

**AGRICULTURAL SOCIAL INSURANCE FUND**

**KASA ROLNICZEGO UBEZPIECZENIA SPOŁECZNEGO  
(KRUS)**

**BASIC INFORMATION**

**AGRICULTURAL SOCIAL INSURANCE FUND**  
(KASA ROLNICZEGO UBEZPIECZENIA SPOŁECZNEGO, KRUS)

**2009**



## **AGRICULTURAL SOCIAL INSURANCE FUND**

### **Basic Information**

For a long time, individual farmers were overlooked by the state in its social insurance schemes for citizens. As recently as in the early 1970s, private farm owners and their families were not entitled to free medical assistance and almost until the end of that decade they were not covered by any type of social security.

Despite numerous changes introduced later in legislation, the social security system for farmers continued in an unaltered form, as established in the late 1970s. The situation changed on the 1<sup>st</sup> of January 1991, with the adoption of a new regulatory framework.

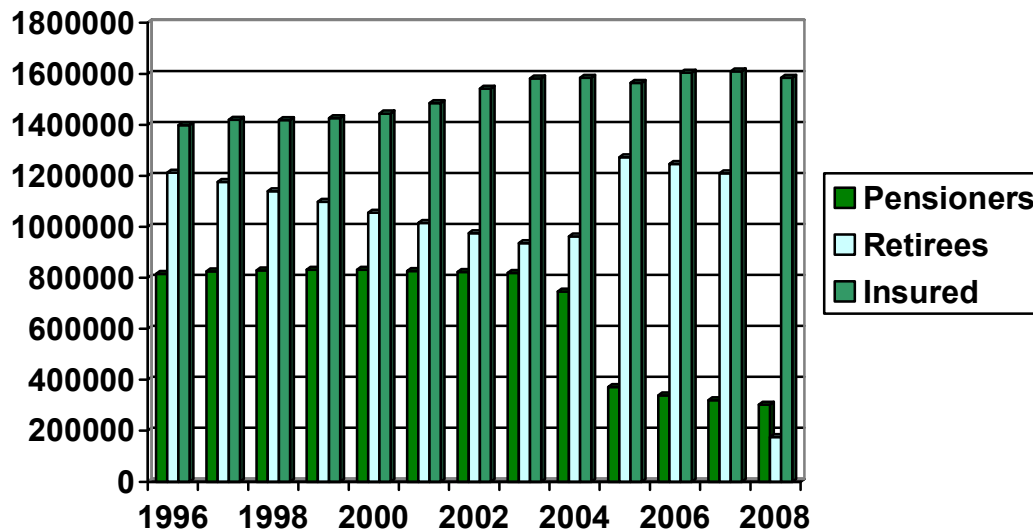
The Act of the 20<sup>th</sup> of December 1990 not only stipulated a new system of social insurance for farmers, but also established the Agricultural Social Insurance Fund (Kasa Rolniczego Ubezpieczenia Społecznego, KRUS).

**The KRUS is an institution set up to handle issues related to the social security of farmers.**

The idea underlying the establishment of the KRUS was the intention to create an independent, specialised organisation which, as an actual managing entity of farmers' social security, could take over and guarantee efficient performance of previously dispersed tasks related to social insurance, as well as take on additional obligations, never before accepted by any insurance institution in the country.

#### **Number of insured people and beneficiaries from 1996 to 2008**

Year	Number of beneficiaries		Number of insured people
	Pensioners	Retirees*	
1996	814,845	1,212,237	1,398,260
1997	825,244	1,175,333	1,419,493
1998	829,578	1,139,265	1,418,928
1999	831,057	1,097,857	1,426,393
2000	831,530	1,055,728	1,444,202
2001	827,036	1,014,791	1,484,934
2002	822,915	974,951	1,541,129
2003	819,285	936,027	1,581,747
2004	745,927	962,718	1,584,487
2005	371,805	1,272,865	1,563,869
2006	339,195	1,246,775	1,604,174
2007	319,829	1,210,405	1,609,644
2008	302,154	1,175,751	1,584,884



\* Including structural and foreign pensions

### **TASKS OF THE AGRICULTURAL SOCIAL INSURANCE FUND:**

1. Serving insured people and beneficiaries in matters related to social security, the rate and collection of insurance premiums, as well as granting and disbursement of insurance benefits to claimants.
2. Preventing accidents at work in agriculture and agricultural occupational diseases, by analysing the causes of accidents, running free courses on health protection and safe living on a farm, encouraging the use of safe machinery and agricultural equipment in production, as well as the use of protective clothing.
3. Undertaking actions aimed at assisting insured persons and benefit claimants who are completely incapable of working on a farm, but likely to recuperate in the course of treatment and rehabilitation, or those threatened by complete loss of capability to work on a farm.
4. Initiating and supporting the development of voluntary insurance coverage.
5. Keeping health insurance premiums accounts for pensioners, retirees and members of their households working with them, keeping a record of premiums on the accounts of insured persons, and transferring information on the insured and their health insurance premiums to the institution appropriate for health insurance.
6. Collecting advance payments for income tax levied on pensions and retirement benefits, and at the end of a fiscal year, calculating the income tax or preparing information on the income obtained from health or old age pensions.

## **FARMERS' SOCIAL SECURITY COVERAGE AND PAYMENT OF PREMIUMS**

As provided for in the Act, farmers and members of their households eligible to be covered by agricultural social insurance are those who:

- 1) are Polish citizens or
- 2) reside in Poland on the basis of a visa, a temporary residence permit, a permanent residence permit, a long-term resident of the European Community permit, consent for tolerated stay or refugee status or supplementary protection, or
- 3) are citizens of European Union Member States, the Swiss Confederation or EFTA countries – parties to the Agreement on the European Economic Area.

The insurance covers citizens of European Union Member States, unless EU regulations on social security schemes state otherwise.

The Act on the Social Security of Farmers distinguishes between two types of insurance:

- Pension insurance,
- Insurance against accidents and sickness, as well as maternity insurance,

and two coverage options:

- Obligatory,
- Voluntary.

The following are obligatorily covered by both types of insurance:

- Farmers living in the Republic of Poland and conducting agricultural activity independently, in their own name and on their own farm with a surface area of more than 1 comparative fiscal hectare of agricultural land (also as part of an agricultural producers' group), or a special type of agricultural production, i.e. agriculture-related activity, which does not require the possession of a farm, with a size and production type defined by the Act,
- A farmer's spouse,
- A household member, i.e. a person close to the farmer, who is at least 16 years of age and remaining in common residence with the farmer, who lives or permanently works on the farm without being in an employment relationship with the farmer,

provided that such persons are not covered by a different social insurance scheme, do not have a settled right to disability or old age pension or to social security benefits.

The above remark indicates that when determining the coverage, other types of insurance issued under a general insurance scheme prevail over agricultural insurance. The only exception is the case of farmers and their household members additionally undertaking non-agricultural business activity or cooperating in it. To remain covered by agricultural insurance, they need to have been covered by it under the provisions of the Act for at least three consecutive years prior to the day of starting such non-

agricultural business activity or cooperation. Furthermore, they must fulfil the conditions set out below:

- Within 14 days of the establishment of such activity, submit to the Agricultural Social Insurance Fund (or the Municipal Office, together with the application for enrolment into the business activity registry), a statement of the will to continue with the agricultural social insurance coverage,
- Simultaneously conduct agricultural activity or permanently work on a farm with a surface area of more than 1 comparative fiscal hectare of agricultural land, or be involved in a type of agricultural activity,
- Not to be employed by anybody or remain in any employment relationship,
- Not to have a fixed right to disability or old age pension, or to social security benefits,
- The amount of tax levied on non-agricultural business activity, due for the previous fiscal year, may not exceed the "annual threshold amount" valid for that year, announced by the Minister of Rural Development.

The conditions listed above also apply to persons resuming non-agricultural business activity which was temporarily suspended, as well as to persons who have changed their area of such activity.

Persons claiming structural pensions co-financed from the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, or the European Agricultural Fund for Rural Development, are covered by the pension insurance pursuant to the Act, until being granted the right to claim an old age pension under the agricultural social security scheme.

Persons who do not meet the conditions for being covered by obligatory insurance, and for whom agricultural activity constitutes a permanent source of livelihood (e.g. farmers conducting agricultural activity on a farm with a surface area of more than 1 comparative fiscal hectare of agricultural land, their spouses and household members, as well as persons who, being farmers, have given their land up for afforestation) may be covered by the insurance on a voluntary basis after applying to an Agricultural Social Insurance Fund Unit. Such persons may be fully covered by the insurance, i.e. they may be insured against accidents and sickness, and be covered by maternity and pension insurance, or by maternity, accident and health insurance only.

Persons conducting agricultural activity, covered by other insurance plans, or with a settled right to disability or old age pension, can be covered by a voluntary accident, health or maternity insurance upon request, to a limited extent, i.e. only with the right to lump-sum compensation for permanent or long-term bodily injury.

On the other hand, persons covered by agricultural social insurance as farmers, who subsequently discontinued their agricultural activity without acquiring the right to claim disability or old age pension from social security, if they have been covered by the pension insurance for at least 50 quarters after January 1<sup>st</sup> 1991, as well as claimants of agricultural

pensions on the grounds of incapacity to work as periodic pensions, can only be covered by voluntary pension insurance.

Social insurance coverage results in the obligation to pay quarterly premiums.

Agricultural social insurance premiums are always the same, irrespective of the type, size or income from the agricultural activity conducted by a particular farmer. Premiums differ only for those who:

- simultaneously conduct non-agricultural business activity or cooperates in such activity; these are twice as high as those due from a person who does not conduct such activity or participate in it,
- are covered by voluntary accident, health and maternity insurance to a limited extent; these are calculated as 1/3 of the full quarterly premium of that insurance.

The premium is calculated for every person subject to such coverage in a household.

The quarterly social insurance premiums are indivisible, which means that they must be paid when due in the full amount for each quarter, irrespective of the number of days of coverage in a given quarter.

The only exception from that rule are premiums for the actual days of coverage for persons for whom the beginning or termination of insurance coverage is related to performance of work in other EU Member States.

The statutory premium due date is the last day of the first month of a given quarter.

The amount of a pension insurance premium equals 30% of the basic old age pension rate valid in the last month of the preceding quarter.

The accident, health and maternity premium is determined by the Farmers' Council, and its rate is published in the "Monitor Polski" Official Journal of Laws of the Republic of Poland.

Due to the amendment of the Act of Farmers' Social Security of the 1<sup>st</sup> of October 2009:

- The social insurance of farmers begins as of the day when the conditions set forth on the Act are met, and terminates on the day following the date when the conditions justifying insurance coverage cease to be valid.
- Premium liability arises on the day when the insurance begins, and is terminated upon the termination date of the insurance,
- Premiums are calculated on a monthly basis, and if the coverage period is shorter than a month, they are calculated proportionally to the number of days of the coverage period,
- The amount of the premium for each person fully covered by accident, health and maternity insurance is equal,
- For each person covered by pension insurance, the amount of the premium equals 10% of the basic old age pension rate,
- Farmers whose farms exceed an area of 50 comparative fiscal hectares, must pay an additional monthly premium for pension insurance,

- For persons simultaneously conducting non-agricultural business activity only the basic pension insurance premium is calculated as a double amount.

## **TYPES OF BENEFITS**

Within the framework of the farmers' social insurance, monetary benefits from

- 1) pension insurance,
- 2) accident, health and maternity insurance

can be distinguished.

### **Monetary benefits from pension insurance**

These include:

- 1) agricultural old age pension,
- 2) disability pension,
- 3) farmers' re-training pension
- 4) family pension
- 5) old age and disability pension from social insurance of private farmers and their family members (a benefit granted under the regulations valid before January 1<sup>st</sup> 1991),
- 6) old age and disability pension allowances:
  - attendance allowance
  - forced labour allowance
  - orphans' allowance (only with family pensions).

In addition, the following are disbursed with pension benefits:

- veterans' allowance or secret teaching allowance
  - compensation allowance
  - monetary benefit for soldiers of alternative military service forced to labour in coal mines, quarries and uranium ore mines, monetary benefit for persons deported as forced labourers, as well as for former inmates of labour camps of the 3<sup>rd</sup> Reich and the USSR,
  - energy lump-sum allowance.
- 7) funeral benefit

### **Monetary benefits from accident, health and maternity insurance:**

These include:

- 1) Lump-sum compensation for permanent or long-term health impairment or death as a result of an accident while performing agricultural work or as a result of an agricultural occupational disease,
- 2) Sickness benefit,
- 3) Maternity benefit.

## **PREVENTION**

The Act on Farmers' Social Security obliges the KRUS to undertake actions aimed to prevent accidents at work and occupational diseases.

The Fund's preventive activities involve examining the causes and circumstances of accidents at work, as well as disseminating information on the dangers and safe working conditions among persons covered by the insurance.

The President of the Agricultural Social Insurance Fund has established the "Rules of Health and Life Protection on Farms". The Fund strives to convince farmers to voluntarily apply these rules in their everyday life. The "Rules" have been distributed among all the insured farmers. They are also published as brochures and repeatedly brought to farmers' attention during training sessions, accident site visits, in the media and other pre-emptive campaigns. In 2008, the "Rules of Health and Life Protection on Farms" were updated and aligned with EU legal standards and agricultural good practices. With a view to broadening farmers' knowledge on Health and Safety at Work issues, the Fund organises training courses for farmers, publications and films, as well as prepares contests, shows and radio broadcasts. From 1993 to 2008, over 42,500 training meetings were held, attended by over 1.2 million people.

Free voluntary training courses are organised for all interested farmers, village heads, members of Farmers' Wives Associations, farmers treated in Farmers' Rehabilitation Centres, local government representatives, students of agricultural schools, middle school students and children. Educational films, brochures featuring the principles of safe work on a farm, leaflets, posters and calendars are published for the purposes of the training courses. Other activities include school Olympiads, competitions, HSW trivia quizzes and competitions for the safest farms, with the Nationwide Safe Farm Competition held every year with the participation of about 1,500 farms.

At the same time, the Fund strives to ensure the production and distribution of safe technical supplies for farms. In order to make machine manufacturers interested in providing farmers with safe products, and to encourage the latter to buy them, the President of the Fund grants the "Agricultural Social Insurance Fund Safety Mark" (at the end of 2008, 23 producers were entitled to use the KRUS Safety Mark on 155 products), and the certification of a "Product improving the safety of farm work" (already granted to 44 suppliers for 90 types of products). Moreover, since 2001, manufacturers of the above mentioned products can also receive a "DOBROSŁAW" statuette, which stands for renown worthy of producers who have farmers' safety at heart. Farmers are notified as to which products have received the prizes, so as to be more willing to buy safe machinery reducing the risk of accidents.

The KRUS is actively involved in such events as the first POLAGRA FARMA International Agricultural Fair in Poznan and at the Agrotech International Farming Technology Fair in Kielce, opening its own stands and holding informative exhibitions for farmers.

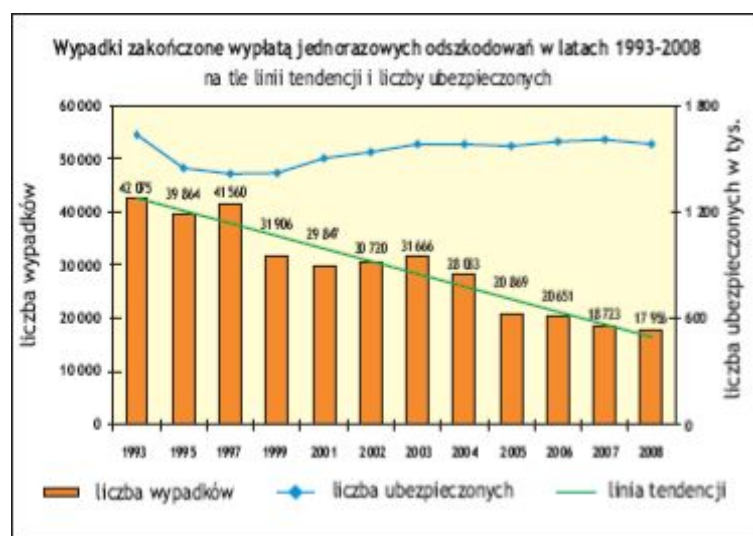
As regards manufacturers whose products contribute to the occurrence of accidents at work, the Fund takes regressive and preventive action, aimed at reclaiming the disbursed benefits and changing the solutions applied by such entities. Since its establishment, the Fund has questioned the quality of 470 types of machines, devices and other products, whose flaws were the main or associated cause of accidents.

The Fund's pre-emptive activity, conducted since 1993, has already brought visible results. The number of accidents causing permanent or long-term bodily injury and subsequent disbursement of post-accident damages is gradually decreasing. In 2008, 17,956 accidents, including 95 lethal ones concluded in the disbursement of lump-sum damages for accidents suffered while performing farm work.

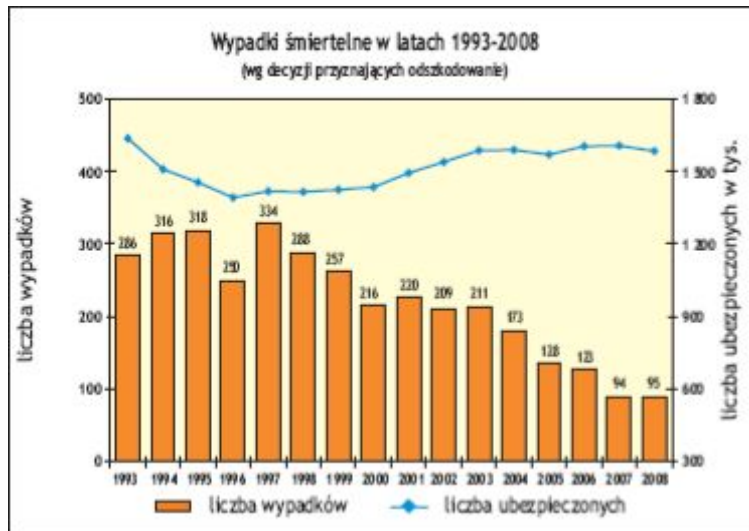
## MEDICAL CERTIFICATION

Tasks related to medical certification are carried out by the Fund pursuant to Article 46 of the Act on Farmers' Social Security of the 20<sup>th</sup> of December 1990 (Journal of Laws of 1998, No. 7, item 25, as amended) and to the Ordinance of the Minister of Social Policy on Medical Certification in the Agricultural Social Insurance Fund of the 31<sup>st</sup> of December 2004.

### Accidents followed by the disbursement of lump-sum indemnity between 1993 and 2008 vs. the trend line and the number of insurees.



**Deadly accidents between 1993 and 2008  
(according to the decisions of the party granting the indemnity)**



*Liczba wypadków = number of accidents*

*Liczba ubezpieczonych = number of insurees*

*Linia tendencji = trend line*

*W tys. = in thousands*

Medical certification is carried out by the Fund's bodies in two instances. In the first instance, certification is issued by expert medical doctors, while in the second instance, it is issued by the Fund's medical commissions. An expert medical doctor/the medical commission are responsible for issuing certifications of:

- 1) permanent or temporary full incapacity to work on a farm
- 2) permanent or long-term health detriment
- 3) incapacity to live independently,
- 4) permanent incapacity to work for more than 180 days,
- 5) the purposefulness of professional re-training as a result of permanent complete incapacity to work on a farm,
- 6) recommended medical rehabilitation,
- 7) other circumstances determining farmers' social security benefit disbursement.

Pursuant to the Ordinance of the Minister of Social Policy on the Medical Certification in the Agricultural Social Insurance Fund of the 31<sup>st</sup> of December 2004 (Journal of Laws of 2005, No. 6, item 46), the President of the Fund is the direct and general supervisor of medical certification issued by expert medical doctors and medical commissions. The President delegates his direct supervision to the Regional Medical Certification Inspector and the general supervision to the Chief Medical Doctor of the KRUS.

## **REHABILITATION**

The Agricultural Social Insurance Fund, in line with its statutory obligation, undertakes actions aimed at helping the insured and benefit claimants in accessing various types of rehabilitation. Such rehabilitation is a non-monetary health benefit serving to maintain, improve or regain the capability to work on a farm. This benefit is granted by medical rehabilitation facilities which belong to and cooperate with the Fund.

Rehabilitation is carried out in close connection with treatment, at an optimum point in time, in the right place and extent and always with the insured person's consent.

A rehabilitation benefit may be granted for preventive reasons, if an insured person is in danger of losing their capacity to work on a farm, or for other reasons, when the person has already lost their capacity to work on a farm, but recuperation is likely if treatment and rehabilitation are provided.

A rehabilitation benefit is granted on the basis of an application prepared by the doctor who recommends the patient for medical rehabilitation.

The insured person must submit the application to the regional unit of the KRUS appropriate for the person's place of residence or to a field representative office.

The persons authorized to apply for a rehabilitation benefit are medical doctors in charge of the treatment, expert medical doctors and medical commissions of the Fund.

The costs of the rehabilitation are covered fully by the Fund. Every year more than 14,000 farmers undergo rehabilitation thanks to the KRUS.

Currently, the Fund refers farmers to 6 of its own facilities, which provide rehabilitation for people with musculoskeletal system disorders. These are: the Farmers' Rehabilitation Centre in Iwonicz Zdrój, Horyniec Zdrój, Szklarska Poręba, Jedlec, Kołobrzeg and Świnoujście. At the Kołobrzeg FRC, over 500 people can be subjected to circulatory system disorder rehabilitation.

Every year the Fund purchases for its beneficiaries rehabilitation services in other facilities treating circulatory diseases.

The KRUS FRCs are modern healthcare facilities, ensuring high quality of the health services provided. They are fitted with state-of-the-art equipment and devices. The exact programme of medical rehabilitation, i.e. the extent and number of procedures, is determined individually for each patient, according to the doctor's recommendations. The stay at a rehabilitation centre usually lasts from 21 days, but can be prolonged in justified cases.

Rehabilitation stays are organised throughout the entire year, and the Centres provide 24h medical care.

All rooms are en-suite, equipped with TV-sets and phones.

If there are free places available, all people interested in rehabilitation can use the Centres' services for a fee.

When creating the medical rehabilitation system for farmers, the Fund considered it necessary to enable rehabilitation procedures to be continued in a patient's place of residence. Consequently, it assists village healthcare

centres in organising rehabilitation programme and acquiring the appropriate equipment, by lending them the appropriate premises.

The Fund also organises rehabilitation for farmers' children in summer. All children aged 7-15 are eligible, if at least one of their parents (legal guardians) is covered by farmers' social insurance under the Act or receives agricultural pension. The length of stay is 21 days, and ca. 1,600 children use this opportunity every year. In 2009, the Fund will refer approximately 1,600 children to rehabilitation facilities for summer stays. The facilities ensure 24h medical care, and the type and number of procedures are determined individually for every child. There are teachers employed by the Fund, responsible for organising recreational and sporting activities for the children, together with cultural and educational instructors.

### **KRUS Farmers' Rehabilitation Centre in Iwonicz Zdrój**

Iwonicz Zdrój – one of the oldest Polish SPA towns – is located in the Podkarpackie Region, in Beskid Śląski and in the Valley of Potok Iwoniccki. The KRUS FRC is housed in a 6-storey building, with 180 beds in single and double rooms.

Diets can be individually arranged, according to medical indications. The facility offers a sauna, a swimming-pool and a café. It is well-equipped to carry out rehabilitation programmes for musculoskeletal system disorders (orthopaedics, rheumatology and neurology), with associated diseases, such as vascular deficiencies of lower limbs, and inflammation of upper respiratory ducts. The centre has its own specialized equipment which lets it offer kinesiotherapy, physical therapy (including hydrotherapy and gel compresses), classical massage and inhalations.

### **KRUS Farmers' Rehabilitation Centre in Jedlec**

The KRUS FRC in Jedlec (Wielkopolska Region) is located in a woodland area. Patients stay in hotel rooms and free-standing "Brda" cabins, equipped with sanitary facilities, phones, radio and TV-sets. The centre offers tennis courts, a gym, a screening room and a café. It is prepared to rehabilitate patients suffering from musculoskeletal system disorders, conducting a number of procedures in kinesiotherapy, physical therapy (including hydrotherapy and Fango), as well as classical massage and inhalation. The centre can accommodate up to 147 people.

### **KRUS Farmers' Rehabilitation Centre in Kołobrzeg**

Kołobrzeg is the largest seaside SPA town in Poland, located in Western Pomerania. Kołobrzeg has a very stimulating climate, with winds blowing from the sea and bringing fresh air. The amount of ozone rises, and sea aerosol appears, suffused with chlorine, iodine, sodium and bromine particles, as well as other sea water elements. The aerosol is present up to 200m inland, and the greatest concentration can be found on

the seashore. The KRUS FRC is located approximately 200m from the beach. The building, which can accommodate 316 people, has single, double and triple rooms available. The food served at the Centre is adapted to individual needs of patients. The centre offers rehabilitation procedures for those suffering from musculoskeletal and circulatory system deficiencies, with associated diseases, such as respiratory and thyroid diseases and diabetes. It ensures 24h medical assistance as well as kinesiotherapy, physical therapy (including hydrotherapy and Fango) and classical massage.

### **KRUS Farmers' Rehabilitation Centre in Horyniec Zdrój**

Horyniec Zdrój is a SPA town situated in the Podkarpacie Region, whose health treatment traditions date back to the 18<sup>th</sup> century. It is known for its sulphuric water springs and rich peloid deposits. The Centre is housed in a modern building, with single and double rooms for 250 people. It has an indoor "Water World" swimming pool, a pool room, a café and a reading room. It offers musculoskeletal system rehabilitation (also post-surgery disc treatment) with the use of kinesiotherapy, physical therapy (including hydrotherapy and paraffin), massage, and others. The mild climate of Horyniec makes it the perfect destination also for patients with hypertension.

### **KRUS Farmers' Rehabilitation Centre in Szklarska Poręba**

The centre is located in Kotlina Jeleniogórska, at the foot of the Karkonosze Mountains (Lower Silesia Region). It occupies a modern, 8-storey building, with double and triple rooms for 211 people. The centre offers a swimming pool, a sauna, tennis courts, a bowling hall and a screening room. It treats patients with musculoskeletal system disorders, including kinesiotherapy, physical therapy (including hydrotherapy and paraffin) and classical massage.

### **KRUS Farmers' Rehabilitation Centre in Świnoujście**

Świnoujście in Western Pomerania is a very well known seaside resort. It boasts the mildest maritime climate on the Polish coast. The Centre is 150 meters away from the beach, and it lies next to a vast park. There are 130 places available in double and triple rooms. The Centre includes a rehabilitation swimming pool, a Jacuzzi, a sauna, a pool room and a café. It treats patients suffering from musculoskeletal system disorders through a variety of procedures involving kinesiotherapy, physical therapy (hydrotherapy and paraffin), as well as classical massage and inhalations.

## **KRUS Farmers' Rehabilitation Centre in Teresin**

The Centre in Teresin in the Mazovia Region is located in a beautiful Baroque palace from the late 19<sup>th</sup> century, surrounded by a park and a large woodland area, with priceless ancient trees, which are considered as monuments of nature. The oldest oaks are between 230 and 265 years old, and other remarkable specimens include a 105 year-old liriodendron and a 145 year-old hickory. There are 65 beds in the centre, and all the rooms are elegantly furnished. The Centre treats patients with musculoskeletal system disorders, offering a range of kinesiotherapy and physical therapy procedures.

## **ORGANISATION AND STRUCTURE OF THE KRUS**

The Fund is headed by the President, who is the central representative of state administration and reports to the Minister for Rural Development. The President is appointed by the Prime Minister, on a motion from the Minister for Rural development.

### **Agricultural Social Insurance Council**

Within the Fund, the interests of insured persons and beneficiaries are represented by the Agricultural Social Insurance Council, whose members are appointed by the Minister for Rural Development, from among candidates put forward by professional and community agricultural organisations, as well as by nation-wide trade unions of private farmers, after consultations with the appointing organisations. The Farmers' Council is authorized to monitor and evaluate the Fund's work.

### **The KRUS consists of:**

1. The Head Office,
2. Regional Branches,
3. Local Offices,
4. Other organizational units.

The KRUS Head Office, which assists the President in coordinating the work of other units of the Fund, as well as in supervising their directors, is comprised of the following departments:

1. Legal and Organisational Department,
2. Economic Department,
3. Accounting and Finance Department,
4. Benefits Department,
5. Insurance Department,
6. Prevention and Rehabilitation Department,

7. HR and Training Department,
8. Administration and Investment Department,
9. Controlling Department,
10. Audit Department,
11. ITC Department,
12. Public Relations Department,
13. Strategy and Development Department,
14. Public Procurement Department,
15. Team for Non-public Information Protection and Emergency Issues,
16. Agricultural Social Insurance Council Support Team,
17. Medical Certification Team.

### **Regional Branches**

16 Regional Branches of the Fund execute its basic tasks related to determining social security liability, the amount and collection of premiums, identifying the conditions and causes of accidents, settling the rights to monetary benefits and their disbursement.

### **Local Offices**

The Regional Branches are comprised of smaller organisational units – the Local Offices.

Currently, there are 256 such local offices, which, together with 16 Regional Branches, make up a network of units performing tasks related with servicing the insured and beneficiaries.

### **Other Organisational Units**

1. Farmers' Rehabilitation Centres,
2. Training and Rehabilitation Centre.

## **FINANCIAL MANAGEMENT**

The Agricultural Social Insurance Fund has its own independent financial management. The following funds are the financial base for the KRUS's work and insurance:

1. Pensions fund,
2. Premium fund of agricultural social insurance
3. Administration fund,
4. Prevention and rehabilitation fund,
5. Incentive fund.

### **Pensions Fund**

The pensions fund is created from:

1. pension insurance premiums,

2. amounts reimbursed by the Social Security Fund for covering specific expenditures,
3. supplementary grants from the state budget.

The resources collected in this fund are allocated for the financing of:

- 1) pension insurance benefits,
- 2) disability and old age pensions for other types of social insurance, disbursed together with benefits from the pension insurance, with allowances.
- 3) Reimbursement of specific costs accrued by the Social Security Fund, if pensions-related legislation provides for such a reimbursement,
- 4) Health insurance.

### **Premium Fund**

The premium fund is created from accident, health and maternity insurance premiums, as well as from other sources identified in the statute of the premium fund, ensuring that all the expenses of the Premium Fund will be covered.

The resources from this fund are allocated for the financing of:

- 1) benefits granted from accident, health and maternity insurance,
- 2) direct costs of functioning of the Farmers' Council
- 3) the costs of managing the fund and performing the obligations of the premium fund as a legal entity,
- 4) the work of the KRUS related to initiating and supporting the development of agricultural insurance schemes for farmers and their families by mutual insurance societies,
- 5) deductions for the administrative fund in the amount of 9% of the planned expenses of the premium fund,
- 6) deductions for prevention and rehabilitation in the amount of 5% of the planned expenses,
- 7) deficits in the administration fund and the prevention and rehabilitation fund.

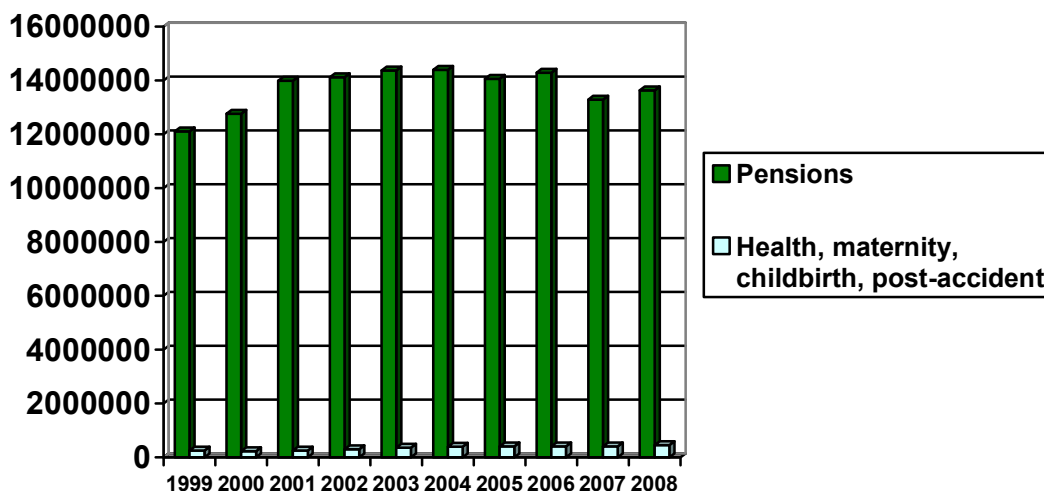
### **Benefits from accident, health and maternity insurance financed by the premium fund, in thousands of PLN**

<b>Year</b>	<b>The amount of benefits granted from accident, health and maternity insurance</b>
<b>1999</b>	<b>2,44,551</b>
<b>2000</b>	<b>224,261</b>
<b>2001</b>	<b>249,932</b>
<b>2002</b>	<b>295,709</b>
<b>2003</b>	<b>353,683</b>
<b>2004</b>	<b>396,142</b>
<b>2005</b>	<b>401,509</b>
<b>2006</b>	<b>407,303</b>
<b>2007</b>	<b>409,725</b>
<b>2008</b>	<b>456,618</b>

## Expenditure for social insurance of private farmers in thousands of PLN

Year	Amount of	
	Pensions and other benefits <sup>1</sup>	Health, maternity, childbirth benefits and post-accident indemnity
1999	12,111,644	244,551
2000	12,763,867	224,261
2001	13,987,251	249,932
2002	14,124,241	295,709
2003	14,373,779	353,683
2004	14,390,634	396,142
2005	14,058,251	401,509
2006	14,286,461	407,303
2007	13,291,017 <sup>2</sup>	409,725
2008	13,634,687 <sup>2</sup>	456,618

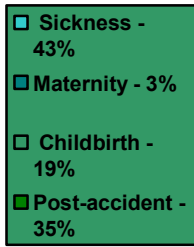
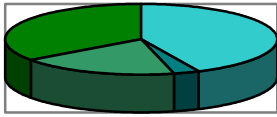
- 1) including mainly funeral allowances, benefits for former soldiers-miners, and benefits for deported people and veterans.
- 2) Without the benefits for former soldiers-miners, benefits for deported people and veterans (they are disbursed as commissioned tasks).



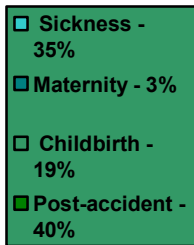
## Benefits for private farmers financed by the premium fund (in thousands of PLN)

Year	Amount of benefits from health, accident and maternity insurance - total	including			
		Lump-sum accident damages	Sickness allowances	Maternity allowances	Childbirth allowances
1999	244 550.6	86,880.9	104,240.8	7,855.9	45,573.0
2000	224,260.6	89,190.3	79,387.3	7,765.5	47,917.5
2001	249,932.1	103,310.1	87,338.4	7,689.8	51,593.8
2002	295,708.5	111,326.0	115,090.6	10,016.3	59,275.6
2003	353,683.1	122,754.3	153,307.7	12,189.6	65,431.5
2004	396,142.4	111,743.4	205,756.2	51,430.6	27,212.2
2005	401,509.2	75,550.4	249,330.0	75,658.9	969.9
2006	407,302.6	71,897.4	255,986.2	78,736.0	683.0
2007	409,725.3	64,168.3	264,772.2	80,309.2	475.6
2008	456,617.7	62,075.0	310,444.8	83,705.6	392.3

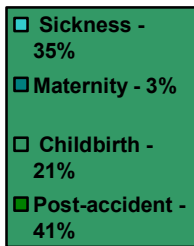
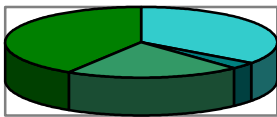
**1999**



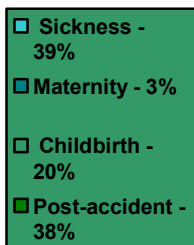
**2000**



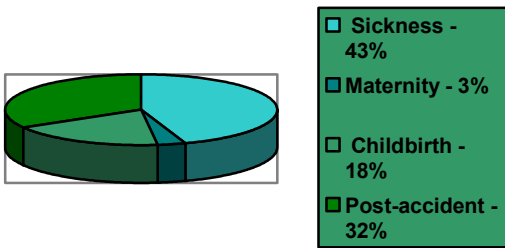
**2001**



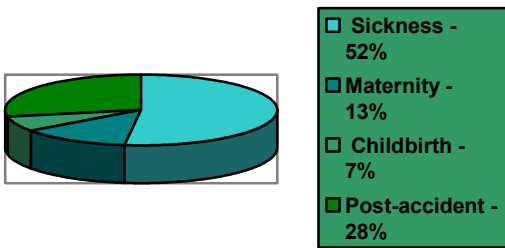
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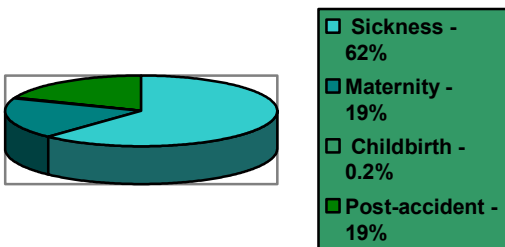
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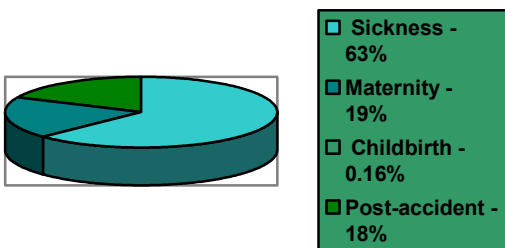
**2004**



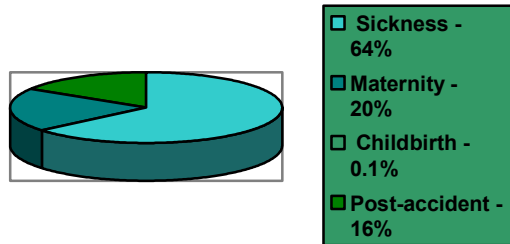
**2005**



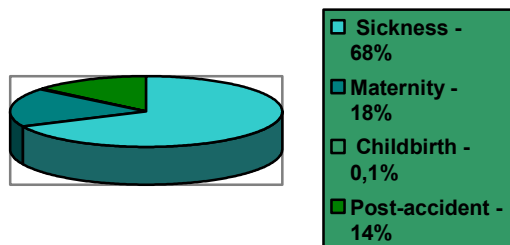
**2006**



**2007**



**2008**



### **Administration Fund**

The administration fund is meant to finance the costs of handling insurance coverage (excluding the costs covered by the premium fund and the prevention and rehabilitation fund), and the costs of health insurance tasks.

This fund is created from:

- 1) deductions from the premium fund, in the amount of 9% of planned expenses of the premium fund,
- 2) deduction from the pensions fund, in the amount of 3.5% of the planned expenses of the pensions fund,
- 3) reimbursement by relevant institutions of the costs related to health insurance and the performance of other tasks entrusted to the President of the KRUS in separate regulations.

### **Prevention and Rehabilitation Fund**

This fund is created from deductions from the premium fund in the amount of 5% of the planned expenses, as well as from budget grants.

The prevention and rehabilitation fund is earmarked for:

- 1) financing the Fund's activity for prevention of accidents at work and occupational diseases,
- 2) assisting the insured people and other persons eligible for benefits from the insurance, who are incapable of working on a farm but still have chances of recuperation after treatment and rehabilitation, or those threatened by complete incapability to work on a farm.

## **Incentive fund**

The incentive fund may be established within the framework of the deduction for the administration fund from the premium fund.

It is managed by the President of the KRUS, in agreement with the Chair of the Agricultural Social Insurance Council, on the basis of rules and regulations adopted by the Farmers' Council. Disbursements from this fund are not limited by regulations on salaries financed from the state budget. They are disbursed in the form of awards.

## **INTERNATIONAL COOPERATION**

From the beginning of its operation the KRUS has been establishing cooperation with European social insurance institutions and organisations. The exchange of experiences with German and French experts in the field accompanied the drafting process of the Act on the Social Security of Farmers.

Membership in the International Social Security Association (ISSA) plays an important role in the international contacts of the KRUS. The membership dates back to 1991 when the ISSA Council approved the KRUS as a member of ISSA during the 61st session on 21 November 1991 in Geneva. The membership allows the Fund to take part in the association's activities, conferences, trainings, symposia, and colloquia about social security, prevention, and rehabilitation, which is an opportunity to learn world-standard solutions. Apart from that, there are 11 International Sections in the ISSA. Since the KRUS became an ISSA member, it has been actively participating in operations of the ISSA Section for Agriculture. The ISSA Section for Agriculture, established in 1969, realises tasks related to prevention of accidents and occupational diseases for all those employed in agriculture and forestry, which is also one of the Fund's statutory tasks. Entrusting KRUS representatives with the most important positions in the Section's authorities and moving the General Secretariat from Germany to Poland, was a recognition of the KRUS's activities within ISSA and the commitment of the KRUS representatives in the development of the Section for Agriculture. It is agreed that the KRUS is a social insurance institution that follows European and world-standards, with the level of commitment and farmer services uniform with those of Germany's BLB, France's MSA, and Finland's MELA.

Since 2000 the KRUS is a full-fledged member of the European Forum of Insurances Against Accidents at Work and Occupational Diseases. The aim of the Forum is to exchange the experiences and information in the field of effective protection against occupational risks at the workplace. KRUS actively participates in the exchange.

Since the activity profile of the KRUS meets that of the Forum, the President of the KRUS decided to file for a Forum membership in June 1999. In the same year at a Forum's working session in Helsinki, the KRUS was unanimously accepted as the 15th member of the European Forum of Insurances Against Accidents at Work and Occupational Diseases. In 2000 during a conference in Helsinki the President of the KRUS signed the Forum

statute. As part of this cooperation, in 2006-2008 the KRUS together with German HVBG (now DGUV) organised the International Conferences on accident insurances, prevention and rehabilitation in agriculture.

One of the most important foreign partners of the KRUS is French Mutualité Sociale Agricole (MSA). The French system of social insurance of farmers was used as a model when the concept of social insurance of farmers in Poland was created.

In 1993 both institutions began their cooperation following the agreement signed in Bordeaux, France, on 9th October 1992. A partnership was established between the KRUS's 49 Regional Branches and MSA's 54 Department Funds; the cooperation was based on the exchange of groups of specialists in various fields of social security. Works aiming at making the cooperation even closer resulted in signing of The Protocol of Cooperation Between the KRUS and MSA in the Field of Development, Modernisation and Improvement of the Polish Farmers' Social Protection on 19 December 2000. The appointed working teams diagnosed the situation of farmers and rural population in an especially difficult situation. A two-year long 5 towns pilot project organised by the KRUS, with the help from the MSA, realised in five selected KRUS regional branches: Częstochowa, Kielce, Lublin, Siedlce, and Katowice, was completed in 2004. The undertaking allowed to find solutions which would make it possible to overcome difficult conditions and social problems. Next, the creation of the European Network of Agricultural Social Protection Systems in the EU began. Its aim is to defend and strengthen the values and rules of social security of farmers based on solidarity and territorial cohesion, to act in the interest of farmers' social security before EU authorities, to create a place for exchange of information and good practice between its members, and to bring a better answer to certain common needs. Additionally, in 2004 the Central Fund of the MSA offered the KRUS and other institutions from Ireland, the Netherlands, and Germany to participate in the EU 2000-2006 LEONARDO programme, the main objective of which was to reduce the number of accidents and improve working conditions in the fields where contact between people and animals is of basic importance: in breeding, transport of animals, veterinary science, therapy, and animal behaviour training.

An important direction of the Fund's international operations is the development of partnership with the State Social Insurance Fund Board of the Republic of Lithuania (SODRA) that follows a 1993 agreement. The cooperation, stipulated by the agreement, is based on the exchange of groups of employees who learn the detailed solutions implemented in the insurance systems and work organisation in the insurance institutions of both countries. The cooperation was initiated during one of the first Baltic States Conferences organised since 1992, and of which the KRUS has been a participant since the beginning of its activity. They are yearly meetings of representatives of developed countries such as Germany, Sweden, Norway, Denmark, Finland and of countries which had undergone the change of political system and where the social insurance systems are being modified and reformed, as it is the case in Poland, Russia, Latvia, Estonia, and Lithuania. The meeting of representatives of social insurance institutions from these countries allows for broad and fruitful exchange of experiences and opinions. The KRUS delegations participated in a number of conferences

in many years e.g. in Turku, Finland, in Palanga, Finland, Saint Petersburg, Russia, in Denmark etc. and in September 2006 KRUS hosted the Baltic States Conference in Kołobrzeg.

The fact that the KRUS had been accepted as a member of ISSA and that it had started its activity in the ISSA Section of Agriculture, resulted in cooperation with the German Federation of Agricultural Professional Associations (Bundesverband der Landwirtschaftlichen Berufsgenossenschaften, which was later re-organised into Spitzenverband der landwirtschaftlichen Berufsgenossenschaften). Joint activities of the KRUS and BLB managements in the ISSA Section for Agriculture strengthened their mutual interest in social insurance systems and social security of farmers. The German partners helped us in drafting the Act on Social Security of Farmers, since the German farmers' social insurance system was deemed exemplary, as Germany was one of the first countries to recognize the farmstead dangers. An agreement of cooperation between both institutions was signed in 1999 covering the fields of rehabilitation, organization and joint conferences for the KRUS and BLB doctors.

The cooperation of the KRUS with the Austrian Institution of Farmers' Social Insurance (Sozialversicherungsanstalt der Bauern), similarly to cooperation with German BLB, started with joint activities in the ISSA Section for Agriculture. The contacts between both institutions are broad and fruitful.

Markedly, an important role was played by the KRUS in the development of The International Association of Agricultural Medicine and Rural Health. From its early days the KRUS, together with other Polish healthcare and research institutions, was supporting Association's activities, by actively participating in subsequent conventions of the Association.

Additionally, the KRUS remains in contact with numerous social security institutions in Europe e.g. MELA from Finland, an agreement was signed in 2003, and DGUV (previously HVBG) and Deutsche Rentenversicherung Bund from Germany.

Also worth mentioning are trade contracts between the KRUS and producers and tenderers of computer, office, medical, and rehabilitation equipment and our participation in international trade shows and exhibitions of such equipment.

The international position of the KRUS is getting stronger. From the moment Poland entered the EU KRUS became a more interesting partner for a broad array of foreign insurance institutions.

### **Computerisation of the KRUS**

The aims of the computerisation are a result of the eKRUS business strategy realised in 2007-2015. The primary aim of the Fund is to improve the services provided to Farmers - insured and beneficiaries. The aim is to be reached thanks to the adoption of the following premises:

- A farmer can have his matter handled at any KRUS unit using the Internet,
- An individual account will allow a farmer to follow all his matters that are realised at the KRUS,
- A modern telecommunications system will allow to improve the service and to handle part of the matters without the need to come to a KRUS unit.

The eKRUS strategy defines the computerisation strategy i.e.:

- support for complex services for farmers - insured and beneficiaries,
- provision of system mechanisms for cooperation between the KRUS and other public sector institutions in Poland and abroad.,
- integration of currently owned IT systems and utilisation of existing solutions and resources,
- focusing on the statutory activity of the KRUS,
- creation of a modern communications platform and management mechanisms based on the KRUS process functioning model,
- creation of a modern information management system for the Fund management and a long-term file archiving system,
- lowering of the IT systems maintenance costs through, among others, reduction of the number of used technologies.

The above aims are mainly realised by the implementation of a modern Integrated IT System and an array of organisation and technical improvements at the KRUS as the instruments covered by the National Reform Programme. The Integrated IT System is being built according to the regulations in the Act on the Computerisation, National Interoperability Framework and National Computerisation Plan priorities.

An important issue, included in the KRUS computerisation strategy, is to define the sources of financing for the planned enterprises. Due to the need of an efficient use of the KRUS budget, the most important undertakings are financed with outside resources as part of the Post-Accession Rural Support Project and Innovative Economy Operational Programme.

### **Realisation of the Post-Accession Rural Support Project**

Post-Accession Rural Support Project is realised by the Polish government based on a loan agreement with the World Bank. The agreement allots part of the resources for the administrative reform of the KRUS, which is to strengthen the administrative and analytical potential of the Fund through implementation of modern IT solutions, and therefore, more modern and efficient management of farmers' social insurances, forecasting the income of farmer families, and introduction of services that are more tailored to the growing needs of farmers. The Fund has begun the unification process of the technical-system platform used for handling the benefits and insurances, and the integration of the personal data databases.

### **Realisation of projects within the Innovative Economy Operational Programme**

Within the 7th priority axis of the Innovative Economy Operational Programme, the KRUS has signed a pre-agreement for the preparation of the individual project R3@KRUSW. The aim of the project is to develop, maintain, and provide services of the Reference Registry of Farmers. Due to the planned second round of individual project submissions within the 7th priority

axis IEOP, the Fund has submitted another project, the e@KRUS, its aim is to improve the KRUS citizen services, and also to provide cooperation mechanisms for administration by making the services for citizens and institutions available in an electronic form. Both projects will comply with the agreed rules for administration systems interoperability on all levels, and the implemented systems will be a part of the integrated national IT infrastructure, a basis for a coherent realisation of the public administration electronic services.

# **"THE KRUS QUALITY MANAGEMENT AND INFORMATION SECURITY SYSTEM"**

## **INTRODUCTION**

In order to improve the efficiency and efficacy of the management system, to minimise the information loss related risks, and to reach satisfaction of all interested parties, the KRUS has drawn up and implemented quality management and information security systems compliant with the norms PN-EN ISO 9001:2001 and PN-ISO/IEC 27001:2007 covering, in particular, the realisation of tasks regulated by the Act on Social Security of Farmers.

The quality management system, compliant with the norm PN-EN ISO 9001:2001, was implemented and is binding since the 1st July 2005 in all organisation units of the KRUS. The integrated Quality Management system compliant with the norm PN-EN ISO 9001:2001 and the Information Security Management system compliant with the norm PN-ISO/IEC 27001:2007 were implemented and are binding since the 1st July 2005 in the KRUS Head Office in Warsaw and a local KRUS unit in Konin.

The Implementation of the quality management system in the KRUS has in the first place resulted in the unification and binding of management processes in the certified units. They were defined and their mutual influence was described taking into account the division of competence for individual posts in the Fund .

The implementation of the Information Security Management System allowed the KRUS to utilise the best world-standards in information security, at the same time allowing to confirm the appropriate level of data protection by independent certification.

### **The results of the management system's implementation**

The benefits gained by the KRUS related to the implementation of the Quality Management System are, first and foremost, in the limiting of the organisation's functioning costs, including those related to employee training, exchange of internal information, and clarification of decision making processes. The most important benefits for the KRUS resulting from the system implementation are:

- workflow standardisation,
- improving the efficiency of information management,
- improving the the flow of information efficiency in the organisation,
- support for organisational changes,
- creation of the image of a professional and friendly organisation.

The listed benefits were visible shortly after the implementation process was completed. Further benefits are visible after a longer period of time that are a result of a change of attitude towards the office, and include: the improvement of the quality of work in all of the Fund's organisational units, improvement of clients' trust for the office and its authorities, a better and

more efficient realisation of statutory tasks, better satisfaction of the insured and the beneficiaries of the KRUS and of its employees.

The Information Security Management System at the KRUS was designed and implemented so that the information is protected in all its forms. It describes the rules for operation in specific areas of the KRUS in a more organised way. It allows for the transferring of targets set by highest managers into tasks for specific employees. The implemented mechanisms are in favour of law requirements, including the Personal Data Protection Act, and warrant proper security of all data that is stored and processed by the KRUS.

If we assume that every employee should be satisfied with their work, they should have the confidence that they can verify the correctness of their tasks or decisions they made at any given time. The basis are the instructions, security rules, procedures, etc implemented at the KRUS. Other benefits that the information security system brings to each KRUS employee are:

- decrease of the operational risk,
  - strengthening of credibility,
  - securing of data processing,
  - lessening of information loss risk,
  - defining unified information security rules,
  - provision of emergency plans for unexpected events,
  - registering and analysis of incidents that may impact security,
  - explicit assigned responsibilities and rights,
  - awareness of the importance of the processed information,
  - protection of employees from unaware behaviour that negatively impacts the image of the KRUS and security of processed information,
- awareness of risks related to information proces