

Statement of product

This product is for large employers with a focus on loss prevention and recovery

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 the *Workers Compensation Regulation 2016*.

The Loss Prevention and Recovery premium model

What is the benefit of the Loss Prevention and Recovery premium model?

The Loss Prevention and Recovery (LPR) premium model offers strong incentives to improve workplace safety and outcomes for injured workers by delivering more immediate financial rewards for effective loss prevention and recovery at work.

Under this model, the premiums payable by employers more closely reflect their individual experience in loss prevention and recovery at work.

Eligibility

Who is eligible?

An employer is eligible for this model if their average performance premium (APP) **exceeds \$500,000 for a 12-month period of insurance**, or they are member of a group where at least one member's APP exceeds \$500,000.

Who is not eligible?

- i) Any employer under administration or in liquidation.
- ii) An employer that is already in LPR premium arrangements must exit at the next policy renewal date if entering receivership, administration, voluntary administration or liquidation.
- iii) An employer that has exited LPR premium arrangements and has not yet completed the runoff adjustments for their last LPR period of insurance.

The model is designed for employers of this size because they have the capacity and resources necessary to manage and improve systems for loss prevention and recovery at work.

Employers that are a part of a Group must make a group decision to enter or exit the LPR premium model, split arrangements are not permitted.

Calculation of premiums

How are premiums calculated?

Premiums are calculated based on each employer's individual claim costs each year which are then multiplied by pre-determined adjustment factors, banded by minimum and maximum premium. Members of a group should be aware premiums are calculated at group level and then distributed across its members proportionately. Our team will assist you to understand the specific impacts.

What is the maximum premium?

The maximum premium for LPR participants has been aligned to the maximum premium that applies in the conventional premium model. The base calculations are noted in the table below, plus applicable levies and charges.

APP Band (Individual or Grouped policy)	Maximum Premium*
>\$500,000 - \$1,000,000	4.129 x APP
>\$1,000,000 - \$2,000,000	5.008 x APP
>\$2,000,000	5.985 x APP

*Subject to Regulatory approval

What are the claim limits?

At renewal, an employer (or group) must elect a large individual claim limit of either \$350,000 or \$500,000 for the period of insurance.

This choice sets the adjustment factors and the minimum premium.

Are there any other costs?

At the commencement of any period of insurance, employers must choose to provide a security deposit or pay a Renewal Premium Adjustment for the term of the insurance period.

Option 1: Security is represented by cash, bank guarantee or insurance bond which is to ensure funds are available if employers are not able to meet their workers compensation liabilities. This is released after payment of the 48 month adjustment if all premium payments and actual wages declarations are up-to-date.

Option 2: The Renewal Premium Adjustment is an additional 25% of your Deposit Premium. This is released after payment of the 24 month adjustment if all premium payments and actual wages declarations are up-to-date.

How are adjustment premiums calculated?

Adjustment Premiums are calculated using:

- the total cost of claims for the employer in respect of the period of insurance;
- any relevant levies and/or incentives; and

- adjustment factors relevant to that period of insurance as outlined in your policy documents and on our [website](#).

General information

What are the terms and conditions?

The specific terms of icare's LPR workers insurance policies are contained in the *Workers Compensation Regulation 2016 (NSW)* (the Regulation). Please see the Regulation and our website for more details.

Can icare audit my organisation?

Your wage declarations are subject to checks for accuracy. A wage audit might result in changes to premiums already charged. In some circumstances, you may also have to pay penalty or late payment fees.

Maintaining safe workplaces

Compliance with work health and safety and workplace injury management obligations is a key factor in maintaining a safe workplace and minimising injuries to workers. icare expects that 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 are my organisation's obligations in relation to claims?

You have several obligations in relation to claims, which are explained in more detail on our website.

Cost of claims

What claim costs are included in the premium calculation?

- All payments such as weekly benefits, medical and hospital expenses, lump sum benefits, and service provider costs including investigation and legal costs
- Recoveries received from other parties; and
- Estimated costs for future claim payments.

What claim costs are excluded from the premium calculation?

- Anticipated recoveries from other parties. (claim costs will only be reduced once recoveries have been received, or confirmed in writing that they are legally recoverable)
- Recess claims
- Interpreter expenses
- Journey claims
- New employment assistance payment
- Medical Support Panel costs
- Education and employment assistance payments

Application & renewal

What information does icare need to calculate my premium?

A completed and signed LPR application ensures we have all the information required to process your LPR deposit premium, including your estimated wage declaration and details about your business operations including structure and primary business activity details including the goods or services provided. In addition to these factors, your adjustment premium will consider your claims costs at the relevant point in time.

Can I pay my premium by instalments?

Deposit **premiums** can be paid by lump sum or by **instalments**. Adjustment premiums and securities must be paid in full. Your invoice will have further information detailing the different methods you can use to pay your premium.

Cancellation

Can I cancel my policy at any time?

As workers insurance is compulsory (excluding exempt employers), you can only cancel your policy under the following conditions:

- You cease trading
- You sell your business
- You cease employing (some circumstances require cancellation at expiry)
- You have obtained alternative statutory cover (i.e. via specialised insurer, established a Self-Insurance License approved by either SIRA for NSW, or Comcare federally).

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 check out our website at www.icare.nsw.gov.au.