

Employment injury and invalidity insurance in Malaysia – A good country practice



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The contributory social security system in Malaysia provides income security to employees and their dependents in cases of work-related accidents and occupational disease as well as non-work-related invalidity and death. The scheme is supplemented by a holistic network of services, including occupational safety and health promotion programmes, healthy lifestyle campaigns and rehabilitation centres that prevent accidents and diseases and facilitate the reintegration of injured workers.

The Social Security Organisation of Malaysia (SOCSO) is the main public institution governing the provision and management of the Employment Injury Insurance (EII) and Invalidity Pension (IP) schemes. SOCSO complements the EII and IP schemes by providing support services through its Occupational Safety and Health Promotion programme, Health Screening programme and Return to Work programme in its newly established Rehabilitation Centres.

Main lessons learned

- Contrary to Employers Liability Programmes, EII schemes anchored in a strong legal framework, protect employers against the financial consequences of catastrophic accidents. Thanks to EII, brands and buyers are no longer held responsible for compensating injured workers in factories.
- Occupational Safety and Health Promotion programme and healthy lifestyle campaigns reduce the incidence of work-related accidents and diseases and therefore reduce the cost of the EII and IP schemes.
- The Return to Work programme, Rehabilitation Centres and Vocational Rehabilitation help injured and disabled workers to recover and re-join the workforce earlier.

1. How did the employment injury and invalidity pension schemes develop?

The Employment Injury Insurance Scheme and Invalidity Pension Scheme were created in 1969 and are legislated by the Employees' Social Security Act of 1969.



Employees are eligible to participate in the EII and IP schemes if they are Malaysian citizens. Foreigners are not covered by the scheme. As of 2016, coverage is extended to the self-employed, own-account workers, workers of the informal sector, business owners and to the liberal profession

2. What benefits are provided?

The EII scheme provides compensations to employees who suffer from accidents and occupational disease arising out of and in the course of employment, including commuting accidents. The IP scheme provides compensations to injured workers and to dependents of dead workers irrespective of the causes of injuries and deaths.

The contribution rate of the EII scheme is set at 1.25% of insurable earnings and solely borne by employers while the contribution rate of the IP scheme is set at 1.0% of insurable earnings, equally shared by employers and workers.

Benefits under the EII scheme include medical, temporary disablement, permanent disablement, dependents', funeral and education benefits and attendance of medical rehabilitation sessions allowances. Benefits provided under the IP scheme include invalidity pensions and grants, survivors' pensions, funeral benefits and rehabilitation benefits.

3. What are the complementary services provided?

The EII and IP schemes provide a variety of complementary services to promote health and safety, to improve peoples’ ability to return to work (RTW) and to recover from accidents and to develop new skills and capacities in case of job relocation. These services, and in particular the RTW programme are embedded in legislation.

Promoting occupational safety and health

Central to SOCSO is the promotion of awareness for occupational safety and health (OSH) and a healthy lifestyle. In 2014, 248 programmes have been carried out by SOCSO across the country, including the Best Practice in Implementing Commuting Safety Management, National Safe Commuting to Work Campaign and the Commuting Accident Prevention Seminars.

Encouraging a healthy lifestyle

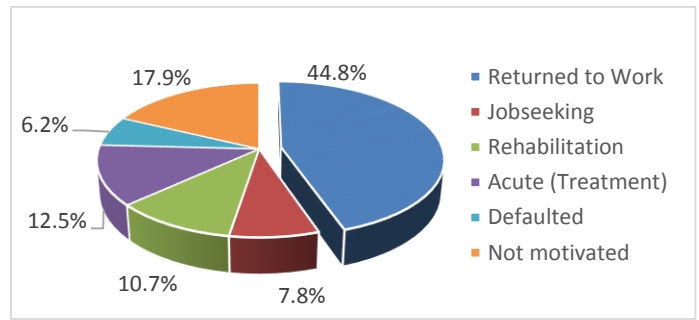
In 2013, SOCSO introduced its Health Screening Programme, aiming at improving its members’ health, in particular concerning Non-Communicable Diseases (NCDs). Free health checks are given to all SOCSO contributors aged 40 years and above who are actively working.

The Return to Work programme (RTW)

The RTW programme was introduced by SOCSO in 2007. This physical rehabilitation programme assists employees suffering from disabilities to recover and re-join the workforce.

The programme includes an initial assessment of the individuals’ needs, followed by recommendations regarding workplace modifications or provisions of specialized medical treatments. If RTW participants are unable to return to their former employer, they are entitled to receive assistance in job matching and placement, including new skills and vocational training that are required for new occupations.

In 2014, the programme provided rehabilitation to 2,583 insured members. As indicated in the figure below, out of 2,475 referred cases in 2012, approximately 45 per cent of the insured persons have been re-employed during that year, of which most (79.4 per cent) have returned to the same or similar job with the same employer as before their injury or disability (SOCSO 2013).



Note: There were 2,475 RTW referred cases in 2012 alone. Source: Based on data from SOCSO, 2013

Rehabilitation Centres

The SOCSO Rehabilitation Centres provide rehabilitation services aiming at restoring the insured members’ capacities to the needs of work. SOCSO has contracted a number of health professionals and service providers to offer these rehabilitation services.

SOCSO Education Loan Benefit

SOCSO Education Loan Benefit provides loans or scholarships to dependent children of an insured person. The applicant must be a dependent child of an insured person who dies because of an employment injury, or dies due to unspecified causes before the age of 55 years and meets the eligibility requirements of the survivor.

4. What’s next?

Malaysia has been successful in building a comprehensive EII and IP system over the past decades by providing a wide range of benefits, complemented by support services that promote health and safety and the reintegration and rehabilitation of insured members.

Health promotion is an ongoing process rather than a one-time event. Consistent communication with insured workers and their family about health and wellbeing are essential.

A possibility of extending coverage of the EII scheme to foreign workers should be considered to make the scheme truly comprehensive. Extending coverage to the self-employed, own-account workers, workers of the informal sector, business owners and to the liberal profession that has started in 2016 will most probably raise new challenges.

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