the largest countries in Europe in terms of land mass, it has one of the lowest population densities. Eighteen percent of Sweden's population is over 65.

Sweden is noted for the way in which it has integrated private enterprise with its social democratic style of government to create one of the most extensive social security systems in the world. However, the country has undergone a severe recession in the last five years and is just now building its way back. After three years of declining GDP, a 10% fall in employment, a huge state deficit, and a monetary crisis, the economic trends are now back on track. The recession had, however, an effect on the social security system which was forced to severely cutback social security benefits. In this reassessment process, the formerly very high replacement rates in certain areas have been reduced, but the general concept of universality has been retained. The social insurance disbursements during the period between 1992 to 1994 corresponded to more than 20% of the GDP, but is expected to fall back to 19.9% in 1997.

A remaining problem is the high unemployment rate. In March 1997, the unemployment rate was 8.0% (until 1990, Sweden had virtually no unemployment, other than cyclical variations).

**GOVERNANCE &  
ADMINISTRATION**

**Nature of System** A national, compulsory, worker's compensation program.

However, workers' compensation or work injuries insurance is highly coordinated with Sweden's comprehensive, national social insurance system<sup>1</sup>. Injuries sustained at work qualify for compensation under the *Work Injuries Insurance Act (1976)*<sup>2</sup>.

**Principles and  
Mandate**

Workplace health and safety, accident prevention, rehabilitation and quality of "working life" are the goals of the system. The system is also responsible for ensuring a commensurate standard of living for the permanently disabled worker.

The Swedish system is sometimes characterized by the expression that it is based on the philosophy of "freedom from idleness" (whereas the philosophy of other systems could be described as "freedom from want").

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<sup>1</sup> The national social insurance system provides comprehensive social security benefits including sickness and parental insurance, pension insurance, child allowance, maintenance advances and housing allowances and work injuries insurance. This comprehensive health and welfare, social assistance and pension system is highly integrated. The pensions component of the system is two tiered in that old age or retirement pensions, disability pensions and survivor s pensions all consist of two parts: a national basic pension and a national supplementary pension. The national basic pension is universal providing flat rate benefits to any citizen of an EU/EEA country or another country with which Sweden has a social security agreement; a full basic pension is provided to any person with 40 years residence in Sweden. The national supplementary pension, supplements this basic rate based on employment history and contributions made by wage earners to the national pension scheme (ATP points); a person with 30 years worth of ATP points is eligible for a full basic pension. People injured at work obtain compensation for loss of income as a result of the work injury from the work injuries insurance fund. The size of the work injury pension or annuity depends in part on the person s income from work and in part on the size of the national pension they are entitled to and their ATP points. People receiving a work injuries insurance pension are also eligible for other benefits provided through the social insurance program[confirm this]. All pensions or annuities are calculated with reference to a "base amount" which is set each year and adjusted for inflation. The base amount for 1995 was SEK 35,700.

<sup>2</sup> People temporarily serving the government, say during military service, are covered by an act called the *State Personal Injuries Guarantee*.

**Access to Litigation** In Sweden, workers' compensation is not an exclusive remedy of the employee against the employer. Employees not covered by labour market no fault liability insurance<sup>3</sup>, which provides benefits over and above the statutory benefits provided under Sweden's social security system, may pursue a claim for damages against an employer. In practice, however, because most employers offer this insurance, almost no claims are made against employers under the common law.

**Scope of System**

*Who is Covered?* All employees, including persons undergoing training or education if the occupational injury or illness is associated with the training or education, are covered. In certain cases it also covers people employed abroad. No minimum qualifying period is required.

*What is Covered?* Any injury incurred as a result of an accident at work is covered. Accidents incurred on the way to work are also covered. As well, other "injurious effects" of work, including exposure to noise, energy radiation, repeated or unusual stress, monotonous operations, and sudden temperature changes are covered.

Occupational illnesses or diseases are also covered, except infectious diseases unless they are listed in a special schedule (hospital infections and jaundice may, in certain circumstances, be regarded as work injuries).

**Self Insurance** Not permitted.

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<sup>3</sup> Under collective agreements most employers are required to provide "labour market no fault liability insurance". Under this insurance an employee who has suffered a occupational injury or disease is entitled to compensation for losses that are not covered under the statutory social security system such as compensation for pain and suffering, disfigurement and other permanent disadvantages caused by the disability, including rehabilitation, funeral expenses and maintenance for survivors. In return, employees may not pursue a claim of damages against an employer, although they receive the same type of compensation under this labour market no fault liability insurance as they would receive if they pursued a negligence claim. All employers who are members of a Swedish Employers' Confederation employers association are required to provide labour market no fault liability insurance. Most non-member employers' associations are also required to provide this insurance and many other employers also accept this responsibility voluntarily.

**Organizational  
Framework**

The National Social Insurance Board is an independent government body that is responsible for the administration of Sweden's social insurance system.

The Board itself is the central administrative authority with overall responsibility for ensuring that "the rules for compensation are administered equally and justly over the whole country, that the public is served equally, and that the resources are rationally and effectively used". The activities of the Board are concentrated on the central functions of management and supervision at the national level. The Board's key responsibilities are the evaluation of programs and recommendation of changes to government on the social insurance programs. The Board employs 640 people.

The responsibility for the application of the social insurance legislation and direct contact with the public lies with the Social Insurance Offices. Their main task is to handle individual cases and process application for benefits. There are 25 regional Social Insurance Offices, one in each county. At each regional office there are a number of elected social insurance commissioners (165 in total) who decide on certain individual cases. Each regional office has a number of local offices, 360 in total. About 15,000 people are employed in this administration.

**Governance  
Structure**

The National Social Insurance Board is lead by a committee, consisting of a Director General and other board members appointed by government.

Each regional Social Insurance Office is an independent legal body and has its own Director and Committee. The Committee is appointed by the government, the county council or the municipal council.

**Policy Development**

The enforcement of government decisions and the implementation of government policy is entrusted to the National Social Insurance Board. The Board is expected to submit proposals to the government regarding how it will implement the government's policy.

**Accountability** The National Board is closely monitored and supervised by government and is subject to parliamentary control. It is supervised by the National Audit Board in the same way as other central government administrative agencies. The regional Social Insurance Offices are subject to monitoring and supervision of the National Social Insurance Board.

**Performance Assessment** Performance assessment is an integral part of the government budget process. The operations and performance of both the National Social Insurance Board and the regional Social Insurance Offices are scrutinized during the budget development and approval process.

**Claims Adjudication Process** Claims are assessed by adjudicators at the regional or local Social Insurance Office level in accordance with uniform award policies, rules and guidelines issued by the National Board. Decisions are made on the basis of written and medical reports<sup>4</sup>.

Starting in January 1993, the requirements, or qualifying conditions, for having work injuries approved for compensation were strengthened (see footnote "Claim rate").

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<sup>4</sup> "...in order to prevent the program gatekeepers from being influenced by self-reports and by the physical presence of claimants. , page 141, Aarts and Jong, "European Experience with Disability Policy , *Disability, Work and Cash Benefits*.

**Dispute Resolution**

*Mediation/  
Conciliation*

There are no mandatory requirements for mediation or conciliation.

*Appeals Process*

Any person, including an injured worker, who is dissatisfied with a decision of the local Social Insurance Office can request an internal review of the decision. Review of a decision by the local Social Insurance Office is generally undertaken by the regional Office. The regional Offices review their own decisions. A decision of the Social Insurance Board may be appealed to the county administrative court (in Sweden there is an administrative court system that is responsible for cases within the public administration). A decision of the county administrative court is then appealable to the administrative court of appeal. A decision of the administrative court of appeal may be appealed to the Supreme Administrative Court. This is the final avenue of appeal and the Supreme Administrative Court will only consider decisions which involve significant precedents.

**ASSESSMENTS /  
FINANCING**

**Assessment or  
Premium Setting  
Process**

The level of contributions by employers is set by Parliament based on recommendations of the Ministry of Finance. The recommendation is based on budgetary projections from the National Social Insurance Board. There are different contribution rates for employers and the self employed.

**Assessment/Premium  
Rates**

Although Sweden's workers' compensation program is integrated with its general social insurance program, work injury insurance is financed separately through contributions from employers based on a payroll levy. In 1996/97, employers paid 1.38% of payroll and self employed persons paid an amount equal to 1.40% of income<sup>5</sup>. (A large part of the medical and disability benefit costs incurred are covered by the national sickness insurance program. Employees contribute 4.95% of their salary to the health insurance program, employers contribute 4.04%, and the self employed contribute 4.72% of their income or payroll.)

**Second Injury Funds  
/ Disaster Funds**

Not applicable.

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<sup>5</sup> This payroll levy rate for the work injuries fund has risen steadily over the last 10 years. In 1985, the rate was .60% for employers; in 1988 it was raised to .90%; in mid 1992 it was raised to 1.20%; and in 1993 it was raised to the current rate of 1.38% for employers and 1.40% for self-employed individuals.

**COMPENSATION**  
**BENEFITS**

**Claim Rate**

In 1994, 133,000 work injury or illness reports were registered with the National Board of Health and Safety<sup>6</sup>, over 100,000 cases resulted in sick leave and 27,356 work injury disease claims, 6,893 work accident claims and 1,152 traveling accident claims were made<sup>7</sup>. Of the total number of work injury disease cases decided during 1994 by the National Social Insurance Board, 47% of cases were accepted (23,846 accepted and 26,633 rejected), 73% of work accidents cases were accepted (6,041 accepted and 2,282 rejected) and 72% of work traveling accidents were accepted (1,030 approved and 392 rejected)<sup>8</sup>.

**Medical Aid**

*Nature of Aid*

Medical aid provided to the injured worker is covered by the national health and sickness insurance program, with a few additions covered by the work injuries system<sup>9</sup>.

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<sup>6</sup> The work injuries insurance legislation requires the reporting of all work place injuries, accidents and illnesses to the National Board of Occupational Health and Safety which keeps a national register of all work accidents and illnesses.

<sup>7</sup> The number of occupational diseases per 1,000 employees is 8.1. About 70% of all claims are for musculoskeletal-type injuries. Fatalities are 4.9 per 100,000 male workers and 0.4 per 100,000 female workers.

<sup>8</sup> There has been a dramatic reduction in total number of work injuries reported, claims made and cases accepted. In 1989, 248,00 work injury reports were made and 87,240 injury disease claims made to the insurance office. Of the injury disease cases decided in 1989, there was an 85% acceptance rate (54,053 cases accepted and 9,622 rejected).

<sup>9</sup> The health insurance program compensates the employee for most of the medical expenses associated with treatment at public or private facilities including dental treatment, physical therapy and travel expenses. Mediation is also covered free of charge or at reduced cost. The additional items covered by the work injuries insurance program include the full cost of appliances or other aids necessary to treat or mitigate the effects of the injury and extra costs associated with dental treatment.

***Choice of Provider*** Companies larger than 1,000 employees have their own company health service and firms under 1,000 employees use community occupational health services. Both company and community health services provide a multi-disciplinarian team of professionals in occupational illnesses and injuries including physicians, nurses, physiotherapists, industrial hygienists, safety engineers and in some cases a psychologist and ergonomist. Complex cases are referred to regional hospitals which house occupational medical clinics that specialize in complex work injuries and illnesses and perform research in work related conditions indigenous to the industries in their region.

***Medical Cost Containment Initiatives*** Some general health care reforms made in the last few years include an increase in medical user fees (in 1997, from SEK 60 to 260, approximately \$11 to \$48 Canadian, per visit to a doctor or clinic) and introduction of a capitation fee, whereby a doctor gets an annual stipend per patient instead of a fee for service, to encourage preventative medicine.

**Rehabilitation**  
***Vocational***

The national social security system provides extensive rehabilitation benefits for any person who has suffered an injury or sickness that makes it difficult for the individual to return to work. Rehabilitation is a concept that covers "all that has to be done to enable" a person to resume working after an illness or injury. It is the social insurance office's responsibility to coordinate the various services, programs and benefits that are necessary to aid in a person's rehabilitation. The regional and local social insurance offices do not have their own rehabilitation personnel or facilities, instead using the services of various medical, vocational and other professionals in the field.

If the ill or injured person is an employed person, it is "first and foremost" the responsibility of the employer and worker together to begin rehabilitation efforts as soon as it is appropriate (if a person is unemployed this responsibility is shared with the social insurance office). The *Swedish Work Environment Act* (see below) requires that every employer have a "suitably organized" scheme of rehabilitation.

*Social*

An injured worker can receive grants for technical aids and to adapt the workplace.

Social assistance for disabled workers falls under the responsibility of the municipalities.

*Rehabilitation  
Incentives*

If a disabled worker receives rehabilitation with a view to restoring their employability they receive a rehabilitation cash benefit equal to 75% (the normal level of sickness cash benefit) of their qualifying income for sickness or short-term disability cash benefit.

Employers are legally required to take measures to modify or adjust the working environment (with respect to technology, job content or work organization) to enable a person with impaired ability to keep his job or return to work.

Employers hiring disabled workers are eligible to receive wage subsidies, though subsidies are not available for already employed persons.

*Trends in  
Treatment of  
Subjective  
Complaints*

No special programs or initiatives were identified.

## Disability Benefits

### *Short-Term Benefits - Temporary Disability*

Weekly "loss of earnings or wage loss" compensation:

*Rate:* Following the first 28 day period and for the first 90 days, the sickness insurance program is responsible for covering sickness cash benefits for injured workers at a rate of 75% of the worker's qualifying income<sup>10</sup>. From 91 days onward, the work injury insurance program is responsible for providing short term illness or disability cash benefits. The cash benefit for days 91 to 365 is 75% of the injured worker's daily salary<sup>11</sup>; and from day 366 on, 70% (in some cases, such as during continued medical care, this rate may be continued at 75%). Injured workers in rehabilitation programs receive a rehabilitation cash benefit of 75<sup>12</sup>.

*Indexed:* The base amount on which all cash benefits or annuities are calculated is adjusted annually for inflation.

*Duration:* In principle, unlimited duration. The sickness or disability cash benefits continue until the worker has recovered, been rehabilitated or been certified as permanently disabled.

*Taxable:* Yes, virtually all social security benefits paid under the national social security program are taxable.

*Employer's Excess /Waiting Periods:* There is a waiting period of one day when no wages are paid to the injured worker. The employer is responsible for paying 75% of the injured worker's salary for days two through 28.

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<sup>10</sup> Since April 1, 1993, sickness cash benefits and work injury insurance benefits have been totally coordinated. Prior to then, work injury benefits were higher.

<sup>11</sup> From day 15 on, an injured worker's daily salary is calculated by taking the income the worker was expected to earn during the coming year and dividing it by 365. Injured workers in effect receive the sickness or disability cash benefit or allowance for every day of the week. For days 2 through 14, sickness pay, paid by the employer in the case of an injured or ill worker, is calculated by the hour if the worker was paid by on an hourly basis; by the working day if the worker has a monthly salary; and by the calendar day if the worker is self employed.

<sup>12</sup> Before March 1, 1991, sickness cash benefits (including work related short term disability benefits) were equal to 100% for all days. Since that time there has been a steady erosion in all benefit rates.

**Long-Term  
Benefits -  
Permanent Partial  
and Total  
Disability**

"Loss of earnings or wage loss" awards or pensions:

*Rate:* Any worker whose earnings capacity is reduced by at least 6.7% (or one-fifteenth) as a result of a work injury is entitled to a permanent disability pension or annuity to be paid out of the Work Injuries Insurance Fund<sup>13</sup>. Depending on the loss of earning capacity, and based on their income from work and in part the size of their national basic pension and supplementary pension, a permanently disabled worker is entitled to a pension up to 70% of their daily salary.

*Indexed:* The base amount on which all pensions and annuities are calculated is adjusted annually for inflation.

*Duration:* Until the person reaches age 65.

*Taxable:* Yes, virtually all social security benefits paid under the national social security program are taxable

*Offset Against Other Social Security Benefits:* Because the system is totally integrated, when the disabled worker reaches 65 years of age, the work injury insurance benefit converts to an old-age pension in accordance with the national scheme. The worker receives the benefit that he or she would have been eligible for, whether or not he or she had been disabled.

Award for "functional impairment":

*Periodic (pension or annuity):* The national work injury insurance program covers income loss, while compensation for general inconvenience, and disfigurement, is covered by "no fault work liability insurance".

*Lump-sum:* None.

*Covers Disfigurement:* Covered under "no fault work liability insurance".

Impairment Schedule: Not applicable.

Supplemental Awards: The work injuries program provides allowance for attendant and personal care and a special car allowance for workers with severe functional impairment.

**Hearing Loss**

No special provisions.

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<sup>13</sup> There is provision for funds to be transferred from the pension funds to the Work Injuries Insurance Fund (in 1993, MSEK 8,300 was transferred from the Partial Pension Fund to the Work Injuries Insurance Fund).

**Death Benefits**

***Funeral Expense Benefits***

Funeral Costs: A lump-sum payment equal to 30 percent of the set base amount is provided as a "funeral grant".

Emergency Lump-sum: None.

***Survivor Benefits***

Survivor Category

Lump-sum

Pension

Surviving spouse

None (covered under "no fault liability insurance).

45% of the deceased's qualifying income<sup>14</sup>.

Dependent children

None (covered under "no fault liability insurance).

Additional 20% of the deceased's qualifying income, to surviving spouse for each child under 18 years, to a maximum of 40%.

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<sup>14</sup> The size of the pension or annuity depends in part on the deceased's income from employment and on the size of the survivor's national basic pension and supplementary pension.

**HEALTH & SAFETY  
& PREVENTION**

**Programs or  
Agencies  
Responsible**

The *Swedish Work Environment Act* is the governing legislation for occupational health and safety in Sweden. The Act is broader than just occupational health and safety however, as the goal of the act is not just to prevent ill-health and accidents at work, but also the "general achievement of a good working environment"<sup>15</sup>. The Act sets responsibility for achieving these goals squarely on the employer (a legal responsibility punishable by criminal sanctions), but recognizes the role to be played by employees and trade unions "working together to obtain the best possible working environment"<sup>16</sup>. The legislation is not highly prescriptive; it provides standards and expectations and entrusts a high level of responsibility onto the employer to implement these standards in the work place.

The National Board of Occupational Health and Safety (under the Ministry of Labour) has overall responsibility for occupational health and safety. Its role is to clarify and develop the general rules of the *Work Environment Act*. "Provisions" issued by the Board have the same legal status as the Act itself.

Direct supervision of the working environment is through the Labour Inspectorate which is subject to the direction of the National Board of Occupational Health and Safety. The Labour Inspectorate is divided into 11 districts; each district has a Labour Inspection Committee (a total of about 600 staff includes about 400 inspectors, many of whom are specialists in certain areas such as chemistry, construction sites, ergonomics, etc.). The Inspectorate "works for the promotion of good working conditions by means of inspections, information and investigation of occupational injuries". The Labour Inspectorate can issue injunctions and impose penalties.

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<sup>15</sup> The concept of a "good working environment" is based on a bio-psycho-social model. Enshrined in the *Swedish Work Environment Act* is the requirement that every work place must consider and take into account how technology, job content and work organization affect their employees in a physical, psychological and social sense.

<sup>16</sup> 800,000 workers have 40 or more hours of occupational health and safety training.

There is also a comprehensive network of other agencies and organizations involved in occupational health and safety in Sweden, sometimes referred to as the "Swedish Collaboration Network". This collaborative group of organizations includes the National Institute for Working Life, a government body devoted to research in work related issues; the Swedish Council for Worklife Research, a granting agency for other councils and organizations; the Joint Industrial Safety Council, an information or knowledge based agency with a prevention focus; and insurance companies, company health services and schools, universities and institutes (which offer extensive subject specific occupational health and safety education courses).

Comparative Review  
*Sweden*

<b>Source of Funding</b>	Funding for occupational health and safety programs and agencies in Sweden is supported both by employers' through assessments and the general consolidated revenue fund of government.
<b>Accident Reporting</b>	All workplace accidents and injuries must be reported to the National Board of Occupational Health and Safety.
<b>OHS Representatives &amp; Committees</b>	<p>The <i>Work Environment Act</i> requires that there be a "safety committee" at all worksites where 50 or more people are employed and worksites, where at least five employees are regularly employed, must have a "safety delegate".</p> <p>The safety committee has no legal responsibility for safety at the worksite and has no role in operational working environment issues. Its role is of an overall policy making function within the area of the working environment. The safety delegate also has no legal responsibility for the working environment but, as the trade union representative in the working environment, plays a role in ensuring that the employer is carrying out his duties under the act and is involved in planning, initiating and carrying out measures to promote a good working environment. The safety delegate also has the power to <i>suspend work</i> if there is an immediate and serious danger to life or health or an employer disregards an order of the Labour Inspectorate.</p>
<b>Offenses and Penalties</b>	
<i>Contraventions of the Legislation</i>	Unknown.
<i>Administrative Penalties</i>	Unknown.
<b>OHS Legislative Review</b>	Unknown.

**Health and Safety  
and Loss Prevention  
Initiatives**

The Swedish Work Environment Fund, established in 1972, is used to help combat industrial injuries and diseases caused by the work environment and to improve the work environment. The board of directors of the fund is composed of employer representatives, trade unions and industrial health and safety authorities.

The *Work Environment Act* also imposes a responsibility on all employers to provide health supervision and medical checks as appropriate to the nature of the workplace. Doctors are required to notify the national board when a illness or condition they diagnosis in a worker may be related to the work environment.

In addition, the Act requires that employers establish aims or goals related to the working environment and annual action plans for achieving these aims. The employer must also investigate all cases of worksite illness or accident, develop a yearly set of statistics, and carry our risk analyses of the working environment.

Another legal requirement imposed under the Act places a duty on manufacturers, importers, and sellers of machinery and equipment to ensure that their machinery or equipment affords adequate security against accidents and disease.

**FRAUD**  
**PREVENTION**

The issue of fraud in relation to social insurance programs has attracted some attention in recent years in Sweden and an investigation into the size of the problem has recently been completed. The question of how to prevent and minimize the problem is still under discussion and investigation and the government has allotted the National Social Insurance Board funding of MSEK 25 (about \$4.6 million Canadian) to address the issue of fraud.