

**BIENNIAL REPORT**

**ON THE**

**EUROPEAN CODE OF SOCIAL SECURITY**

(ARTICLE 76 – PARTS NOT SPECIFIED IN THE RATIFICATION OF THE CODE  
OR IN A NOTIFICATION MADE SUBSEQUENTLY)

## **REPORT**

for the period from July 1, 2014 to June 30, 2016 made by the government of the Czech Republic in accordance with Article 76 of the European Code of Social Security on the position of national law and practice in regard to the matters dealt with in Parts of the European Code of Social Security which have not been specified in the ratification of the Code or in a subsequent notification.

### **I. and II. List of primary legislation**

#### **List of laws and regulations**

Act No 262/2006 Coll., the Labour Code, as amended

Decree No 276/2015 Coll., on the compensation of distress and increased difficulty of social application arisen from an industrial injuries or occupational diseases

Decree No 290/1995 Coll., determining the list of occupational diseases, as amended

Decree No 125/1993 Coll., stipulating the conditions and rates of mandatory statutory insurance of liability of an organization for industrial injuries or occupational diseases, as amended

Labour Inspection Act No 251/2005 Coll., as amended

Regulation No 201/2010 Coll., defining the method of evidence, reporting and notification of injuries.

Decree No 359/2009 Coll., regulating the percentage rate of working ability decrease and requirements of disability opinion and providing work ability assessment for disability.

The fundamental law which addresses the issues related to compensation for industrial injury or occupational diseases is the Act No 262/2006 Coll., Labour Code.

#### **1. Scope**

Coverage is granted to all employees.

#### **2. Conditions for Entitlement to Benefits**

According to the Labour Code, if an employee suffers industrial injury in connection with the performance of his/her employment task or in direct consequence thereof, or if an occupational disease should be diagnosed which would give rise to damages, such damages must be compensated by the employer. This constitutes an objective liability of the employer. The employer is obliged to provide compensation for such damages even if he complied with

all obligations arising to him from legal and other regulation related to the safety and health protection at work.

Employers may be exempted from such liability for damages in part or in full only for reasons which are defined in an exhaustive list contained in the Labour Code (e.g. if the employee caused injury to himself by his own fault, being inebriated or otherwise intoxicated, or due to breach of safety and health protection rules even though such were made known to him by the employer and their knowledge and compliance was duly enforced and controlled by the employer). Employers may also seek a change in the scope of their rights and obligations in instances where a significant change in circumstances occurred on the part of the injured party which would be decisive for the purposes of determination of the compensation due.

If the employer is not exempted from liability he shall be obliged to provide the employee with the compensation as follows:

- a) for loss of income during sick leave
- b) for loss of income for the period following the sick leave
- c) for distress / pain and aggravated difficulty of social application
- d) for costs effectively disbursed in connection with treatment
- e) for material damage.

### **3. Level of Benefits**

(a) Compensation for loss of income during sick leave and for loss of income for the period following the sick leave is provided to employees at the level of an average income achieved prior to the damage occurring.

Compensation for loss of income during sick leave takes into account any sickness benefits provided, and any compensation for loss of income for the period following the sick leave correspondingly takes into account income attained after the injury or diagnosis with the occupational disease, same as any additional potential disability benefits provided for the same reason.

Compensation for loss of income after the termination of incapacity to work, however at the utmost until the end of the calendar month when he/she attains the age of 65 years or until the date of award of his/her old-age retirement pension benefit (paid from statutory pension insurance).

Compensation for distress / pain and aggravated difficulty of social application is provided on the basis of Decree No 276/2015 Coll., on the compensation of distress and increased difficulty of social application arisen from an industrial injury or occupational diseases, on the basis of a point system. At present time, one point corresponds to the value of CZK 250.

Compensation of costs effectively disbursed toward treatment shall be borne by the employer and reimbursed to such a person who proves the disbursement of any such costs. Material costs must also be correspondingly proven by an employee.

If an employee passed away as a consequence of an industrial injury or an occupational disease, the employer:

- a) compensates purposefully incurred costs connected with the employee's medical treatment;
- b) compensates adequate costs connected with the employee's funeral;

- c) compensates the cost of survivors' maintenance;
- d) provide lump-sum indemnification to the survivors;
- e) provides compensation for material damage.

Compensation for purposefully incurred costs connected with medical treatment and compensation adequate costs connected with the funeral of the injured party shall be provided to the person who incurred the said costs.

Compensation for the cost of - survivors' maintenance shall be due to those survivors whom the deceased maintained, or was under the duty to maintain, until the time until which he/she would have been under such duty, however latest until the end of the month when the deceased would have reached the age of 65 years. Such compensation shall be due to the survivors in the amount of 50% of the deceased employee's average earnings, as ascertained before his death, if he maintained, or was under the duty to maintain, one person, or 80% of his average earnings if he maintained, or was under the duty to maintain, two or more persons. Indemnification in the form of a lump-sum shall be due to the deceased employee's spouse, registered partner<sup>1</sup> or maintained child, where each of them will be paid at least CZK 240,000; to the parents of the deceased, if they lived with the deceased in a one household, they shall be paid in total at least CZK 240,000.

The Government may increase, by its Decree, the amount of the lump-sum indemnification in accordance with the changes in wages and living costs.

With respect to material damage, the compensation shall be due to the deceased employee's heirs..

An employee's rights to compensation for a loss of earnings due to an industrial injury or an occupational disease or some damage (harm) to health other than an industrial injury or occupational disease and the rights to the compensation of the cost of survivors' maintenance shall not become statute-barred. However, the rights to individual payments arising therefrom shall become statute-barred.

(b) Compensation for industrial injury and occupational disease rests in the Czech Republic on the principle of settlement, i.e. on compensation of lost earnings. Both industrial injury or occupational disease benefits - are provided from the general system of pension insurance and the calculation of its amount corresponds to one of disability levels (an insured individual is disabled, if his/her work ability has dropped by at least 35 %, but not by more than 49 %: **level-one disability**; by at least 50 %, but not by more than 69 %: **level-two disability**; by at least 70 %: **level-three disability**). Similarly, related sickness benefits are provided from the general system of healthcare insurance (same as in cases which occur due to other general causes) and other material benefits [including benefits in kind (medical care, healthcare)] are covered by the National Health Insurance System.

(c) See paragraph a).

#### 4. Miscellaneous

(a) If the employee considers the amount of compensation provided by employer incorrect or if he/she has not been provided with compensation he/she shall have the right to enforce his rights before the court.

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<sup>1</sup> Act No 115/2006 Coll., Registered Partnership Act, as amended, regulating permanent community of two persons of the same sex established by manner prescribed by this Act.

(b) Employer who employs at least one employee is insured by law, for the purposes of occurrence of industrial injuries or occupational diseases, with effect from January 1, 1993, and the relevant insurance provider will refund employers providing compensation to employees. Employers pay insurance contribution to a insurance provider which is calculated on the basis of calculation of social security payments and the state employment policy contribution. The calculation follows the rates listed in Decree No 125/1993 Coll., stipulating conditions and rates of mandatory statutory insurance of liability of an organization for industrial injuries or occupational diseases, as amended, for each corresponding category determined in connection with the prevalent activities which form the business activities of the organization.

If a claim for compensation arose before January 1, 1993 the employer shall be liable for such compensation without recourse to a refund from the insurance provider.

With regard to the fact that the compensation is provided by insurance providers and employers, the Ministry of Labour and Social Affairs does not keep records of the number of injured who are at present in receipt of such compensation.

(c) The supervision is performed by the Government Council for Safety and Health at Work and State Labour Inspection (section 6 of the Labour Inspection Act).

### **III.**

In 2006, Act No 266/2006 Coll., regulating Accident Insurance of Employees was adopted, should come into effect on January 1, 2008 and was supposed to replace the existing legal regulation of compensation for industrial injuries or occupational diseases as contained in the Labour Code. However, this act never came into effect and was abolished by Act No 205/2015 Coll. Legal regulation of compensation for damage provided by an employer shall be kept in Labour Code. The Czech Social Security Administration was appointed as an insurance provider for the employer's liability for damage concerning industrial injuries and/or occupational diseases.