

## Institutional Infrastructure Challenges of Compulsory Insurance for Industrial Accidents in Kazakhstan: An Analysis of Financial Flows and Coverage

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### ABSTRACT

**Objective:** This study analyzes financial flows and coverage of compulsory insurance for industrial accidents in Kazakhstan. **Methods:** This study employed a mixed-methods approach, combining quantitative and qualitative data collection and analysis techniques. The quantitative data were obtained from official statistics on the financial insurance sector, available on the official website of the National Bank of the Republic of Kazakhstan and analyzed using descriptive statistics and regression analysis. The qualitative data were gathered through in-depth interviews with key stakeholders, including workers, employers, and insurance providers, and analyzed using thematic analysis. The sample for the quantitative analysis comprised all companies engaged in the activity of insurance against accidents in the performance of their labor (job) duties in Kazakhstan. The sample for the qualitative analysis included a purposive sample of 20 key stakeholders, selected based on their knowledge and experience with the institutional infrastructure of compulsory insurance from industrial accidents in Kazakhstan. The study employed both primary and secondary data sources. The primary data were collected through in-depth interviews conducted using a semi-structured interview guide. The secondary data were obtained from official statistics on the financial insurance sector, available on the official website of the National Bank of the Republic of Kazakhstan, and other relevant sources. The study employed rigorous data analysis techniques to ensure the reliability and validity of the findings. The quantitative data were analyzed using statistical software, and the qualitative data were analyzed manually by the research team using thematic analysis. The research team employed a range of strategies to ensure the trustworthiness of the findings, including member checking and triangulation of data sources. **Findings:** Based on the analysis conducted on the formation of the insurance fund in the system of compulsory accident insurance (CAI), dynamics of financial flows in the form of collected premiums and payments to injured workers for the last 5 years, several findings were observed. Firstly, the average annual volume of insurance premiums received by companies engaged in the activity of insurance against accidents in the performance of their labor (job) duties is almost 9 times higher than the total volume of insurance payments. Secondly, the difference between the amount of insurance payments and insurance premiums under contracts CAI was - 55.8 billion tenge for the past year, which is comparable to the amount of profit received by companies for the year. Furthermore, the existing CAI system in Kazakhstan faces several problems, including incomplete coverage, a significant burden on employers, high rates with low insurance payments, and a lack of integration with government agencies in making payments, leading to inefficiencies in the system. Comparison with the systems of insurance against occupational injuries of socially- oriented countries reveals significant differences in the organizational and economic mechanism of this institution. In particular, the system is managed by an authorized state body, a unified methodology for calculating the insurance rate is approved by law, and national systems of insurance against

accidents are characterized by full coverage of the working population. To improve the current CAI system in Kazakhstan, it is necessary to expand coverage, reduce the burden on employers, and balance tariffs and insurance payments. Additionally, better integration with government agencies in making payments is needed to improve the efficiency of the system and ensure adequate social protection for all CAI workers. **Conclusion:** Based on the analysis of the formation of the insurance fund in the system of compulsory accident insurance (CAI), as well as the dynamics of financial flows in the form of collected premiums and payments to injured workers for the last 5 years, it can be concluded that the existing system in Kazakhstan has several problems, such as incomplete coverage of CAI, a significant burden on employers, high rates and low insurance payments, and a lack of integration with government agencies in making payments, which leads to inefficiencies in the system. Comparing the system of insurance against occupational injuries of socially oriented countries, it was found that they have a more organized and efficient system, with full coverage of the working population, a unified methodology for calculating the insurance rate based on the degree of occupational risk, and better integration with government agencies. To ensure adequate social protection for all CAI workers in Kazakhstan, it is necessary to expand coverage, reduce the burden on employers, and balance tariffs and insurance payments. Better integration with government agencies in making payments is also needed to improve the efficiency of the system.

**Keywords:** Insurance fund, compulsory accident insurance, financial flows, insurance premiums, Kazakhstan

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