

April 2025

In focus: Employee insurance against work-related injuries and occupational illnesses

On 7 May 2025, the two-year period from entry into force of the Law on Occupational Safety and Health ("Official Gazette of the RS", no. 35/2023; hereinafter: the "Law") will expire. Within this period, employers are required to, pursuant to Article 111 of the Law, align and organize their business operations in compliance with the Law.

As part of aligning and organizing their operations in compliance with the Law, employers are obliged to, *inter alia*, insure employees against occupational illnesses and work-related injuries.

1. Insurance obligation

Namely, in accordance with Article 67 of the Law, employers are obliged to, at their own expense, provide insurance for employees against work-related injuries and occupational illnesses, for the purpose of compensating for damages resulting from such injury or illness.

Failure by the employer to provide insurance as described above is considered a misdemeanor, penalized by monetary fines ranging from 1,000,000 to 1,500,000 dinars for employers that are legal entities, from 200,000 to 400,000 dinars for employers who are entrepreneurs, and from 30,000 to 150,000 dinars for employers who are natural persons. In addition, the director or other person

responsible within the employer's organization who fails to fulfill this obligation may also be fined between 30,000 and 150,000 dinars.

It is important to note that, although a substantively identical provision existed in the 2005 Law on Occupational Safety and Health, its mandatory implementation was never initiated due to the pending adoption of a separate law on insurance against work-related injuries and occupational illnesses. Additionally, in 2015, the Ministry of Labor, Employment, Veteran and Social Affairs took the position that employers were not obliged to provide such insurance until the adoption of a specific regulation.

As a result, following the adoption of the new Law, the question was again raised as to whether this type of insurance is required, especially given that a special law on insurance against occupational illnesses and work-related injuries has still not been enacted.

Although the Ministry of Labor, Employment, Veteran and Social Affairs has not yet issued an official opinion on this matter since the adoption of the new Law, the Labor and Occupational Safety Directorate has informally clarified the issue, establishing that employers are obligated to insure their employees in accordance with the existing legal framework.

2. Scope of Insurance

Pursuant to the Law, the subjects of insurance against occupational illnesses and work-related injuries include all natural persons employed by the employer, as well as individuals who, on any legal basis, perform work or undergo training for work with the employer (excluding individuals performing household or family domestic work).

3. Types of Insurance

Given that, according to the new interpretation by the Directorate, insurance terms and procedures are regulated under the provisions of the existing Law on Insurance ("Official Gazette of the RS", nos. 139/2014 and 44/2021), this obligation can be met by contracting the following types of insurance:

- General insurance against accidents, including insurance for work-related injuries and occupational illnesses, which covers: an agreed monetary compensation in the event of an accident; reimbursement of agreed expenses in the event of an accident; a combined payout (compensation + expenses); and payment for consequences of injury, health impairment, or death of the insured.
- Group insurance for employees in the event of work-related injuries and occupational illnesses, which includes insurance against the consequences of an accident, including death due to an accident and permanent disability resulting from an accident, as well as insurance against occupational illnesses in terms of diagnosed occupational illness and

physical/organic impairment caused by the illness.

The amount of the insurance premium depends on the level of risk, the nature of the employer's business activity, and whether the work involves increased risk or not.

4. Tax Treatment of Insurance

Finally, it should be noted that premiums for general group accident insurance, including work-related injuries and occupational illnesses, do not constitute employee income in accordance with Article 14 of the Personal Income Tax Law. Furthermore, these insurance premiums are exempt from the general insurance premium tax in accordance with Article 6 of the Law on General Insurance Premium Tax.

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