

LPR Plus Statement of Product

This Statement of Product applies to icare workers compensation insurance policies for LPR Plus, commencing on or after midnight 30 June 2024, setting out details and requirements of LPR Plus issued by icare on behalf of the Workers Compensation Nominal Insurer. icare recommends this is read carefully as LPR Plus has complex requirements and obligations for NSW employers which typically last 48 months from the start of each policy period.

What is Workers Insurance?

Workers Insurance ensures that your business is covered for the costs that might follow a workplace related injury or disease. Under S.155 of the *Workers Compensation Act 1987* (the Act), all employers in NSW (except exempt employers and self-insurers) must obtain from a licensed insurer, and maintain in force, a workers insurance policy.

Workers Insurance in NSW is regulated by the State Insurance Regulatory Authority (SIRA) under the *Workers Compensation Act 1987*, *The Workplace Injury Management and Workers Compensation Act 1998* and *Workers Compensation Regulation 2016*.

What is LPR Plus?

LPR Plus is a different workers insurance product to the standard product available to all employers, designed to meet the needs of the largest and most sophisticated employers in the Nominal Insurer (NI) scheme.

LPR Plus rewards large employers that focus on injury prevention, return to work and claims cost control by calculating premiums that are reflective of an employer's risk profile.

Who is Eligible?

Eligibility is determined through a consultative process between icare and the employer and is based on:

- Average Performance Premium (APP), and
- Stable and Favourable Claims and Financial Performance.

Average Performance Premium

An employer is eligible to express interest if their APP exceeds \$3,000,000 for a 12-month period of insurance, or if they are a member of a group where Group APP exceeds \$3,000,000.

Stable and Favourable Claims and Financial Performance

As part of the consultation process, employers will be required to demonstrate stable and favourable claims and financial performance over the immediate five-year period prior to entry and discuss their capacity and suitability to enter LPR Plus.

After the consultation process, an employer must complete and sign an application form to enter LPR Plus.

If eligible, employers can express interest through an Expression of Interest (EOI) form. Once the EOI form is received, an icare insurance specialist will meet with the employer and their nominated broker representative (if applicable) to discuss suitability, and to ensure all parties have a complete understanding of responsibilities and obligations under LPR Plus. No employers are automatically accepted.

Employers that are part of a group must decide to enter (or exit) as a group. Split arrangements are not permitted.

Who is not eligible?

Ineligible employers are those:

- with an APP less than \$3,000,000.
- who are unable to demonstrate stable and favourable claims performance in the preceding five-year period prior to entry.
- Are under administration or in liquidation.
- Are entering receivership, administration, voluntary administration, or liquidation*
- that have exited LPR or LPR Plus and have not yet completed all runoff adjustments for any prior periods of insurance.

Calculation of Premiums

How are premiums calculated?

An upfront base premium is calculated to form the premium an employer pays at the start of the policy period. This is calculated as 30% of the employers APP/GAPP.

If an employer's APP falls below \$3M, and the employer is permitted to continue in LPR Plus, then the minimum of \$3M APP is used to calculate the base premium.

Where an employer's APP was greater than \$3,000,000 on entry into LPR Plus, but has consequently dropped below \$3,000,000, an assessment of circumstances is required to determine if the employer can remain in LPR Plus.

Premiums are adjusted annually at 12, 24, 36 and 48 months after the commencement of the period of insurance. Aside from the 48-month final adjustment, premiums are based on the development of an employer's claim costs, plus an expense loading, banded by minimum premium.

At 48 months after the commencement of the period of insurance, the final adjustment is calculated based on an employer's individual claim costs, plus expense loading for closed claims.

For claims that remain open at 48 months, an open claims development factor will apply to the claim costs, plus expense loading.

Adjustment date	Development Factor		Expense Loading
	Open Claims	Closed Claims	
12 months after policy commencement	1	1	0.28
24 months after policy commencement	1	1	0.28
36 months after policy commencement	1	1	0.28
48 months after policy commencement	3	1	0.28

- Members of a group should be aware that premiums are calculated at group level and then distributed across its members proportionately to the size of the group.
- A large claims limit of \$750,000 applies to individual claims.
- There is no maximum premium cap.

What information does icare need to calculate an LPR Plus premium?

An LPR Plus application form is required after the EOI form has been received and the consultation process has occurred.

A completed and signed application form ensures icare has all information required to process an employer's LPR Plus base premium. This includes the employers estimated wage declaration, details about an employer's business operations, including structure and primary business activity details.

What are the terms and conditions of cover under the policy?

The terms of icare's workers insurance policies are contained in the Workers Compensation Regulation 2016 (NSW) (the Regulation). Please see the Regulation at the SIRA website or icare's website for more details.

Separately, this document and others provided to eligible employers set out the terms and conditions of participation in LPR Plus.

* Employers entering receivership, administration, voluntary administration, or liquidation in LPR Plus must exit at the next policy renewal date

Can icare audit an organisation?

Employers wage declarations are subject to audits to ensure accuracy. A wage audit may result in changes to premiums already charged. In some circumstances, employers may also have to pay penalty or late payment fees.

Maintaining safe workplaces

Compliance with work health and safety and workplace injury management obligations are a key factor in maintaining a safe workplace and minimising injuries to workers. icare expects all employers who apply for its products acknowledge and understand their obligations in respect of work health and safety and workplace injury management under NSW law.

What claim costs are included in the premium calculation?

All payments to workers for weekly benefits, medical and hospital expenses, lump sum payments and service provider costs for example investigation and legal costs are included in the premium calculation.

Estimated costs for future payments are also included.

Recoveries received or confirmed in writing from other parties will vary the premium calculation.

What claim costs are excluded from the premium calculation?

- Anticipated recoveries from other parties.
- In accordance with section 11 of the *Workers Compensation Act 1987 (NSW)*, recess claims (where an injury occurred away from the usual place of employment).
- Interpreter expenses.
- In accordance with section 10 of the *Workers Compensation Act 1987 (NSW)*, journey claims i.e. where the injury occurs on the way to or from work.
- New employment assistance payment.
- Medical Support Panel costs.
- Education and employment assistance.

Can premium be paid in instalments?

Base premiums can be paid in full, or by monthly instalments. Adjustment premiums require payment in full. Information is provided on invoices detailing payment options.

Can a policy cancel at any time?

As workers insurance is compulsory for all workers in NSW (except exempt workers*), a policy can only be cancelled if:

- the employer ceases trading,
- the business is sold,
- the business ceases employing,
- the employer has obtained alternative statutory cover (i.e. via specialised insurer, established a SIRA approved Self-Insurance License, or Comcare for federal licenses).

However, should you wish to exit LPR Plus and transition to an alternate product within the NI scheme, please speak with your insurance specialist and/or broker representative.

Any employer who exits LPR Plus must be aware of the following conditions:

- the exit will only operate from future policy periods.
- the employer is responsible and liable for all costs related to claims from all existing LPR Plus policy years until each policy period expires (this means that, amongst other things, liability for all premium adjustments arises at the start of the policy period and cannot be avoided at 12, 24, 36, 48 months even if the employer exits LPR Plus).
- the employer is not able to re-enter LPR Plus premium arrangements until all previous policy periods have run-off.

Will my organisation be covered if the policy is cancelled?

You will continue to be covered for claims in relation to injuries that occurred during the time the policy was active.

Questions

If you have any questions or need further information, please refer to our website at www.icare.nsw.gov.au

* 'exempt worker' refers to specific classes of workers for which most of the amendments made to the Workers Compensation Acts in 2012 and 2015 do not apply, pursuant to Schedule 6, Part 19H, Division 2, Clause 25 of the *Workers Compensation Act 1987*.