

A Summary of Workers Compensation Insurance Incentives in Australia and New Zealand

The majority of employers in Australia and New Zealand are required to pay Workers' Compensation premiums to cover their workers in the event of a work related injury or illness. Premiums fund financial and medical support to injured workers, cover the costs of dispute management and administration of the schemes.

The purpose of workers' compensation schemes is to intervene early in the life cycle of a workplace injury, to the extent where some of the schemes are introducing incentives in the form of premium reductions, for companies to actively prevent injuries from occurring in the first place and to maximise the opportunity for an injured worker to return to work. Premiums are usually expressed as a percentage of employers' total wages bills. The rates depend on an employer's:

- Size
- Industry
- Individual claims experience, and
- The way that wages are defined for workers compensation purposes.

New Zealand

The Accident Compensation Corporation (ACC) is the provider of accident insurance in New Zealand for all work and non-work injuries. Employers (even a self-employed one), are required by the New Zealand government to provide work-related personal injury insurance for all employees, whether they are full-time, part-time, or casual workers. Although Workplace Cover is mandatory, there are steps that can be taken to reduce ACC levies.

New Zealand is taking a new approach to assist businesses to create healthier and safer workplaces. Companies will be rewarded for their health and safety performance. Once a business has been running for over three years, their Work levy will be adjusted based on this history. The levy may stay the same, be discounted or have a loading.

The Work levy can be reduced by preventing injuries at work and assisting injured employees return to work sooner. If a company has paid less than \$10,000 annual work levy in any one of the three years, they will fall under the No Claims Discount programme.

Companies will be given a 10% discount on the Work levy if, over the three-year period the business has had:

- no weekly compensation days, and
- no accidental death claims.

Companies will be given a 10% loading on the work levy, if over the three-year period the business has had:

- over 70 weekly compensation days or
- any accidental death claims.

Through the Experience Rating Programme, companies could get up to 50% off the Work levy or, up to 75% added.

<https://www.acc.co.nz/>

Australia

There are 11 main Workers' Compensation systems in Australia. Each of the eight Australian states and territories have developed their own workers compensation scheme and there are three Commonwealth schemes:

- The first is for Australian Government employees, Australian Defence Force personnel with service before 1 July 2004 and the employees of licensed self-insurers.
- The second is for certain seafarers.
- The third is for Australian Defence Force personnel with service on or after 1 July 2004.

SafeWork Australia is the federal government advisory body on workers' compensation in Australia. They coordinate work on national workers' compensation harmonisation initiatives, as well as producing national workers compensation information.

Each jurisdiction allows employers to self-insure for workers' compensation. This allows companies to manage and pay for all their employee claims for work-related fatality, injury and illness, rather than paying premiums to insurers to take on those responsibilities. Self-insured companies must conform to each jurisdiction's specific legislative requirements, the most critical of which is the financial capacity to fully fund future liabilities. Regulatory authorities in each jurisdiction also need to be satisfied that self-insuring employers have adequate work health and safety, injury management and return to work arrangements, as well as the capacity to effectively manage workers' compensation.

- In Queensland and South Australia, you cannot choose your insurer. If you are employing eligible paid workers in these states, you must register for cover.
- In all other states, you can choose your insurer:
- In the ACT, NT, TAS and WA premiums vary between insurers. Workers' compensation premiums are calculated differently in each state based on a combination of industry, claims history, worker remuneration and state-specific loadings and conditions.
- In NSW, QLD, VIC and SA you will get the same premiums from all insurers.

Discounts on premiums can be achieved in most states based on your claims history. Premiums are related to the number of Claims resulting from Incidents. And these Incidents are related to the effectiveness of your Health and Safety management system. Consideration is also given to your Injury Management Procedures. Prompt reporting and early intervention are vital.

Some states have specific incentive structures:

New South Wales - NSW WorkCover

<https://www.workcover.nsw.gov.au/>

There are a range of incentives, discounts and other adjustments that could affect premium costs if a company is based in NSW. icare worker insurance is the statutory insurer for workers compensation and care in NSW.

Incentives

Avoid the claim excess - If a worker suffers a workplace injury, employers may avoid paying a claims excess by notifying their insurance agent or insurer within 48 hours of becoming aware of the workplace injury.

Employer safety incentive

Small employers, will get a 10 per cent Employer Safety Incentive (ESI) premium discount at the beginning of each policy period to assist them in making their workplace safe. If all injured workers are returned to suitable work within four weeks of the date of injury, with no ongoing requirement for payment of weekly compensation, the 10 per cent discount can be kept.

Experience rated businesses are employers with an average performance premium (total wages x your industry rate) greater than \$30,000. Experience-rated employers will receive a 10 per cent Employer Safety Incentive (ESI) premium discount at policy renewal. This provides an opportunity for employers to invest the savings in workplace safety.

Employer safety reward (experience-rated employers only)

An employer safety reward (ESR) discount of 5 per cent will be applied at the end of the insurance period for experience-rated employers who have not incurred any premium-affecting claims in the previous four consecutive policy periods.

Return to work incentive

Small employers will receive a 10 per cent Return to Work Incentive (RTWI) premium discount, instead of the ESI, if all injured workers return to suitable work with no ongoing requirement for payment of weekly compensation, between four and thirteen weeks from the date of injury.

A return to work incentive discount (5, 10 or 15 per cent) will be applied, for Experience rated employers, to the cost of each claim with a sustainable return to work outcome up to 52 weeks. Higher discounts apply to shorter return to work outcomes.

Rebates are provided to help NSW workplaces improve their safety management. The small business rebate program offers up to \$500 to help small business owners and sole traders (with 0-50 full-time employees or equivalent) adopt solutions to high risk safety problems in their workplace. Access to free safety advisors is also provided to help small businesses build safety skills.

<https://www.workersinsurance.icare.nsw.gov.au/premiums-and-policies/calculate-your-premium/incentives-and-levies#gref>

Queensland – WorkCover QLD

WorkCover QLD has initiated the Injury Prevention and Management program (IPaM) Once a business commits to participating in the IPaM program they will be allocated a dedicated IPaM Advisor to work with, initially for up to 12 months to complete the program. IPaM advisors are not inspectors, their role is to provide advice and support, not to enforce compliance. The idea is therefore to improve Health and safety management, which should lead to a reduction in incidents. An improved claims history ultimately impacts in reducing the premiums which companies pay.

<https://www.worksafe.qld.gov.au/injury-prevention-safety/injury-prevention-and-management>

Victoria – WorkSafe Victoria

Businesses with a claims history will be given a rating, which also affects their premium if they have wages totalling more than \$200,000 per year. The rating is then factored into the premium amount, so if companies have a good rating (or low claims) their premium will be reduced. Companies are therefore encouraged to take proactive steps to reduce injuries and intervene early when incidents occur. Costs can be reduced by helping employees return to work. If a worker returns to the workplace, compensation will end, so the estimation of future costs will be reduced and thus so will the premiums. The longer they stay at work, the more that estimate continues to reduce.

WorkSafe Incentive Scheme for Employers (WISE) provides a financial incentive of up to \$26,000 to a new employer who offers ongoing employment of at least 15 hours a week to an injured worker who is unable to return to work with their pre-injury employer.

https://www.worksafe.vic.gov.au/__data/assets/pdf_file/0005/195674/INS_BOOKLET_2016-17.pdf

<http://blog.gallagherbassett.com.au/blog/how-your-workers-compensation-premium-is-calculated-in-victoria-and-some-tips-to-keep-it-low>

South Australia - ReturnToWorkSA

In SA, employers can directly influence the amount of insurance premium they pay. This can be achieved by preventing injuries from happening and if they do, assisting the injured worker to recover and return to work as quickly as possible. This helps to minimise the income support costs for a work injury claim and therefore the amount of premium companies pay.

ReturnToWorkSA is responsible for providing work injury insurance and regulating the South Australian Return to Work scheme. Businesses have been given a powerful incentive to improve employee safety with a significant financial penalty at the heart of the new ReturnToWork scheme for industry sectors with high rates of injuries.

<https://www.rtwsa.com/about-us/returntoworksa>

Employers in all States and territories in Australia are encouraged to engage with the managers of the State workers compensation schemes, to ascertain what discounts are available to them, as all the States have structured the schemes to encourage the implementation of workplace Safety Management Systems, to reduce workplace injuries.

SafeWork Australia has published "Comparison of Workers' Compensation Arrangements in Australia and New Zealand", Oct 2106
<https://www.safeworkaustralia.gov.au/system/files/documents/1702/comparison-report-2016.pdf>

A safe workplace is good for everyone. Not only can a company avoid accidents and injuries, but it can avoid the costs and the negative impacts of an injury, such as employee absence, reduced productivity or an official investigation. Employers should:

myosh365 is a complete safety management system for small business. Developed in collaboration with safety consultants, it's a simple yet powerful safety compliance solution in line with ISO 45001, that boosts productivity, saves time and enhances business reputation.

myosh Classic suits small to medium enterprise and is a low cost, easy to implement version of myosh safety software with all the functionality. Features over 70 optional modules.

myosh Custom is a fully customisable solution, tailored to meet unique requirements. Features over 70 optional modules.

myosh Enterprise scales to meet the unique requirements of global and multinational organisations utilizing multi-lingual, hierarchical and advanced security functionality

References:

<http://www.acc.co.nz/for-business/small-medium-and-large-business/how-to-pay-less/workplace-safety-discount/index.htm>

http://www.acc.co.nz/PRD_EXT_CSMP/groups/external_communications/documents/guide/wcm000512.pdf

http://www.accleveysaver.co.nz/acc_work_place_safty/

<http://indaily.com.au/news/business/2015/06/04/improved-safety-will-reduce-insurance-premiums/>

<http://www.safeworkaustralia.gov.au/sites/swa/about/publications/pages/comparison2011>

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