

## OF THE OFFICIAL GAZETTE OF THE REPUBLIC OF CYPRUS

No 2456 of 10 NOVEMBER 1989

**LEGISLATION**

**The Employers' Liability (Compulsory Insurance) Law of 1989 is issued by publication in the Official Gazette of the Republic of Cyprus under Section 52 of the Constitution.**

Number 174 of 1989

**A LAW TO PROVIDE FOR THE COMPULSORY INSURANCE OF EMPLOYERS  
AGAINST LIABILITY FOR ACCIDENTS TO EMPLOYEES**

The House of Representatives enacts as follows:

Short title.	1. This law may be cited as the Employers' Liability (Compulsory Insurance) Law of 1989.
Interpretation.	2. In this Law, unless the context otherwise requires –
72 of 1984.	«workers' compensation insurance» has the meaning assigned to it in the Insurance Companies Law;
	«policy» means a document of insurance as defined in the Regulations, that also includes a temporary policy;
72 of 1984	«insurer» means an insurer or an insurance company with the meaning assigned to these terms in the Insurance Companies Law;
	«accident» means any event which may cause death or injury to any employee if the incident is caused by and during the employment of the employee. An accident in the course of employment of the employee shall be considered as an accident falling within the provisions of this Law unless the contrary is proved;
Official Gazette Annex III: 29.8.1990.	« occupational disease » means any disease or injury, as those are stated in the two columns of the Table set out in the Social Security Administration (Diseases) Regulations 1980;

<p>72 of 1984.</p> <p>Exempted employments.</p> <p>Duty to be insured.</p> <p>Provisions relating to policy.</p>	<p>«employer» means any person with whom the employee has entered into a contract of employment or apprenticeship or even if he has not entered into a contract of employment or apprenticeship with him, the relationship between them is a relationship of employer to employee and includes a public body and private entity with or without legal personality, the legal personal representative of a deceased employer and an offshore or foreign company registered in Cyprus or represented in Cyprus and the terms «employment» or «employee» shall be construed accordingly;</p> <p>«certificate of insurance» means the certificate set out in Regulations;</p> <p>«Advisory Board» means the Insurance Advisory Board established by the Insurance Companies Law;</p> <p>«Minister» means the Minister of Finance.</p> <p><b>3.</b> The provisions of this Law shall not apply to the following cases:</p> <ul style="list-style-type: none"> <li>(a) Where the employment falls within one of the categories of employment listed in Part II of the First Schedule of the Social Insurance Law;</li> <li>(b) where the employer is the Republic of Cyprus;</li> <li>(c) where the employer falls within an exempted category of employers to be prescribed in regulations made by the Council of Ministers.</li> </ul> <p><b>4.</b> (1) Subject to the provisions of this Law, every employer shall insure and maintain insurance with any insurer against liability for an accident or occupational disease sustained by his employees.</p> <p>(2) The employer's obligation provided for in subsection (1) shall also extend to the cases of employment by employers of Cypriot employees abroad who sustain an accident or occupational disease.</p> <p><b>5.</b> (1) For the purposes of this Law, the policy must :</p> <ul style="list-style-type: none"> <li>(a) be issued by an insurer;</li> <li>(b) insure an employer against liability for an accident or occupational disease sustained by his employees, as required by this Law.</li> </ul> <p>Provided that the policy shall not be required to cover any contractual liability.</p>
--	--

<p>Hospital expenses.</p> <p>Invalid terms in policy.</p> <p>Return of Insurance certificate.</p>	<p>(2) Notwithstanding the provisions of any other law, the insurer issuing a policy in accordance with this section shall be liable to cover the employer specified in the insurance policy in respect of any liability covered by the policy.</p> <p>(3) The policy shall be of no effect for the purposes of this Law unless it is issued by the insurer in favour of the employer who has concluded the policy with the insurer and a certificate is given to him in the prescribed form (in this Law referred to as the «certificate of insurance »).</p> <p><b>6.</b> Where a payment is made, whether after admission of liability or not, by an insurer by virtue of a policy issued under the provisions of this Law, in connection with the death of or bodily to any person, caused by accident or occupational disease, and this person, to the knowledge of the insurer, has undergone inpatient or outpatient treatment at a government hospital, the expenses reasonably incurred by the hospital in providing that treatment shall be paid by the insurer to the hospital up to a maximum of one thousand pounds.</p> <p><b>7.</b> Any condition in a policy issued for the purposes of this Law which provides that no liability shall arise under the policy or that any liability so arising shall cease on the happening of a specific act or omission taking place after the right to claim under the policy has arisen, shall have no effect if this condition refers to claims arising from liability laid down in paragraph (b) of subsection (1) of Section 5 of that Law.</p> <p>Provided that nothing in this section shall be construed as prejudicing any provision in a policy requiring the insured to repay to the insurer any sum which the insurer may have become liable to pay under the policy and which has been applied to the satisfaction of claims by third parties in case of violation of the terms of the policy by the insured person.</p> <p><b>8.</b> Where a certificate of insurance has been issued and delivered in favour of the person who has concluded the insurance under the provisions of paragraph (3) of section 5 and the policy is subsequently cancelled by mutual agreement or by virtue of any provision therein, the person in whose favour this certificate was issued shall within forty-eight hours of the taking effect of the cancellation of such policy, surrender the certificate to the insurer or, if such certificate has been lost or destroyed, swear an affidavit to that effect and any person</p>
---	--

<p>Duty of insurer in respect of court decision against insured.</p>	<p>contravening the provisions of this section shall be guilty of an offence.</p> <p><b>9.</b> (1) If, after a certificate of insurance has been issued under the provisions of subsection (3) of section 5, a judgment, in respect of any such liability as is required to be covered by an insurance policy issued in accordance with the provisions of paragraph (b) subsection (1) of section 5 of this Law, being a liability covered by the terms of the policy so issued, is obtained against the person insured by the policy then, notwithstanding that the insurer may be entitled to cancel or may have cancelled the policy, the insurer shall, subject to the provisions of this section, pay to the persons entitled to the benefit of such judgment any sum payable thereunder in respect of the liability, including any sum payable in respect of costs and any sum payable by virtue of any law in respect of the payment of interest on that sum.</p> <p>(2) No sum shall be payable by the insurer under the provisions of subsection (1) —</p> <ul style="list-style-type: none"><li>(a) Unless before or within seven (7) days after the commencement of the proceedings in which the judgement was given, the insurer was aware of the bringing of the proceedings; or</li><li>(b) so long as execution thereon is stayed pending an appeal; or</li><li>(c) if before the happening of the accident or the onset of the occupational disease giving rise to the liability, the policy was cancelled by mutual consent or by virtue of any provision contained therein and either<ul style="list-style-type: none"><li>(i) before the happening of such event, the certificate of insurance was surrendered to the insurer, or the person in favour of whom this certificate of insurance was issued made an affidavit stating that the certificate of insurance had been lost or destroyed and so could not be surrendered; or</li><li>(ii) after the happening of such event, but before the expiration of fourteen days from the taking effect of the cancellation of the policy, the certificate of insurance was surrendered to the insurer, or the person in favour of whom the certificate of insurance was issued made an affidavit that the certificate of insurance had been lost or destroyed and so could not be surrendered; or</li><li>(iii) either before or after the happening of such event but within a period of fourteen days from the taking effect of the cancellation of the policy, the insurer had commenced proceedings under this Law in respect</li></ul></li></ul>
--	--

<p>Rights of employee against insurer.</p>	<p style="text-align: center;">of the failure to surrender the certificate of insurance.</p> <p>(3) The insurer shall not be liable to pay any sum of money under the provisions of this section if, in an action instituted before or within three (3) months from the commencement of the proceedings in which the judgement was given, he has obtained a judgment in his favour finding that, apart from any provision contained in the policy, he is entitled to cancel this policy on the ground that it was obtained by the non-disclosure of a material fact, or by a representation of a fact which was false in a material particular or if he has cancelled the policy on the ground that he had a right to do so, apart from any provision contained therein:</p> <p>Provided that the insurer who has obtained such a declaration in an action shall not thereby be entitled to the benefit of the provisions of this subsection in respect of any judgement obtained in the proceedings commenced before the commencement of that action, unless before or within seven (7) days after the commencement of that action he has given notice thereof to the person who is plaintiff in the action under the policy, specifying the non-disclosure or false representation on which he proposes to rely and that he intends to seek a declaration and any person to whom notice of such action is given may, if he desires, be made a party thereto.</p> <p>(4) In this section —</p> <p>«liability covered by the terms of the policy» means a liability which is covered by the policy or which would be so covered but for the fact that the insurer was entitled to cancel or had cancelled the policy; and</p> <p>«material» means an event of such a nature as to influence the judgement of a prudent insurer in determining whether he will accept the risk, and if so, at what premium and on what conditions.</p> <p><b>10.</b> Where under a policy issued for the purposes of this Law, an employer (hereinafter referred to as “the insured”) is insured against liabilities that may arise to his employees then –</p> <p>(a) in the event of the insured becoming bankrupt or making a composition or arrangement with his creditors; or</p> <p>(b) in the event of the insured being a company and a winding-up order being made or a resolution for the voluntary winding-up of the company being passed in respect of the company or a receiver or manager of the company’s business or undertaking being duly appointed or in the event of possession being taken by or on behalf of the</p>
--	---

holders of any debentures secured by a floating charge, of any property comprised in or subject to the charge, if either before or after either event any such liability is incurred by the insured, his rights against the insurer under the policy in respect of that liability shall, notwithstanding anything in any provision to the contrary contained in any law, be transferred to and vest in the employee to whom the liability was so incurred.

(2) Where under the provisions of any Law, an order is made for the administration in bankruptcy of the estate of a deceased debtor, then if any debt, which may be proved in bankruptcy, is owing by the deceased in respect of a liability against which he was insured under a policy as being a liability to a an employee then the rights of the deceased debtor against the insurer under that policy shall, notwithstanding any provision to the contrary contained in any law, be transferred to and vest in the person to whom the debt is owing.

(3) Any condition in a policy issued for the purposes of this Law, and purporting directly or indirectly to cancel the policy or to alter the rights of the parties thereunder upon the happening of any of the events specified in the above subsections (1) and (2) shall be of no effect.

(4) Upon a transfer of rights under subsection (1) or subsection (2) above the insurer shall, subject to the provisions of section 12, be under the same liability to the employee as he would have been under to the insured.

Provided that if the liability of the insurer to the insured exceeds the liability of the insured to the employee nothing in this Law shall affect the right of the insured against the insurer in respect of such excess.

Provided furthermore that if the liability of the insurer to the insured is less than the liability of the insured to the employee nothing in this Law shall affect the rights of the employee against the insured in respect of the balance.

(5) This section as well as sections 11 and 12 of this Law shall not apply where a company is wound-up voluntarily for the purposes of reorganisation or of amalgamation with another company.

(6) For the purposes of this section as well as of sections 11 and 12 of this Law, the expression "liabilities to employees" in

<p>Duty to furnish information.</p>	<p>relation to a person insured under a policy shall not include any liability of that person in the capacity of insurer under some other policy.</p> <p><b>11.</b> – (1) Any person against whom a claim is made in respect of any liability required to be covered by a policy shall, on demand by or on behalf of the person making such claim, state whether or not he was insured in respect of that liability by any policy having effect for the purposes of this Law or would have been so insured if the insurer had not cancelled the policy, and, if he were or would have been so insured, give such particulars with regard to that policy as were specified in the certificate of insurance issued to him in respect thereof.</p> <p>(2) In the event of any person becoming bankrupt or making a composition or another arrangement with his creditors or in the event of an order being made under the provisions of any Law relating to bankruptcy in respect of the estate of any person or in the case of a winding-up order being made with respect to any company or of a receiver or manager of the company's business or undertaking being duly appointed or of possession being taken, by or on behalf of the holders of any debentures secured by a floating charge, of any property comprised in or subject to the charge, it shall be the duty of the bankrupt debtor, personal representative of the deceased debtor and as the case may be, of the official assignee, trustee, liquidator, receiver, manager, or person in possession of the property to give, at the request of any person claiming in respect of a liability to him such information as may reasonably be required, to ascertain whether any rights have been transferred to and vested in him under the provisions of this Law, and for the purposes of enforcing such rights, and any provision of the policy in so far as it purports either directly or indirectly to cancel the policy or to alter the rights of the parties thereunder upon the giving of any such information or otherwise to prohibit, prevent or limit the giving of such information shall be of no effect.</p> <p>(3) If the information given to any person in pursuance of the Provisions of subsection (2) discloses reasonable grounds of belief that rights have or may have been transferred to him under the provisions of this Law against any particular insurer, that insurer shall be subject to the same duty as is imposed by subsection (2) on the persons therein mentioned.</p> <p>(4) The duty imposed by this section to give information shall</p>
-------------------------------------	---

<p>Void agreements between insurer and insured person.</p>	<p>include the duty of the person who has such a duty to allow the inspection of policies, receipts for premiums and other relevant documents and provide copies thereof.</p> <p>(5) Any person who, without reasonable excuse, the onus of proving which shall be upon him, fails to comply with the provisions of this section or who willfully or negligently makes any false or misleading statement in respect of a demand for information, shall be guilty of an offence.</p> <p><b>12.</b> - Where a person who is insured under a policy issued for the purposes of this Law has become bankrupt or where such insured person is a company, a winding-up order has been made or a resolution for a voluntary winding-up has been passed with respect to that company, no agreement made between the insurer and the insured nor any waiver, assignment or other disposition made by or payment made to the insured after the occurrence of such liability against the employee and after commencement of the bankrupt or winding-up, as the case may be, shall be effective or affect the rights transferred to or vested in the employee under the provisions of this Law.</p> <p><b>13.</b> Where under the provisions of this Law, a certificate of insurance has been issued to an insured person, the happening in relation to that person of one of the events specified in subsection (1) or subsection (2) of section 10 of this Law and notwithstanding anything in this Law contained shall not affect any such liability of that person as is required to be covered by a policy under the provisions of this Law, and nothing in this section shall affect any rights against the insurer conferred under the provisions of sections 10, 11 and 12 of this Law.</p>
<p>Settlement of claims.</p>	<p><b>14.</b> (1) A settlement made by an insurer in respect of any claim which might be made by an employee in respect of any liability as is required to be covered by a policy shall not be valid unless such employee is a party to such settlement.</p> <p>(2) A policy issued under the provisions of this Law shall remain in force and available for employees notwithstanding the death of any person insured under such policy as if such insured person were still alive.</p>
<p>Duties of the employer in relation to insurance</p>	<p><b>15.</b> - (1) Every employer shall -</p> <p>(a) display the certificate of insurance in a conspicuous place, accessible to the employees at to every interested person, at</p>



certificates.	<p>his main place of business and at any branches thereof and where practicable at any other places of work and shall produce a copy of the certificate of insurance to any interested person when requested to do so;</p> <p>(b) produce the certificate of insurance or a copy thereof to any inspector authorised by the Minister of Labour and Social Insurance for the purposes of this Law and produce or send such certificate or a copy thereof to any other persons as may be prescribed in regulations;</p> <p>(c) allow the inspection of the policy or a copy thereof by the persons to be designated by regulations.</p> <p>(2) An employer or his representative or any employee who contravenes the provisions of this section, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding two hundred pounds.</p>
Inspectors.	<p><b>16.</b> – (1) For the purposes of this Law, the Minister of Labour and Social Insurance shall appoint officials of his Ministry or officials of other Ministries as inspectors after first consulting the Minister to whom these officials are accountable.</p> <p>(2) Inspectors appointed under subsection (1) shall have the following powers:-</p> <p>(a) to enter, at any reasonable time, any place which is used by an employer as a place of work;</p> <p>(b) to carry out such investigations as are necessary in order to establish whether the provisions of this Law are being observed.</p> <p>(3) An employer or his representative or employee shall furnish to the inspector all such information and produce to him for examination all such document as may reasonably be requested by him.</p> <p>(4) Any person who -</p> <p>(a) intentionally delays or obstructs any inspector in the execution of the powers vested in him under this section;</p> <p>(b) refuses or fails to answer any question put to him by an inspector or refuses or fails to furnish any information which he is under a duty to furnish, shall commit an offence and shall be liable on conviction to a fine not exceeding two hundred pounds.</p> <p>Provided that nobody shall be obliged, under the provisions of this section, to answer any question that may tend to incriminate him.</p>

<p>Workers' Compensation Insurers' Fund</p>	<p>(5) Every inspector shall when carrying out his duties under this Law have in his possession the instrument of his appointment and produce it when requested to do so.</p> <p><b>17.</b> – (1) In consultation with the Insurance Companies authorised to conduct worker's compensation insurance business, the Minister may take any measure he deems appropriate for the creation of a Fund (hereinafter referred to as the « Workers' Compensation Insurers' Fund ») and which shall be under the management and supervision of the Insurance Advisory Board or any other body or committee decided by the Minister and shall operate in accordance with Regulations to be issued by the Council of Ministers. The Workers' Compensation Insurers' Fund is established for the satisfaction of claims arising from risks required to be covered by the compulsory insurance provided for by this Law and which are not covered or have not been fully covered or because the insurance is not valid or for any of the reasons specified below:</p> <ul style="list-style-type: none"> <li>(a) the insurance company is unable to pay its debts in accordance with the provisions of the Insurance Companies Law;</li> <li>(b) the occupational disease occurred as a result of the employee being employed with several employers and it is not possible to determine with accuracy which employer is liable to pay the compensation and to what extent.</li> </ul> <p>(2) To address the cases mentioned in subsection (1) every insurance company holding a licence to conduct worker's compensation insurance business, shall pay to the Workers' Compensation Insurers' Fund the annual contributions fixed by the Minister. The amounts to be paid by the Workers' Compensation Insurers' Fund shall be decided by the Fund or awarded by the Court.</p>
<p>Aggregation of compensations</p>	<p><b>18.</b> In assessing the compensations either by the court or in an out of court settlement, any sum of money which has been paid or is due to be paid from the Social Insurance Fund as a benefit or an allowance in respect of the same circumstances creating the legal obligation to pay compensation shall be disregarded.</p>
<p>Lapse of claim.</p>	<p><b>19.</b> Any proceedings under this Law must be commenced within two years from the date of the accident.</p> <p>Provided that in the case of a disease contracted by an employee, the proceedings must be commenced within two years from the day when the employee first became aware of the said disease.</p>

<p>Powers of the Advisory Board.</p>	<p><b>20.</b> The Advisory Board has competence to advise the Minister:</p> <ul style="list-style-type: none"><li>(a) Generally for the implementation of the Law and any Regulation issued under this Law;</li><li>(b) For any matter concerning the insurance of accidents at work.</li></ul>
<p>Offences.</p>	<p><b>21.</b> -(1) An employer who fails to enter into an insurance agreement in accordance with the provisions of this Law shall be deemed to have committed an offence and shall be liable on conviction to imprisonment not exceeding twelve months or to a fine not exceeding one thousand pounds or to both such penalties.</p> <p>(2) Where an offence under subsection (1) above is committed by a body corporate or union of persons or organisation without legal personality, every person who, at the time of the commission of the offence, was a member of the Board of Directors, a director, a secretary or another employee or representative of the corporate body or was a member of the union of persons or the organisation, shall be deemed to have committed an offence and shall be liable on conviction to the penalty provided in subsection (1) above, unless such person can prove that he was not aware of the commission of the offence and that he had taken reasonable steps to avoid the commission thereof.</p> <p>(3) Any person who makes any statement, either verbal or in writing, which is false or misleading in relation to the number of persons in his employment or as to their remuneration or the type of work in which they are employed, or who conceals material facts for the purpose of obtaining a certificate of insurance under the provisions of this Law, shall, unless he can satisfy the Judge's Court that he had not acted with intent to defraud, be guilty of an offence and shall be liable on conviction to imprisonment not exceeding twelve months or to a fine not exceeding one thousand pounds or to both such penalties.</p> <p>(4) Any person who with intent to defraud -</p> <ul style="list-style-type: none"><li>(a) forges, falsifies or alters any insurance certificate or any other certificate or document issued under the provisions of this Law, or</li><li>(b) uses or allows any other person to use any forged, falsified or altered certificate of insurance or any other certificate or document issued under the provisions of this Law, or</li><li>(c) provides to another person or receives from another person an insurance certificate or any other certificate or</li></ul>

<p>Regulations.</p>	<p>document issued under the provisions of this Law, or</p> <p>(d) fabricates or has in his possession any document which is so similar to a certificate or document issued under the provisions of this Law that it may deceive, or</p> <p>(e) issues any certificate of insurance or any certificate or document the issue of which is provided in this Law, shall be guilty of an offence and shall be liable on conviction to imprisonment not exceeding twelve months or to a fine not exceeding one thousand pounds or to both such penalties.</p> <p>(5) Any person who commits an offence under this Law, for which no specific penalty is provided, shall be liable on conviction to imprisonment not exceeding six months or to a fine not exceeding four hundred and fifty pounds or to both such penalties.</p> <p><b>22.</b> (1) The Council of Ministers may make Regulations which shall be published in the Official Gazette of the Republic for the determination of any issue which needs to be determined under the provisions of this Law and generally for a better implementation of the provisions of this Law.</p> <p>(2) Without prejudice to the generality of subsection (1) the Regulations may regulate one or more of the following issues:</p> <p>(a) prescribing the documents to be used for the purposes of this Law;</p> <p>(b) prescribing the forms of the certificates of insurance or any other certificates or documents, issued or submitted under the provisions of this Law;</p> <p>(c) prescribing the fees payable in relation to any acts performed under the provisions of this Law;</p> <p>(d) prescribing the penalties of imprisonment which shall not exceed a period of six months or the payment of a fine which shall not exceed the sum of four hundred and fifty pounds or both such penalties, for the contravention of any Regulation made under the provisions of this Law;</p> <p>(e) prescribing the minimum sum in relation to which an employer is required to insure his liability under the provisions of this Law, without prejudice to the obligation of such employer to pay the balance to the employee.</p> <p>(3) Regulations made under this section shall be submitted to the House of Representatives. Unless amended or annulled by the House of Representatives within two months from their</p>
---------------------	--

Date of effect of this Law.	<p>submission, these Regulations, after the expiration of the above time limit, shall be published in the Official Gazette of the Republic and come into force on the date of this publication. Where the House of Representatives amends them, these Regulations shall be published in the Official Gazette of the Republic as amended and come into force on the date of their publication</p> <p><b>23.</b> This Law shall come into force on the date of its publication in the Official Gazette of the Republic, except for section 4 which shall come into force on the date fixed by the Council of Ministers in a notification published in the Official Gazette of the Republic.</p>
-----------------------------	---