

# SOCIAL SECURITY AND WORKMEN'S COMPENSATION SCHEME

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The Ministry of Labor and Social Welfare has announced that effective April 1, 2002, employers with one or more employees in their payroll will be required to make contributions to the Social Security Fund and the Workmen's Compensation Fund. Prior to the new regulation, contributions were mandatory only for employers with ten or more employees. The new social security scheme will not cover non-business enterprise workers, servants, or employees in temporary work places such as stalls.

Employers must register for the Social Security Fund and Workmen's Compensation Fund at the Social Security Office in the district where the employers' premises are located by April 30, 2002. Upon registration, employees will become "insured persons" entitled to benefits provided under the Social Security Act. Employers who fail to register within the stipulated time will be subject to imprisonment not exceeding six months or a fine not exceeding Baht 20,000 (about US\$457), or both.

## Social Security Fund

The Social Security Act requires that the government, employers, and employees contribute to the Social Security Fund at rates prescribed by law. At present, both employers and employees each make monthly contributions at the rate of 3% of the employees' wages, while for the government, the rate is 2% of the wages.

The maximum wage to be used for calculating contributions is Baht 15,000 (about US\$343), hence the maximum monthly contribution is Baht 450 (about US\$10) each from the employer and the employee. Contributions must be made by the fifteenth day of the following month.

The Social Security Fund provides six types of benefits to an insured person.

1. Sickness or injury not suffered in the course of employment
2. Maternity
3. Disability not acquired in the course of employment
4. Death not occurring in the course of employment
5. Child welfare
6. Old age

The Social Security Act does not apply to:

1. government officials, permanent employees, daily temporary and hourly temporary employees of the central, provincial, and local administrations, except monthly temporary employees;
2. employees of foreign governments or international organizations;
3. employees stationed at overseas offices of employers;
4. teachers or headmasters of private schools under the Private School Law;
5. students, nursing students, undergraduates, or physician interns employed by schools, universities, or hospitals;
6. employees of the Red Cross;
7. employees of state enterprises;
8. employees of employers in the agriculture, fishery, forestry and livestock sectors that do not engage employees all year and do not have other businesses; and
9. employees hired on a casual or seasonal basis.

## **Workmen's Compensation Fund**

The Workmen's Compensation Fund was set up to replace employers' liability in the event of sickness, disability, or death of an employee from a work-related injury. The Workmen's Compensation Act requires employers to register for and contribute annually to the Workmen's Compensation Fund. The contributions are assessed at between 0.2% to 1% of employees' annual earnings, depending on the risk classification of the employer. The maximum annual earning to be used for calculating contributions is Baht 240,000 (about US\$5,500) per employee. Employees who suffer any injury or sickness in the course of employment are entitled to medical care and treatment, as well as cash compensation in the amount prescribed in the Ministerial Regulation. If rehabilitation is required, they are entitled to the actual rehabilitation costs as stipulated in the Ministerial Regulation. In case of death, the legal beneficiaries of the employees shall be entitled to funeral expenses equal to one hundred times the maximum daily minimum wage and cash compensation.

The Workmen's Compensation Act does not apply to:

1. central, provincial, and local administrations;
2. state enterprises under the Public Enterprise Official Relationship Law;
3. employers operating private schools under the Private School Law, specifically with regard to teachers or headmasters;
4. employers undertaking non-profit activities; and
5. employers in the agriculture, fishery, forestry, and livestock sectors that do not engage employees all year and do not have other businesses.