

## **GUIDE TO WORKMEN'S COMPENSATION (Malaysia)**

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### **Abstract**

Workmen's compensation is a compensation for injury to a foreign employee or worker arising out of and in the course of employment that is paid to the worker or dependants, as per the Workmen's Compensation Act 1952. The employer has to purchase a workmen's compensation insurance for workmen's compensation claims by injured employees or workers. This is administered by the [Department of Labour](#) and applies throughout Malaysia. This section covers how an employer should insure his foreign employee/worker and what to do in case an employee/worker meets an accident.

### **WHAT IS THE LAW GOVERNING THE WORKMEN'S COMPENSATION IN MALAYSIA ?**

The Workmen's Compensation Act 1952.

This Act provides for the compensation payment to an injured employee or worker arising out of and in the course of employment or contracting occupational disease.

Where the employee or worker dies in the event of fatal accident or contracting an occupational disease or in the course and arising out of performing his duty or work, the Workmen's Compensation Act 1952 provides for the compensation payment to the worker's dependants.

This Act is administered by the [Department of Labour](#) and applies throughout Malaysia.

### **WHO IS COVERED UNDER THE WORKMEN'S COMPENSATION ACT 1952 ?**

Malaysian workers are no longer covered under the Workmen's Compensation Act 1952 with effective from 1st July 1992. Local workers will be covered under the [Employees Social Security Act 1969](#).

**Only foreign workers are covered under this Act in respect of compensation for employment injury as well as non-employment injury vide Workmen's Compensation (Foreign Worker's Scheme) (Insurance) Order 1993.**

**This Act applies to foreign workers**

- **whose earnings are not more than RM500 per month and**
- **all manual workers irrespective of the wage**

### **HOW DOES AN EMPLOYER INSURE A FOREIGN WORKER ?**

**Under the Foreign Worker's Scheme, an employer of foreign workers is responsible to pay an insurance premium of RM86 per year per worker.**

**An employer is not allowed to deduct the earnings of a worker for the payment of insurance premium. An employer found guilty of such action, shall be liable, on conviction to a fine of RM5,000 or to imprisonment for a 1 year term or to both.**

**There are 11 insurance companies being selected as insurer to issue insurance policy under the Foreign Worker's Scheme.**

Employer can purchase such insurance from any of the insurance companies listed :

- Amanah General Insurance Berhad
- Arab Malaysian Assurance Berhad
- London & Pacific Insurance Company Berhad
- Mayban Assurance Berhad
- MNI Takaful Sdn. Bhd.
- Malaysia British Assurance Berhad

- Malaysian Assurance Alliance Berhad
  
- Malaysia National Insurance Berhad
  
- The Pacific Insurance Berhad
  
- Syarikat Takaful

An employer found guilty of not buying an insurance for workmen's compensation, shall be liable, on conviction to fine of RM20,000 or imprisonment for a term of 2 years or to both.

### **WHAT SHOULD BE DONE IF A WORKER IS INVOLVED IN AN ACCIDENT ?**

Each worker involved in an accident must inform the employer within 7 days from the date of such accident except in the even of fatal accident.

An employer must notify the nearest [Department of Labour](#) from the place of accident in writing. Such notice must be submitted within 10 days from the date of accident.

An employer shall ensure that all information is with full details and supporting documents are enclosed such as medical certificate or death certificate.

An employer must ensure that compensation settlement as determined by the Department of Labour are paid direct to the injured worker by depositing such payment to the Department of Labour as directed.

However, compensation settlement cannot be paid direct to the wife, children or dependants, but to be deposited to the Department of Labour concerned.

Failure to notify the Department of Labour in the event of an accident is an offence and the employer shall be liable, on conviction to a fine of RM5,000 for the first offence and RM10,000 for the second offence.