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Insurance and Care NSW

Loss Prevention & Recovery Premium Model Guidelines

30 June 2025

Contents

1. About The Guidelines

The information in the Loss Prevention & Recovery (LPR) Premium Model Guideline provides a guide for employers and their representatives to explain:

- product eligibility,
- the LPR application process,
- how LPR premiums are calculated,
- responsibilities of LPR policy holders and icare, and
- expectations when continuing with or cancelling the LPR product policy.

This guideline relates to LPR insurance policies that start on or after 30 June 2025.

2. Premium Model Overview

The Loss Prevention and Recovery (LPR) premium model provides incentives for employers to improve workplace safety and outcomes for injured workers. It offers more immediate financial rewards compared to the conventional premium model.

How the LPR model is calculated - LPR premium is calculated using the development of claims costs (refer to section 4.10), for any claims relating to an injury that occurred within that policy period and is protected by an LPR minimum and maximum premium.

Cost of claims adjustment - Each policy has a deposit premium calculated that is payable when the policy commences or is renewed. Ongoing premium adjustments are made to the policy at 24, 36 and 48 months. These adjustments are based on the total cost of all claims (refer to section **4.10**) that were incurred in the relevant policy period as at the adjustment date, multiplied by the relevant adjustment factor.

Background - Originally introduced in 2009 as Retro-Paid Loss, the model was subsequently reviewed and enhanced in 2016 to become the LPR premium model used today.

2.1. Employer Eligibility

The LPR premium model is designed for large employers and large employer groups that have the capacity and resources to manage systems to minimise injury occurrence and promote recovery at work and can demonstrate stable and favourable claims performance through a focus on injury prevention, return to work and claim cost control.

To assess an employer's suitability, icare assess prior claims performance including (but not limited to) claim frequency, claims costs and claim type. This assessment captures suitability and informs employers of the risks and benefits of insuring under the LPR premium model.

To be eligible for the LPR premium model an employer must satisfy the requirement of a large employer, or larger employer group (as defined below), to enter at the next renewal date.

A **large employer** is an employer with an Average Performance Premium (APP), that is, total remuneration multiplied by the Workers Compensation Industry Classification rate (WIC), that exceeds $500,000 for a 12-month period (*this can be pro-rated for shorter periods of insurance)*.

- Refer to section **4.1** for information on the WIC rates.
- Refer to section **4.2** to understand what is included in the total remuneration.
- Refer to section **4.3** for the calculation of APP

A **large employer group** is a group that has at least one member with an APP exceeding $500,000 for a 12-month period *(this can be pro-rated for shorter periods).* The sum of the group's APP is not considered.

All group members must participate in the LPR premium model. No single member or part groups can be covered within the LPR premium model. All members of the group must have the same premium model, and the same policy renewal and expiry dates.

2.1.1. Who is not eligible?

- Any employer, or group with a member, that has overdue premium or a history of bad debt.
- Any employer, or a group with a member, under administration, receivership, or in liquidation.
- An employer that has exited LPR and has not completed the final 48-month adjustment for their last LPR period of insurance.

Note: An employer or group in LPR, if entering receivership, administration, voluntary administration, or liquidation (including groups where any member is entering receivership, administration, voluntary administration or liquidation), must exit LPR at the beginning of the current policy period.

2.1.2. What happens if an employer's APP falls below $500k?

The LPR premium model has an eligibility threshold of $500,000 APP for an individual policy or for the largest member of a group. If the estimated APP is expected to be below the threshold of $500,000, renewal in the LPR model is not possible and the insurance policy will default to the conventional premium model at the next renewal date.

If the APP drops below the threshold at adjustment, then an APP of $500,000 will be used as the APP, regardless of the decrease. Refer to section **4.11** for the calculation of the adjustment premiums.

The threshold of $500,000 is also the minimum APP used to calculate the deposit premium, LPR minimum and maximum premiums, and the Renewal Premium Adjustment (RPA) or security amount. This $500,000 APP threshold applies as a single employer's APP or as the APP of the group.

Short term periods have a prorated threshold amount of APP.

3. Application and Renewal Process

3.1. New Entrants

Employers interested in the LPR premium model must first submit an Expression of Interest (EOI) form to icare. The EOI must be submitted at least 60 days prior to the renewal date, otherwise the application cannot be lodged. The form is available on icare's website at EOI form or contact CIS@icare.nsw.gov.au or an Insurance Specialist at icare to obtain the further details.

Once an EOI has been submitted (1), an icare Insurance Specialist will set up an introductory meeting (2) with key employer contacts at least 30 days prior to the renewal date. This meeting is to discuss the LPR premium model, highlight risk and benefits, expectations, and provide an opportunity for questions.

Next, if an employer would like to proceed with LPR, an application and renewal form is required 21 days before the renewal date. Any delay in the above steps can result in the rejection of the LPR application.

3.1.1. Key milestones for new LPR entrant

1. **Expression of interest** – 60 days before renewal
2. **Introduction meeting** – 30 days before renewal
3. **Application form due** – 21 days before renewal
4. **CSP selection change** – 14 days before renewal
5. **Renewal issued** – 14 days post-renewal
6. **Invoice due** – 30 days post-renewal

3.2. Existing Participants

For existing LPR participants, the application and renewal form will be sent out approximately two months before the renewal date. Forms must be submitted to icare 21 days before the renewal date. The LPR premium model is optional by application. If the application and renewal form is not submitted, the policy will be renewed under the conventional premium model.

3.3. Application and Renewal Form

The application and renewal form combines both the application to enter the LPR premium model and the declaration of estimated wages in one form.

It includes a written commitment to ensure the most senior decision-makers in each organisation understand the commitment required to participate effectively in LPR premium model arrangements, and improve workplace safety, injury management and RTW an organisational priority.

icare reserves the right to decline or accept an employer's application for LPR arrangements.

3.4. Premium Model Options

Prior to the commencement of the policy period, an employer must select from two premium model options which directly influence the premium calculation for that policy period.

The premium model options are:

1. **Security**: Choose either security deposit or Renewal Premium Adjustment (RPA)
2. **Large claim limit**: Choose either $350,000 or $500,000 large claim limit

Once the policy period renews, the premium model choices are set for the period and cannot change. Premium model choices are then reselected (and *can* be changed) for subsequent periods.

All members of a group must choose the same premium model option for each policy term.

4. LPR Premium Calculation

Under the LPR premium model each period of insurance is calculated independently, based on an employer's cost of claims (i.e. claims with a date of injury within that period of insurance) as the claim costs mature over four years, premiums are adjusted to account for this development.

The LPR method of premium calculation consists of the following components, all of which contribute to the pricing of the premium.

4.1. Workers Compensation Industry Classification Rates

The Workers Compensation Industry Classification (WIC) rate(s) applicable to a business are determined using the Workers Compensation Industry Classification System applicable for the period of insurance. icare's WIC System and Premium Rates are updated each year, and can be found on icare's website here: [WICs and premium rates]

The WIC rates are determined by icare's actuaries each year and are based on the performance of all employers within that industry.

It is important to have the correct WIC(s) applied to a policy, as the wrong WIC may adversely impact premium. It is essential that sufficient information is always provided with the LPR application and renewal form, and the declaration of actual wages form, to appropriately review and allocate a WIC. If there is insufficient information, icare will be required to determine the most applicable WIC based on the information provided. This may result in a higher WIC rate being applied, impacting premium calculation.

You must notify icare of any acquisitions or divestments as soon as possible, as they may impact the classification(s) applied and therefore the premium calculation.

4.2. Wages

The Wages Definition Manual (Link to manual) provides a comprehensive guide on remuneration for the purposes of assessing an employer's workers' compensation premiums. It aims to help ensure there is a consistent approach to the declaration of remuneration.

Employers must maintain these records for at least five years and records may be audited. For further information on the wage audit process please refer to the website: Wage audit process

4.3. Average Performance Premium

The Average Performance Premium (APP) is the basis for the calculation of the deposit premium, LPR minimum premium, and LPR maximum premium. If there are multiple separate and distinct business activities, the APP is calculated separately for each activity and then combined to calculate a total APP.

APP is calculated using the following formula:

$$\boldsymbol{APP} = (\boldsymbol{Wa}\ \boldsymbol{x}\ \boldsymbol{Ra}) + (\boldsymbol{Wb}\ \boldsymbol{x}\ \boldsymbol{Rb}) + \cdots (\boldsymbol{Wn}\ \boldsymbol{xRn})$$

where:
***Wa**, **Wb**...**Wn** are the wages for each (WIC).*
***Ra**, **Rb**...**Rn** are the percentage rates for each WIC.*

4.3.1. Group Average Performance Premium (GAPP)

GAPP is calculated by adding the total APP for all group members, this is the basis for the group deposit premium, group LPR minimum premium and group LPR maximum premium.

4.4. Size Adjustment Factor

The size adjustment factor (s) represents the percentage deducted from the deposit premium and minimum premium. Larger employers attract proportionally lower deposit premiums.

All members of a group will share the same size adjustment factor.

4.4.1. How is the size adjustment factor (S) calculated?

The size adjustment factor (***S***) for an individual employer is calculated as follows:

$$\boldsymbol{S} = \frac{\boldsymbol{0.9xAPP}}{\boldsymbol{225000+APP}}$$

The **APP** used in the calculation of **S** is based on a period of insurance of 12 months.

If the period of insurance is less than 12 months, the **APP** used in the calculation is to be calculated as if the period of insurance had been 12 months.

4.4.2. How is the group size adjustment factor (SG) calculated?

If you are member of a group, the size adjustment factor (***SG***) is calculated as follows:

$$SG = \frac{0.9xGAPP}{225000 + GAPP}$$

Where:
GAPP is based on the period of insurance, for all members of the group, being 12 months.

If the period of insurance for a group member is less than 12 months, then **GAPP** is calculated based on all members of the group with an individual **APP** prorated to reflect a 12 month period of insurance.

4.5. Large Claim Limit and Adjustment Factors

The large claim limit is the maximum amount that an individual claim will contribute towards the total incurred claim costs used in an adjustment premium calculation. As part of the application and renewal process, employers must select a large claim limit of either $350,000 or $500,000. If you are a member of a group, all the group members will share the same large claim limit.

The large claim limit determines a loading applied to the deposit premium, the claims adjustment factors applied at the adjustment dates, and the LPR minimum premium formula. Selecting the $500,000 large claim limit provides the opportunity to take greater risk for a greater reward, with the higher limit attracting lower adjustment factors.

Once a period of insurance has commenced the large claim limit may not be changed. A different large claim limit may be chosen at the next renewal for the next policy period.

Table1: adjustment factors for 30 June 2025

Calculation	Adjustment date post renewal	$350,000 large claim limit	$500,000 large claim limit
First adjustment date (*AF1*)	24 months	3.05	2.91
Second adjustment date (*AF2*)	36 months	2.61	2.46
Third adjustment date (*AF3*) *	48 months	2.61	2.46
LPR minimum premium (*AFmin*)	N/A	1.70	1.40

**Also applied to deposit premium*

4.5.1. Treatment of a short-term policy period

If the policy period is short-termed, the adjustments will still be calculated at 24, 36, and 48 months from the policy commencement date.

If a new member joins a group midterm, adjustments are based on the group shared commencement date. The Size Adjustment Factors and eligibility threshold are based on annualised **APP**.

4.6. Deposit Premium

At the commencement of a period of insurance, employers are required to pay a deposit premium. The deposit premium is based on the APP or GAPP, and the selection of the large claim limit.

Table 2: Single Policy Deposit Premium Calculation

Premium Component	Employer Premium
Deposit Premium	= ((APP x (1 – S)) x *AF3*) x 1.25
Levies and Incentives (refer to section 4.11)	+ Q + D + M - A

Where:
AF3 is the 48 month adjustment factor, based on the large claim limit choice.
Q is the premium adjustment contribution, refer to section 01
D is the dusts diseases contribution, refer to section 4.11
M is the mine safety fund premium adjustment, refer to section 4.11.41
A is the apprentice incentive amount, refer to section 4.11.51

If an employer is a member of a group, the premium is calculated using the GAPP, which is the sum of APP for all members of the group. The premium is calculated at a group level and then distributed amongst the individual members in alignment with their individual size.

Table 3: Group Deposit Premium Calculation

Premium Component	Group Premium
Group Deposit Premium (GDP)	= ((GAPP x (1 – GS)) x *AF3*) x 1.25
Deposit premium for a member of a group	= (GDP x (APP/GAPP))
Levies and incentives applied to each policy (refer to 4.11)	+ Q + D + M - A

4.7. Security Option

At the commencement of an LPR policy period, an employer must choose to provide a security deposit or pay a Renewal Premium Adjustment (RPA) for the period of the insurance period. This helps to protect the scheme, should an LPR employer default on their workers insurance liabilities.

- The security must be provided within once month of the renewal date.
- All members of the group share the same security choice (Security Deposit or RPA).
- Security is provided for **each** policy period.
- Once a period of insurance has commenced the security choice cannot be changed.
- The security choice may vary from one period of insurance to the next.

4.7.1. What is the Security deposit?

A security deposit can be provided by bank guarantee, inscribed security, insurance bond or a cash deposit. This is held by icare to ensure payment of premium in the event an employer is unable to meet their workers compensation liabilities.

The security deposit is lodged at the commencement of the policy period and is calculated as follows:

1. On or before the 36-month adjustment premium, **Security Deposit = APP**
2. After the payment of the 36-month adjustment premium, **Security Deposit = APP x 0.1**

icare holds security to cover the APP amount for all policy periods that a security deposit is selected for. The security deposits provided for a policy period may be held towards the sum of security deposit requirements. The security deposit for a policy period will need to be amended if the actual wages are higher than the estimated wages, and insufficient security deposits are held across all policy periods.

The security deposit may be reduced after the 36-month adjustment premium has been paid, and it is confirmed that there is no outstanding premium or security due for any other period of insurance. The remaining security deposit will be released after the final (48-month) adjustment premium has been paid.

Notes:

1. If an employer is a member of a group, the total security is based on the GAPP.
2. If actual wages have not been submitted, the security deposit will not be released.
3. The security deposit may be used to pay any unpaid premium for any policy period.

4.7.2. What is the Renewal Premium Adjustment (RPA)?

The Renewal Premium Adjustment (RPA) is invoiced alongside the deposit premium and is equal to 25% of the deposit premium *(before levies and discounts)* or 25% of GDP *(before levies and discounts).* Noting, the RPA is a payable lump sum one month post renewal **and cannot be paid by instalments**.

The RPA is calculated with the following formula: **RPA = Deposit Premium x 0.25**

After submitting actual wages and paying the 24-month adjustment premium: **RPA = 0.** However, if the actual wages have not been submitted for a policy period, the RPA will not be released.

Table 4: Summary of Security Options

Calculation	Renewal Premium Adjustment	Security Deposit
Deposit	deposit premium x 25%	APP based on estimated wages
24 months	Nil*	APP based on actual wages
36 months	Nil	APP x 0.1**
48 months	Nil	Nil**

**RPA is only refunded if actual wages have been provided, and after payment of adjustment premium.*

*** The security may only be amended after payment of the adjustment premium.*

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4.8. LPR Minimum Premium

The LPR minimum premium is calculated using the APP, Size Adjustment Factor (S), and the Minimum Adjustment Factor (*AFmin*). *AFmin* is based on the employer's choice of large claim limit.

Table 4: Minimum Adjustment Factors

Calculation	$350,000 large claim limit	$500,000 large claim limit
LPR Minimum Premium (*AFmin*)	1.70	1.40

If the claim adjusted premium is below the LPR minimum, then the LPR minimum is applied instead.

Table 5: Minimum Premium Formula

Premium Component	Formula
LPR Minimum Premium (MinP) at 24 months	= (APP x (1 – S) x *AFmin*) x 1.25
LPR Minimum Premium (MinP) at 36 and 48 months	= (APP x (1 – S) x *AFmin*)
Minimum Premium	$240 from 30 June 2025

A Group LPR minimum premium is calculated using the Group Average Performance Premium (GAPP), Group Size Adjustment Factor (S), and the Group's Minimum Adjustment Factor (*AFmin*). Refer to the table in section **4.5** for ***AFmin***.

If the group claims adjusted premium is below the Group LPR minimum premium, then the Group LPR minimum premium is applied. The LPR minimum premium is calculated at group level and then distributed amongst members. Refer to section **4.10.5**

Premium Component	Formula
Group LPR Minimum Premium (GMinP) at 24 months	= (GAPP x (1 –GS) x AFmin) x 1.25
Group LPR Minimum Premium (GMinP) at 36 and 48 months	= (GAPP x (1 –GS) x AFmin)
Minimum Premium (per policy) *	$240 from 30 June 2025

**The Minimum Premium (per policy) overrides the portion of the distributed Group Premium if it falls below this amount.*

4.9. LPR Maximum Premium

The LPR maximum premium aligns with the Employer Categories in the Claims Performance Adjustment (CPA) table in the conventional model, and calculated as: **MaxP = APP x Category Rate**

The group maximum premium is calculated based on the GAPP and then distributed amongst members, calculated as: **GMaxP = GAPP x Group Category Rate**

Premium Component	Category 6 >$500k to $1,000,000	Category 7 >$1,000,000 to $2,000,000	Category 8 >$2,000,000
LPR Max Premium (MaxP)	4.129	5.008	5.985
Group LPR Max Premium (GMaxP)	4.129	5.008	5.985

4.10. Cost of Claims

The Cost of Claims (C) is the sum of all individual claim costs that have a date of injury within the period of insurance. Claims reported late will be included in the premium calculation at the next adjustment date.

The cost of an individual claim is capped by the Large Claim Limit chosen, see section 4.5. icare may audit the cost of claims at any adjustment date to ensure claims have been appropriately costed.

4.10.1. What is included in the Cost of Claims?

Included	Excluded
Weekly wage benefits	Away from work recess claims
Medical and hospital expenses	Interpreter expenses
Service provider costs	Medical Services Panel costs
Recoveries received from other parties	Claims Excess (*What is the Claims excess?*)
Recoveries received from other parties	Journey claims (not work-related)
Lump sum benefits	New employment assistance payments
Investigation costs	Education and employment assistance payments
Legal costs	Estimated Recoveries (See section **Error! Reference source not found.**)
Estimated costs for future payments	Not at fault CTP claims, (with police report)
	Costs exceeding the large claim limit
	Covid 19 (contracted in the workplace)

A cost of claims information sheet is available on icare's website: LPR documents

4.10.2. What is Claims excess?

The cost of an individual claim is reduced by the claims excess.

if there are no payment of weekly benefits, e.g.: medical only claims with no time lost from work, the excess is $500 (if the cost of the claim is less than $500, then the excess is the lesser cost).

if there is time lost and the worker is receiving weekly benefits, the excess is the amount that the injured worker received in the first week of weekly benefits, up to one full week of weekly benefit.

4.10.3. Retrospective application of recoveries

icare will only alter the total for claims within the most recent final adjustment calculation. For any policy periods prior to these, alterations to costs in applying a recovery will be assessed on a case-by-case basis.

Claims subject to a recovery from a third party under CTP insurance, where a police report has been provided confirming the injured worker is not at fault, full recovery of all costs can be applied.

Recoveries are only applied if they have been received or have been confirmed legally recoverable from a third party. Evidence supporting and confirming a recovery has or will be paid before any recovery can be allowed for in the cost of claim.

The Recovery percentage ***(R%)*** is the amount recovered, or confirmed legally recoverable by a third party, as a percentage of the total cost of an individual claim. The recovery percentage is calculated using the following formula:

$$\boldsymbol{R}\% = \frac{\boldsymbol{R}}{\boldsymbol{TCC}} * \mathbf{100/1}$$

where:

R is the sum of amounts recovered or confirmed legally recoverable from a third party. **R** does not exceed TCC and does not include the excess recovered under section 160 of the *Act*. ***TCC*** is the total cost of an individual claim. The total cost of the claims is not restricted by the large claim limit.

The cost of an individual claim, reduced by the recovery percentage, is calculated with the following formula:

$$\boldsymbol{C} = (\boldsymbol{CC}\ \boldsymbol{x}\ (\mathbf{1} - \boldsymbol{R}\%))$$

where:

C is the cost of the individual claim.
CC is the cost of the individual claim prior to reduction of the recovery amount.

4.11 Adjustment Premium

The renewal or deposit premium for each policy period is based on the estimated wages declared. At the completion of the period, actual wages need to be submitted to icare within 4 months of expiry.

Then at 24 months, 36 months, and 48 months post policy renewal date, the adjustment premium will be calculated based on the actual wages declared and the development of the cost of claims. Adjustments cannot be delayed if actual wages have not been provided, however, this may adversely impact premium.

The adjustment premium calculation uses cost of claims (or the cost of claims for the group) as at the adjustment date, multiplied by the applicable adjustment factor. The adjustment may result in a premium increase or decrease dependent upon the development of claims in between the adjustment dates.

Each policy period has its own set of adjustment factors that are actuarially assessed and can vary year to year. The adjustment factors are set at renewal based for each large claim limit (refer to section 4.5).

4.10.4. *How is the Adjustment Premium calculated?*

The Adjustment Premium (Prem) is calculated as shown below, banded by the LPR Minimum Premium (MinP) and the LPR Maximum Premium (MaxP). The total Premium Payable is the (banded) adjustment premium plus the levies and incentive.

Premium Component	Formula
Adjustment Premium (Prem)	= C x AF
Levies and Incentives	+ Q + D + M - A

Where:
C is the sum of all the premium impacting cost of claims.
AF is the adjustment factor corresponding to the adjustment date.

4.10.5. *How is the Adjustment Premium calculated for member of a group?*

The adjustment premium is calculated at a group level and then distributed amongst the individual members based upon their individual size (determined by APP) and their individual contribution to the total group cost of claims.

Premium Component	Formula
Adjustment Premium (GPrem)	= GC x AF
Adjustment Premium for a group member (Prem)	$= \text{Gprem x } \frac{(\text{APP x } (1 - \text{GS}) + \text{C})}{(\text{GAPP x } (1 - \text{GS}) + \text{GC})}$
Levies and Incentives (applied to each employer's premium)	+ Q + D + M - A

Where:
GC is the sum of all the premium impacting cost of claims for all members of the group
AF is the adjustment factor corresponding to the adjustment date.

The Adjustment Premium (GPrem) is banded by the Group LPR Minimum Premium (GMinP) and the Group LPR Maximum Premium (GMaxP).

The levies and incentive are added to the individual employer's portion of distributed premium.

4.10.6. *Multiple Concurrent Adjustments*

Each policy period is independent from other periods of insurance and each policy period will experience multiple adjustments over a 4-year claim development timeframe. This results in the claim development durations overlapping with one another.

Employers must be prepared to receive adjustment notices *(premium increases and/or refunds)* and a new deposit premium for multiple concurrent policy periods at the same time.

If an employer exits the LPR premium model they will continue to receive LPR adjustment notices until the last LPR policy period has experienced its 3rd (48 month) and final adjustment.

Year 0	Year 1	Year 2	Year 3	Year 4
First Year Deposit		First Year 24 month adjustment	First Year 36 month adjustment	First Year 48 month adjustment
	Second Year Deposit		Second Year 24 month adjustment	Second Year 36 month adjustment
		Third Year Deposit		Third Year 24 month adjustment
			Fourth Year Deposit	
				Fifth Year Deposit

4.11. Incentives, Charges, and Penalties

4.11.1. Premiums adjustment contribution (Q)

The premium adjustment contribution (Q) is an additional premium amount that is set by SIRA, if required, in the regulations.

4.11.2. Dust diseases contribution (D)

This is a requirement of Section 6.6 of SIRA's Market Practice and Premiums Guidelines.
Your dust diseases contribution (D) is calculated with the following formula:

$$\boldsymbol{D} = (\boldsymbol{Wa\ x\ DDa}) + (\boldsymbol{Wb\ x\ DDb}) + \cdots (\boldsymbol{Wn\ xDDn})$$

where:
Wa, ***Wb***...***Wn*** are the wages for each WIC you may have
DDa, ***DDb***...***DDn*** are the dust diseases percentage rates for each WIC.
These rates are published by the State Insurance Regulatory Authority **(SIRA),** icare's rates include GST.

4.11.3. Asbestos Wages

If an employer is handling asbestos, a higher dust diseases contribution for the associated wages is applied in the calculation. The asbestos wages are excluded from the standard dust diseases contribution calculation. The dust diseases contribution (***D***) for these wages are calculated as follows:

$$\boldsymbol{D} = (\boldsymbol{W\ x\ DD})$$

where:
W is the total wages payable to workers handling asbestos during the period of insurance
DD is 4.4% (including GST)

4.11.4. Mine Safety Fund premium adjustment (M)

This is a requirement of Section 6.5 of SIRA's Market Practice and Premiums Guidelines.

The Mine Safety contribution is applicable to wages that are attributable to an industry classification in Division B of the Workers Compensation Industry Classification System (WIC codes 120000 to 152000).

The Mine Safety Fund premium adjustment (***M***) is calculated with the following formula:
where:
R_{MSF} is 0.5949**%** (including GST) for policies commencing 30 June 2025

4.11.5. Apprentice incentive scheme (A)

An employer is entitled to a premium reduction based on wages paid to an apprentice.

The Apprentice Incentive Scheme only applies to apprentices in recognised trade vocations as designated by the Commissioner for vocational training under the *Apprenticeship and Traineeship Act 2001.*
The National Code for the apprenticeship must be provided to icare to qualify for the discount. Please refer to: Training Services.

If the National Code is not provided with the estimated wages the discount will not be applied to the deposit premium, and the discount can only be applied at the adjustment premium.

The apprentice incentive discount (A) is calculated by multiplying the apprentice's wages by your WIC rate(s), with the following formula:

$$\boldsymbol{A = (Wa\ x\ Ra) + (Wb\ x\ Rb) + \cdots (Wn\ xRn)}$$

where:
Wa, ***Wb***...***Wn*** are your wages for each WIC you may have.
Ra, ***Rb***...***Rn*** are the percentage rates for each WIC.

Notes:

1. Apprentice wages are used in the calculation of the **APP**.
2. The apprentice incentive discount cannot reduce your premium to below the minimum premium.
3. If an adjustment is issued based on estimated wages, due to the actual wages not being submitted, the apprentice discount will not be applied. The apprentice discount will be applied once the actual wages have been submitted.
4. If Traineeships are declared as apprentices, the premium will be amended upon discovery of the declaration error.

4.11.6. Does the Apprentice incentive apply to traineeships?

No. The Apprentice Scheme is only for apprenticeships in recognised trade vocations as designated by the Commissioner for vocational training under the Apprenticeship and Traineeship Act 2001 (**AT Act**).

4.11.7. Recovery of excess from employer

If a claims service provider (CSP) is not notified of an injury within 5 days of the injury occurring, then the payment of a **prescribed excess amount** may be required**.**

Section 6.3 of the MPPG has the following specified for the prescribed excess amount:

1. $0 – if an employer notifies the relevant licensed insurer of an injury that led to the weekly compensation claim within five days of becoming aware of it
2. in all other cases—the lesser of the following:
    a. amount that is the weekly payment of compensation to which the worker is entitled as determined by section 36 of the 1987 Act, as per Annexure B for the applicable policy year.

Note: Under section 160(2) of the 1987 Act, an employer is required to repay the prescribed excess amount to the insurer under an insurance policy in respect of each weekly compensation claim that is paid under the policy. However, if the amount that the insurer has paid in respect of any such claim is less than the prescribed excess amount, the amount the employer must repay is that lesser paid amount.

5. Acquisitions and Divestments

If there is a divestment or sale of a part of a business (during or after the completion of an LPR policy period) the employer is still liable for the premium associated to the cost of claims that were incurred when they owned that part of the business. Any claims from existing LPR policy years will be included in the adjustment premium calculations until each policy period has its final adjustment.

Therefore, as part of the contract of sale, the premium impact associated to the development of claims (including late reported claims) for the part of the business sold should be considered. The claims will be included in the total cost of claims for future adjustments of the relevant policy periods. If the new owner does not manage a claim (with a date of injury pre-acquisition date) it may negatively impact premium.

5.1. Sale of a group member

If a group sells a member *(the legal entity not just business activity),* then the claims for the sold group member will continue to be included in the group's adjustment calculations for past period of insurance but invoiced separately. These claims will not be included in the adjustment for the current policy period.

A member of a group that has been sold exits the group from the commencement date of the current policy period. Their policy is not short termed to date of sale. Their eligibility for the LPR premium model will be reviewed and the current period of insurance may need to be recalculated under the conventional premium model instead.

The policy will continue under the LPR premium model, however, if APP drops below $500,000 then the minimum threshold APP will be applied.

5.2. Business Acquisition

The impact depends on whether a legal entity has been acquired, or just the business operation (not the legal entity) and what the intention is. If a legal entity is acquired, then the acquired business should already have a policy. If the intention is to keep that policy, then that policy must be short termed to the next common renewal date for the group. An acquired entity cannot generally join an LPR group until the next common renewal date.

icare must be notified of any acquisition, and if there is intention to maintain the legal entity then grouping registration is required, within 2 weeks of the acquisition occurring. icare will not include the new member in a group until it has been registered for grouping.

If a new legal entity is set up, and the business activity transferred to it, then the new entity will need to be registered for grouping and will be included in the group from its commencement date.

If there is a merge of business with an existing LPR policy, then the wages for transferred employees will need to be included from the date of acquisition in the declaration of actual wages for an existing policy. The policy for the preexisting entity will need to be cancelled as it is no longer employing.

If a legal entity is purchased, the employer is responsible for any premium related to prior policy periods.

6. Exiting LPR premium model

If an employer wishes to exit LPR arrangements, payment of all adjustment premiums associated to existing LPR policy years is required, and the employer is unable to re-enter LPR arrangements until all previous policy periods have been finalised. This includes exiting to Self or Specialised Insurance.

6.1. LPR to Conventional Premium model

If moving from LPR to the conventional premium model, the renewal premium will be subject to capping based on the last LPR 12-month policy, using a 12-month adjustment factor. The 12-month adjustment factor will only be applied in a premium projection; a 12-month LPR adjustment will not be issued.

The premium projection will be the basis for determining the capping amount applied to the Experience Rated Premium model. A capped premium cannot be below the minimum CPA premium nor above the maximum CPA premium for the employer category.

Table: 12-month adjustment factors for 30 June 2025

Calculation	$350,000 large claim limit	$500,000 large claim limit
12 Month adjustment factor (being 12 months after renewal)	4.98	4.98

7. Payments

The deposit premium can be paid by lump sum (annually) within one month of invoicing or in monthly instalments (distributed over the current policy term). There is no discount available for the lump sum payment of the LPR deposit premium in advance.

The Renewal Premium Adjustment (RPA) is payable in full no later than one month after the renewal is invoiced. Instalments are not available.

Adjustment premiums are payable in full no later than one month after the adjustment is invoiced. An instalment option is not available for the payment of adjustment premiums. It is expected that all LPR participants are aware of their claims performance and have appropriately accrued for any adjustment premiums.

The credit from one policy period's adjustment may be allocated to the debit of another policy period.

If a participant in the LPR premium model does not pay their premiums by the due date they cease to be eligible for participation in LPR in future policy periods.

A penalty is payable on overdue amounts.

You will receive correspondence when late payment fees have been charged. Late payment fees will be itemised on your Statement of Account. The prescribed rate is in accordance with Annexure C of the current Workers Compensation Market Practice and Premium Guidelines (MPPG)(external link).

In line with whole of government solutions, icare is partnered with Revenue NSW to collect premiums that become more than 30 days overdue.

Revenue NSW offers debt collection services under the new State Debt Recovery Act 2018 (**SDR Act 2018**).

8. Glossary and Abbreviations

Abbreviation	Name	Description
A	Apprentice incentive	The apprentice incentive amount deducted
AF	Adjustment Factors	The adjustment factors used to determine the premium based on the large claim limit choice.
AF3	Third adjustment factor	The third, and final, claims adjustment factor based on the large claim limit choice.
AFmin	Minimum Adjustment Factor	The factor used to determine the minimum premium based on the large claim limit choice.
APP	Average Performance Premium	calculated by multiplying employer's wages by Workers Compensation Industry Classification (WIC) rate
C	Claim Costs	The total of the cost of claims in respect of the period of insurance, not including claims under sections 10 (Journey) or 11 (Recess) of the WC Act 1987).
D	Dust diseases contribution	The dust diseases contribution
GAPP	Group Average Performance Premium	This is the sum of the APP for all members of the group
GC	Group Claim Costs	The total claim costs of all the members of a group
GDepP	Group Deposit Premium	The group premium is divided amongst the group members in proportion to the individual employer's APP compared to the group APP.
GMaxP	Group Maximum Premium	The maximum premium payable by a group
GMinP	Group LPR Minimum Premium	The minimum premium payable by a group
GPrem	Group Premium	The total cost of claims of all members of the group multiplied by the appropriate runoff adjustment factor
SG	Group Sizing Factor	Group sizing factor is based on the Group's annualised APP
M	Mine Safety Fund	The Mine Safety Fund premium adjustment
MaxP	Maximum Premium	The maximum premium payable
MinP	LPR Minimum Premium	The minimum premium payable
Q	Adjustment contribution	The premiums adjustment contribution set by SRIA
RPA	Renewal Premium Adjustment	Equal to 25% of the deposit premium (alternative option to providing security) and is included in the premium until the 24-month adjustment.
S	Employer Sizing Factor	based on an individual employer's annualised APP
SD	Security Deposit	The security deposit lodged by the employer
WIC	Workers Compensation Industry Classification	The system used by icare to classify the employer/industry risk