

Major changes to NSW workers' compensation premium calculations

A series of recent announcements have provided employers with a much better view of what the NSW Workers' Compensation Scheme will look like following the recent McKinsey review of its structure and operation.

Some of the key changes to the new Scheme include:

Appointment of new "Agents" to run the Scheme



Replace the current group of insurers "licensed" to offer workers' compensation insurance with a slightly expanded group of "agents" selected by WorkCover on their perceived capacity, capability and performance in claims and policy management. The new Agents (and their assigned share of the markets) are:

New Agent	Policy Market Share %	Premium Market Share %
Allianz	13	22
Cambridge	6	8
CGU	21	21
Employers Mutual	6	9
GIO	24	16
QBE	21	19
Gallagher Bassett	9	5

The new Agents will be provided with performance-based incentives to achieve improved return to work outcomes for injured workers and for implementing improved levels of service in the management of claims.

Provide long overdue benefits to employers

A number of benefits are due to commence from 31 December, 2005:

- ⇒ 5% reduction across all WIC rates for policies commencing from 31-12-05
- ⇒ The changed excess payment for claims (from \$500 to 1 week workers' compensation payment) will be waived if the injury is notified within 5 days
- ⇒ New caps on premium increases to cover the impact of high claims costs
- ⇒ Ability to pay premiums by instalment (quarterly or monthly) and a discount for payment in advance.

The downsides

Of course, there are a number of downsides to the changes. Key ones include:

- ⇒ Companies are unable to move their policies prior to 30 June, 2006
- ⇒ Related employers with combined wages over \$600,000 to be grouped
- ⇒ Penalties for late reporting of injuries from 30 June, 2007

How we can assist

Corporate HR Solutions can provide on-site briefings for your managers and staff to assist in understanding and implementing the changes to NSW workers' compensation premium calculations.

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