



Blueprint for Insurance Underwriters

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Blueprint for Insurance Underwriters

This blueprint has been developed to provide information to assist insurers involved in issuing and renewing workers compensation policies in the period before and after 1 July 2024 when the *Workers Compensation and Injury Management Act 2023* (the Act) commences operation.

The blueprint sets out key requirements and transitional issues relating to:

- Issuing or renewing policies before 1 July 2024
- Status of ICWA's CIDF
- Issuing or renewing policies on or after 1 July 2024
- WorkCover WA insurance instruments
- Premium and industry classification reviews
- Lapsing and cancelling policies
- Provision of data to WorkCover WA
- Contribution to statutory funds

Key Points

Policies issued or renewed before 1 July (including 4 pm 30 June) are 1981 Act policies and have effect according to their terms. Savings and transitional provisions in the new Act protect worker entitlements that arise, under the 1981 Act or the new Act, and the indemnity that is provided to the employer for those liabilities over the policy period.

Transitional provisions and directions provide for premium appeals that would otherwise apply to 1981 Act policies to be dealt with as a premium review under the new Act. Any >75% loading application lapses on 1 July 2024.

Policies issued or renewed on or after 1 July 2024 must comply with the new Act and the various regulations and WorkCover WA instruments that apply from 1 July 2024, including but not limited to the prescribed policy wording, remuneration declarations in the approved form, and compliance with WorkCover WA's Remuneration Guidelines and Industry Classification Order.

An insurer must not refuse to issue or renew a workers compensation policy, or refuse to provide a quote of the premium to be demanded, unless information reasonably requested by the insurer is not given by the employer.

Insurers are expected to be transparent in pricing of premiums and inform employers of their right to a premium review if the premium amount is 75% or greater than the recommended premium rate.

There is minimal change to processes for lapsing and cancelling policies.

Directions will be made shortly on the provision of data to WorkCover WA.

Statutory fund contributions are required from insurers and self-insurers using the longstanding contribution methodology and collection timeframes as the 1981 Act.

Issuing or renewing policies before 1 July 2024

Policies commencing before 1 July 2024 with insurance period after 1 July 2024

A workers compensation policy that is issued or renewed before 1 July 2024, meaning a policy period commencing before 1 July 2024, must be issued under the 1981 Act. This is identified in the Act as a 'former Act policy'.

A workers compensation policy that commences before 1 July is considered a former Act policy, even if the policy period extends well beyond 1 July 2024.

It is a historical practice that workers compensation policies are renewed at 4 pm on 30 June.

It is not possible to back date the commencement of the insurance provisions of the Act to 30 June.

The many current workers compensation policies expiring at 4 pm on 30 June, and likely to be renewed from 4 pm, will be considered former Act policies.

Transitional provisions in the Act ensure that a former Act policy is taken to indemnify an employer for the full amount of liabilities for compensation and damages that arise under the 1981 Act or the new Act in respect of employment during the period of insurance in the former Act policy.

The transitional provisions address the potential issue of their being an inconsistency in the insurance policy terms that apply under the 1981 Act and the new Act for policy periods spanning the two Acts. They are intended to facilitate a smooth transition by not requiring a policy to be renewed or adjusted on 1 July for consistency with the new Act and regulated policy wording for the part of the policy period extending beyond 1 July 2024.

There is no need to issue revised policy wording for former Act policies with policy periods extending beyond 1 July 2024. The policies will be renewed under the new Act when the policy period in the former Act policy expires.

Example – Policy commencing before 1 July 2024 with insurance period after 1 July 2024

A policy is issued with a 12-month policy period commencing 1 May 2024 and ending 30 April 2025. The insurer and employer agree to the standard (unregulated) policy terms under the 1981 Act.

When the insurance policy commenced in May 2023 the policy wording would have referred to terms such as worker, injury, compensation and damages that are defined with reference to the 1981 Act.

On 15 July 2024 a worker suffers an injury from employment and makes a claim. The new Act applies to the injury from employment and the employer is liable to pay compensation as defined in the new Act. It is the transitional provisions that ensure the former Act policy responds to the liabilities imposed on the employer under the new Act, notwithstanding any term of the former Act policy.

Recommended premium rates 2024/25

WorkCover WA has determined the recommended premium rates for employer indemnity policies issued or renewed under the 1981 Act with a period of insurance commencing from 4pm 30 June 2024, effective from and after 4.00pm on 30 June 2024. The recommended premium rates are published on the WorkCover WA website.

Status of >75% premium loading applications that are pending on 1 July 2024

A request for permission under section 152 of the 1981 Act to load a premium by more than 75% of the recommended premium rate that was not determined by WorkCover WA before 1 July 2024 lapses on 1 July 2024.

There is no comparable provision in the new Act for an insurer to request permission to load a premium by 75% or greater of the recommended premium rate, or for the WorkCover WA Board to determine the application.

This means any application that is pending on 1 July 2024 lapses and the insurer is permitted to load the premium as proposed. This applies to any policy issued or renewed with a period of insurance that commenced before 1 July 2024 even if the policy period extends well beyond 1 July 2024 (however, see pending appeals below).

Status of premium or classification appeals that are pending on 1 July 2024

An appeal under section 154 of the 1981 Act that is pending immediately before 1 July 2024 must continue and be dealt with as a review under section 255 of the new Act.

This applies if:

1. An employer has indicated an intention to appeal or an application has been made in writing before 1 July 2024. For example, an indication to appeal may be satisfied if the employer has indicated the employer's disagreement having already negotiated with an insurer on the proposed premium and policy terms.

An application for a review in this scenario must meet the requirements of sections 255(2) and 255(3)(d) of the Act.

Section 255(2) provides that a premium review is available only if the premium determined by the insurer is at least 75% greater than the premium calculated on the basis of the recommended premium rate fixed by WorkCover WA.

Section 255(3)(d) requires that the application for a review must state the grounds of objection and the industry classification or premium that the employer seeks.

Sections 255(3)(a), (b),(c) and (e) will not apply as the requirements in those subsections of the Act would have already been satisfied.

2. An employer has, or would have had, a right to appeal under section 154(1) of the 1981 Act because the workers compensation policy was issued with a policy period commencing before 1 July 2024 (for example a 30 June renewal).

An application for a review in this scenario must meet all of the requirements in section 255(3) of the Act, as if the policy was issued or renewed on or after 1 July 2024.

Despite any application for review the employer must pay the premium as determined by the insurer and the insurer must issue or renew the policy.

Insurers are expected to inform employers of their right to a review for policies commencing before 1 July if the premium determined by the insurer is at least 75% greater than the recommended premium rate, as they will be required to do for policies issued or renewed after 1 July 2024.

When communicating this to employers insurers should be mindful of the slight difference between the 1981 Act and new Act regarding the reference to 75%. The 1981 Act refers to not charging a loading, without WorkCover WA permission, on a recommended premium rate of more than 75% of that rate. The new Act refers to eligibility for a premium review if the premium determined by the insurer is at least 75% greater than the premium calculated on the basis of the recommended premium rate fixed by WorkCover WA.

WorkCover WA will issue revised Premium and Industry Classification Review Guidelines by 1 July that set out the process and requirements for applications for review on or after 1 July 2024.

WorkCover CEO directions on pending employer appeals

Savings and transitional provisions in section 600 of the new Act provide for pending employer appeals.

A CEO direction will be made under s. 548(1)(a) of the Act that determines which provisions of the 1981 Act correspond to the new Act with respect to pending employer appeals under section 600. This will make it easier for employers when making any application for a premium review.

A CEO direction will also be made under s. 548(1)(c) to modify the operation of section 255 of the Act in relation to a pending employer appeal to make appropriate provision for differences between the new Act and the 1981 Act. This is due to some inconsistencies in language and process between the two Acts.

Status of ICWA's CIDF

Insurers and brokers have queried the status of the Compensation Industrial Diseases Fund (CIDF) policies issued by the Insurance Commission. In the new Act these policies are discontinued, and the dust disease liabilities of mining employers become part of conventional workers compensation policies underwritten by licensed insurers.

A CIDF policy issued by the Insurance Commission under section 162 of the 1981 Act ends immediately before 1 July 2024 but will continue to respond to liabilities arising in respect of injury from employment before 1 July 2024.

Workers compensation policies issued by licensed workers compensation insurers will cover liabilities arising in respect of injury from employment after 1 July 2024.

There is a seamless transition with no gaps in cover between the two insurance arrangements.

Example – When CIDF policy will respond to claim after 1 July 2024

A worker was exposed to silica dust in mining operations in the 1980s. On 1 August 2024 the worker is first diagnosed with silicosis and makes a claim. As the exposure related to employment before 1 July 2024 the CIDF policy issued by the Insurance Commission will respond to the claim.

Issuing or renewing policies on or after 1 July 2024

Policies commencing on or after 1 July 2024

A workers compensation policy that is issued or renewed on or after 1 July 2024 – meaning a policy period commencing on or after 1 July 2024 – must be issued in accordance with the new Act.

The insurance part of the new Act and the various insurance related regulations and administrative instruments all apply from 1 July 2024.

Policy form, terms, conditions and wording

A policy issued on or after 1 July 2024 must be in the form set out in schedule 3 of the regulations.

Conditions and riders which limit, modify or are otherwise inconsistent with the terms of the prescribed policy are prohibited.

The prescribed policy wording is similar to the standard policy wording generally adopted in the insurance industry under the 1981 Act, with updated terminology and provisions consistent with the new Act and regulations.

One key difference is the removal of the ‘reasonable precautions’ condition contained in the 1981 Act policy wording. This condition has not been replicated.

This is because the Act provides for regulations to set out the permitted circumstances in which an insurer is able to refuse indemnity to an employer for failure to take reasonable precautions (see next section).

Some terms and conditions in the standard policy refer to matters that are provided for in the new Act or regulations but are restated to provide a complete picture. For example, the policy wording references:

- exclusions specified in the Act and regulations relating to liabilities associated with a declared Act of Terrorism or any war, civil hostilities etc
- exclusions for common claim claims brought outside of Australia
- the \$50 million cap that applies to total common law damages claims arising from a single event.

Insurers have flexibility to make additions via the policy schedule to deal with things like:

- name of the insured, the premium to be paid and payment schedule
- if an adjustable premium policy, the agreed adjustment method for the premium
- the policy period for the policy, which can be 4 pm, 30 June
- details of another covered entity under the policy
- any agreement to pay damages above the \$50 million cap
- any agreement to cover overseas workers beyond 24 months
- details of any unique working arrangements
- principal indemnities

The Act does not prohibit or prescribe the terms of endorsements, waivers or contractual indemnities, though if offered cannot conflict with the Act or regulations.

Therefore, insurers maintain flexibility in the way they underwrite principal indemnities which is the case under the 1981 Act.

Refusal of indemnity

The Act provides a licensed insurer who indemnifies an employer under a workers compensation policy against the employer's liability to pay compensation or damages in respect of an injury to a worker for which the employer is liable —

- may in the permitted circumstances refuse to indemnify the employer against that liability
- cannot refuse in any other circumstances to indemnify the employer against that liability despite any term or condition of a workers compensation policy.

The regulations provide that an insurer may refuse to indemnify an employer if —

- the employer knew, or ought to have known, about the risk of injury; and
- the employer intentionally or recklessly failed to take reasonable precautions to prevent the injury occurring; and
- the employer's conduct or intentional or reckless failure to take reasonable precautions caused or contributed to the injury for which damages are claimed.

The regulations therefore provide for a higher threshold for refusing indemnity than the reasonable precautions clause in policy wording under the 1981 Act.

Any licensed insurer who refuses to indemnify an employer against liability to pay compensation or damages in respect of an injury to a worker for which the employer is liable must give notice of refusal of indemnity in the approved form to the worker, the employer and WorkCover WA within 5 days after the decision to refuse indemnity is made by the insurer.

The approved form will be published before 1 July 2024.

Insurer obligation to quote and issue policy

The Act provides that an insurer must not refuse to —

- issue a workers compensation policy to any employer
- renew a workers compensation policy issued to an employer
- provide a quote of the premium to be demanded for the issue or renewal of a workers compensation policy.

The only exception is where the employer has failed to comply with a request by the insurer to provide information that the insurer reasonably requires for the purposes of the issue or renewal of a workers compensation policy or the provision of a quote of the premium.

Information reasonably required to quote or issue policy

The regulations specify the information that an insurer can reasonably require for the purposes of the issue or renewal of a workers compensation policy or the provision of a quote of premium:

- a description of the nature of the business carried on by the employer
- a description of the activities performed by the employer's workers
- a statement as to whether the employer holds a current workers compensation policy
- if the employer does not hold a current workers compensation policy — information as to whether the employer has ever held a workers compensation policy
- information regarding the aggregate annual remuneration paid to workers for each of the previous 5 years
- the total number of workers compensation claims made by the employer's workers for each of the previous 5 years (if any)
- information about the employer's work health and safety management plan, if any, prepared by the employer in accordance with the *Work Health and Safety Act 2020*
- if the employer is a contractor or a principal to whom section 215 of the Act applies (unless the employer is a principal indemnified by the contractor) information regarding —
 - the aggregate amount of remuneration paid to workers for work done under the contract; and
 - the industry classification of the work to be done under the contract
- if a company applies to issue or renew a workers compensation policy on the basis that a director of the company is a worker — information that shows that the director is remunerated for providing personal manual labour or services
- information regarding any contractual indemnities entered into by the employer or for which indemnity is intended to be provided to a principal or other third party in the employer's workers compensation policy, if permitted by the Act or the insurer.

The list is exhaustive but addresses the various problems insurers encounter when being asked to quote or issue a policy.

Obviously not all the information listed will be required to provide a quote or issue a policy, and for renewals the information requested may well be minimal. Insurers are expected to request information in line with the regulations in good faith and only when the information is critical to providing a quote or issuing a policy to an employer.

The obligation to quote and issue a policy, and the discretionary list of information that may be reasonably requested by an insurer in order to provide a quote or issue a policy, should not be confused with the employer's fundamental obligation to provide a declaration of estimated and actual remuneration at policy inception and renewal (see next section).

Employer obligation to provide remuneration declaration

Consistent with the 1981 Act the new Act requires an employer applying for the issue or renewal of a workers compensation policy to declare the estimated total remuneration to be paid or payable to the employer's workers for the proposed policy period of their workers compensation policy.

Also consistent with the 1981 Act, the new Act requires an employer as soon as practicable after the end of the policy period in their workers compensation policy to declare the total remuneration actually paid or payable to the employer's workers over the previous policy period.

The only new requirement is that the declaration of estimated remuneration and total remuneration paid must be in the approved form.

Following industry consultation, the following forms have been approved by the WorkCover WA CEO and must be used by employers when providing remuneration declarations for policies issued or renewed on or after 1 July 2024:

- Declaration of Estimated Remuneration (Attachment 1)
- Declaration of Actual Remuneration (Attachment 2)

Both declarations have three sections addressing general workers, contractors and working directors.

Important information to accompany remuneration declaration

To assist employers complete the declarations and understand their obligations insurers are expected to provide them with supporting information on key terms and key WorkCover WA publications that must be referred to when making remuneration declarations.

To achieve consistency in the information that is given to employers WorkCover WA in consultation with insurers developed the following document:

- Declaration of Remuneration – Important Information (Attachment 3)

Unlike the declaration the important information document is not an approved form and is not mandated. The document was developed as a useful reference for insurers and to standardise messaging around the definition of worker, particularly contractors.

Insurers can make any changes or additions to the supporting information they provide employers and may well have commercial preferences for how any supporting information is communicated to employers whether in renewal applications or otherwise.

What if a remuneration declaration is not provided or provided late?

WorkCover WA has been made aware of some historical commercial practices with remuneration declarations being provided by employers to insurers late, and possibly not at all, after the policy is renewed or effective.

It is an offence for an employer not to provide a remuneration declaration as and when required. The obligation to provide a remuneration declaration at policy inception and renewal, and an offence for not doing so, is consistent with the 1981 Act.

If a remuneration declaration is provided late or not at all WorkCover WA may investigate and take regulatory action against the employer, however the Act does not expressly prevent the insurer from issuing or renewing the policy. Section 203 of the Act (obligation of employer to provide information to insurer) operates separately to section 236 (obligation on insurer to quote and/ or issue policy).

The provision of information referred to in section 236 of the Act is discretionary and non-compliance simply gives an insurer the right to refuse a quote and not issue the policy.

WorkCover WA insurance instruments

There are a number of key insurance instruments published by WorkCover WA under the new Act that are directly relevant to insurance underwriting. All key insurance instruments are published on the WorkCover WA website.

Recommended premium rates 2024/25

WorkCover WA has determined the recommended premium rates for policies issued or renewed under the new Act with a period of insurance commencing from 1 July 2024, effective from and after 1 July 2024.

The average recommended premium rate for 2024/25 is set at 1.732% of total wages. This represents a 0.3% increase from the 2023/24 rate of 1.727% of total wages and includes the impact of the new Act changes.

WorkCover WA Remuneration Guidelines

The WorkCover WA Remuneration Guidelines give meaning to the term 'remuneration' used in the insurance part of the new Act and has the status of subsidiary legislation.

The WorkCover WA Remuneration Guidelines clarify the status of all remuneration payment types and whether the payment is included or excluded as remuneration.

The WorkCover WA Remuneration Guidelines apply from 1 July 2024 and are a key reference document for:

- employer remuneration declarations at policy inception and renewal
- audit or compliance activities undertaken by WorkCover WA or insurers
- premium reviews

WorkCover WA Industry Classification Order

The WorkCover WA Industry Classification Order provides for the industry based premium rating classification system for the purpose of calculating premiums for workers compensation policies.

The WorkCover WA Industry Classification Order provides for the assignment of WorkCover WA Premium Rating Codes (PRCs) to identify an employer's industry.

The industry based premium rating system is primarily based on the Australian and New Zealand Standard Industrial Classification coding system (ANZSIC 2006).

The WorkCover WA Industry Classification Order applies from 1 July 2024 and is a key reference document for:

- employer remuneration declarations at policy inception and renewal
- audit or compliance activities undertaken by WorkCover WA or insurers
- industry classification and premium reviews

Premium and industry classification reviews

The Act provides for an employer to apply to WorkCover WA for review of either or both of the following relating to premium determined by an insurer for the issue or renewal of a workers compensation policy:

- whether the industry classification on the basis of which the premium for the policy is determined is the proper industry classification (an *industry classification review*).
- whether the premium determined by the insurer is a proper premium for the policy (a *premium review*)

A premium review is available only if the premium determined by the insurer is at least 75% greater than the premium calculated on the basis of the recommended premium rate fixed by WorkCover WA.

Requirements for a premium review and/ or industry classification review

The following requirements apply to an application for a review:

- the application must be made within 1 month after the employer is informed of the premium concerned or within a longer period WorkCover WA may allow in a particular case
- the application must not be made unless the employer has made reasonable efforts to resolve the issue with the insurer
- the application must provide details of the efforts made by the employer to resolve the issue with the insurer
- the application must state the grounds of objection and the industry classification or premium that the employer seeks

Impact of application on policy and premium payable

Despite an application for a review, the employer must pay the premium as determined by the insurer and the insurer must issue or renew the policy.

The application therefore has no bearing on the obligation of the employer to pay the premium or the obligation of the insurer to issue or renew the policy.

WorkCover WA's decision

WorkCover WA may determine its own procedures for a review. On a review WorkCover WA must decide:

- for an industry classification review — the proper industry classification for the calculation of the premium
- for a premium review — whether or not the premium determined by the insurer exceeds a proper premium for the policy and (if it is decided that the premium determined exceeds a proper premium) the amount of a proper premium for the policy.

Outcome of a review

The insurer must give effect to the decision on the review. If the effect of the decision is that a lesser sum is payable by way of premium than that already paid to the insurer the insurer must repay to the employer the amount of the overpayment.

WorkCover WA expectations

Insurers are expected to be transparent in pricing of premiums and inform employers of their right to a review if the premium amount is 75% or greater than the recommended premium rate for the employer.

As indicated in the section on pending appeals, when communicating this expectation to employers insurers should be mindful of the slight difference between the 1981 Act and new Act regarding the reference to 75%. The 1981 Act refers to not charging a loading, without WorkCover WA permission, on a recommended premium rate of more than 75% of that rate. The new Act refers to eligibility for a premium review if the premium determined by the insurer is at least 75% greater than the premium calculated on the basis of the recommended premium rate fixed by WorkCover WA.

WorkCover WA will issue revised Premium and Industry Classification Review Guidelines by 1 July that set out the process and requirements for applications for review on or after 1 July 2024, including expectations for employers, brokers and insurers.

Lapsing and cancelling policies

Notification of lapsing of policy

The Act provides that a workers compensation policy is considered to lapse at the end of the period of insurance under the policy if the policy is not renewed within that period or within any period of grace provided for by the policy.

While the Act requires an insurer to notify the CEO in the approved form of the lapsing of a workers compensation policy issued by the insurer, the CEO will not be approving a hard copy form. Instead, the WorkCover WA CEO will require the lapse notice to be made through data submissions made in accordance with the WorkCover WA National Insurer Data Specification (NIDS), so there will be no change to current lapse policy notice reporting arrangements. A direction formalising revised data submission requirements will be issued.

Consistent with the 1981 Act, an insurer under a workers compensation policy that has lapsed remains liable to indemnify the employer in respect of a liability incurred after the policy lapsed (as if the liability had been incurred during the period of insurance of the policy) but only if the liability is incurred no later than 7 days after WorkCover WA is notified the policy has lapsed.

Also consistent with the 1981 Act the insurer under a workers compensation policy that has lapsed does not remain liable to indemnify the employer in respect of a liability if the employer has insurance for the liability under another workers compensation policy.

Cancellation of policies

The requirements relating to cancellation of policies are also consistent with the 1981 Act, other than provisions that clarify non-payment of premium.

An insurer must not cancel a workers compensation policy without the permission in writing of WorkCover WA.

WorkCover WA may determine whether an insurer should be permitted to cancel a workers compensation policy and the terms on which a workers compensation policy may be cancelled.

The Act provides that WorkCover WA must not permit cancellation of a workers compensation policy for non-payment of a premium unless WorkCover WA is satisfied that:

- (a) the insurer has given the employer adequate notice of the amount of the premium due; and
- (b) the premium due has remained unpaid for the period prescribed by the regulations. The regulations provides the premium due must have remained unpaid for a period of 90 days beginning on the day on which the policy period as defined in the policy of insurance commences.

The cancellation of a workers compensation policy with the permission of WorkCover WA is effective as between the parties to the policy irrespective of any term or condition of the policy.

If WorkCover WA permits an insurer to cancel a workers compensation policy, the insurer must notify the employer of the cancellation within 14 days after the cancellation has effect.

There are no intended changes to the processes and operational forms relating to cancellation of policies, however if cancellation relates to non-payment of premium WorkCover WA may require further information as part of any investigation before permitting cancellation.

Provision of data

Insurers and self-insurers are required to provide WorkCover WA with certain information and data in the approved form and within the period and frequency that WorkCover WA determines.

WorkCover WA will publish directions as to policy and data reporting requirements.

National Insurer Data Specification (NIDS) data

WorkCover WA directions will be issued relating to the claim and policy data that insurers and self-insurers are required to give WorkCover WA under section 500 of the Act, how the data is to be given and the timeframes that apply.

WorkCover WA will also issue a revised WorkCover WA National Insurer Data Specification (NIDS) that will include the following changes:

- Consolidating Part 1 and Part 2 of the Guidelines into one document
- Revised codes for Claim Status Code (Data item C062) and Payment Type Code (Data item C100) to reflect changes to provisional payments, settlements, miscellaneous expenses and noise induced hearing loss
- Revised validation rules for data items in relation to Claim Status Code (Data item C062) and Payment Type Code (Data item C100).

WorkCover WA anticipates issuing the directions and revised WorkCover WA National Insurer Data Specification (NIDS) by 10 May 2024.

WorkCover WA will liaise with insurers and self-insurers regarding the implementation of changes to data submissions. It is acknowledged the timeliness of data submission may be impacted while insurers and self-insurers make the required system changes.

Scheme performance and premium rates data

Besides NIDS data, WorkCover WA collects data to monitor scheme performance and set recommended premium rates. This is currently collected as submissions in Forms WC12, WC20, WC30 and WC31. Guidelines for these collections will be updated with very minor changes to terms consistent with the new Act. There will be no changes to reporting requirements.

Updated Guidelines will be made available on WorkCover WA's website by the end of May.

Service fees and codes

Under the new Act, fees for medical services are fixed by Ministerial order and with reference to provisions of other publications, specifically the Australian Medical Association's (AMA) *List of Medical Services and Fees*. In doing so, the way services are coded has been updated to reflect the codes used by AMA.

Other services – allied health, workplace rehabilitation, permanent impairment assessment, diagnostic imaging services, and workers compensation ancillary services – also have updated scheduled fees and codes.

For all services, service providers will report 5-character codes to insurers as required by the relevant Fees Order. Insurers will then report 8-character codes to WorkCover WA.

Information on how to derive the 8-character codes will be provided along with codes for services with scheduled fees by 10 May 2024. On 1 June 2024, insurers will be able to download the full list of services and codes from WorkCover WA Online.

Existing service codes will continue to be accepted for services provided prior to 1 July 2024. However, for services provided from 1 July 2024, the new 8-character codes are expected to be reported to WorkCover WA.

Contribution to statutory funds

The Act requires insurers and self-insurers to make a financial contribution (levy) to the following statutory funds, if a levy is required for a financial year:

- WorkCover WA's General Account
- WorkCover WA's Default Insurance Fund
- Insurance Commission's Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Fund

Each of the funds is distinct and operate independently as they serve different purposes.

WorkCover WA's General Account is the agency operating account.

WorkCover WA's Default Insurance Fund replaces the Employers Indemnity Supplementation Fund (EISF) and is the fund that responds to the following claim liabilities:

- uninsured employers
- insolvent insurers and self-insurers
- acts of terrorism

The Insurance Commission's Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Fund is the fund for liabilities associated with catastrophically injured workers who are participants in the Insurance Commission's catastrophic injuries support scheme.

Contribution methodology

The contribution methodology for each statutory fund under the new Act is based on the proportionate share of premium income (insurers) and notional premium income (self-insurers) consistent with the longstanding methodology used for the General Account under the 1981 Act.

The new Act provides for WorkCover WA to set a minimum contribution amount for each statutory fund, rather than the minimum amount being set by regulations.

The WorkCover WA Board has set the following minimum contributions which are consistent with the 1981 Act and regulations:

- Insurers (\$100,000)
- Self-insurers (\$40,000)

WorkCover WA General Account levy

The total levy contribution required for WorkCover WA's General Account for 2024/25 is **\$20.9M**. This amount has been reflected in the recommended premium rates for 2024/25.

Default Insurance Fund

The total levy contribution required for WorkCover WA's Default Insurance Fund for 2024/25 is **\$0**. No levy contribution is required as there will be sufficient reserves when the surplus amount in the Employers' Indemnity Supplementation Fund is transferred to the DIF on 1 July 2024.

Motor Vehicle & Workplace Accidents (Catastrophic injuries) Fund

The total levy contribution required for the Insurance Commission's Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Fund for 2024/25 is **\$27.3M**. This amount has been reflected in the recommended premium rates for 2024/25.

In relation to the Insurance Commission's Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Fund, the role of WorkCover WA is to calculate and collect insurer and self-insurer contributions and remits the amounts directly to the Insurance Commission.

Directions for premium income declarations

In order to calculate each insurer and self-insurer's proportionate contribution to each of the statutory funds WorkCover WA will continue to require insurers and self-insurers to submit declarations of total premium income and total notional premium income relating to the previous financial year (2023/24 for the contributions required for 2024/25).

WorkCover WA will publish directions about the information to be submitted and the period within which it must be provided.

There is no intended change to the current requirements and timeframes for providing premium income declarations to WorkCover WA, with the declaration forms to be completed by mid-July to enable contribution invoices to be sent by late August. Insurers and self-insurers will no longer be required to make an additional statutory declaration, but an authorised person will need to sign a simple declaration on the premium income declaration form that the information provided is true and correct.

Payment of contributions

A contribution required to be paid by an insurer or self-insurer is payable at the times and in accordance with the arrangements WorkCover WA determines and notifies to the insurer or self-insurer (which may include arrangements for payment by instalments).

There is no intention to move away from the usual quarterly payment schedule insurers and self-insurers are familiar with in relation to General Account contributions under the 1981 Act:

- 1 October
- 1 January
- 1 April
- 1 June

Some insurers and self-insurers prefer to pay their full yearly contribution amount in the first payment. This will continue to be an option under the new Act. WorkCover WA will seek each insurer and self-insurer's preference when the declaration forms are sent to insurers and self-insurers.

ATTACHMENT 1

Workers Compensation and Injury Management Act 2023

DECLARATION OF ESTIMATED REMUNERATION

The *Workers Compensation and Injury Management Act 2023* requires an employer applying for the issue or renewal of a workers compensation policy to declare the estimated total remuneration to be paid or payable to the employer's workers for the proposed policy period of their workers compensation policy. This estimate is used to calculate the employer's premium for the proposed policy period.

To help you complete this form we have enclosed or attached a supporting document for your reference titled **Important Information**, which explains terms used in this form, and includes other information relevant to making a declaration of estimated total remuneration.

1. Policy details

Policy number:

Policy period:

.....
From:

.....
To:

WorkCover WA Number:

2. Employer details

Insured employer name:

Postal address:

ABN:

Business description:

Primary business location:

Contact phone number:

Contact email:

3. Estimated total remuneration

Enter the estimated total remuneration in the sections below for each type of worker that you will employ or engage during the policy period.

Add additional rows if necessary or provide an attachment.

Refer to the *WorkCover WA Remuneration Guidelines* for the meaning given to 'remuneration' and what payment types are included and excluded.

3.1 General workers/ employees

Provide the estimated total remuneration payable to your general workers/ employees including fulltime, part time and casual workers, and apprentices. Do not include working directors or contractors/ subcontractors as you will declare these types of workers separately on this form.

See **Important Information** for more information on general workers/employees.

PRC code of employer's business activities*	PRC class description of employer's business activities*	Estimated total number of workers/employees	Estimated total remuneration
			\$
			\$
			\$
			\$

* Refer to the *WorkCover WA Industry Classification Order* for premium rating classes and codes (PRCs) that apply to an employer's business activities

3.2 Working directors

Provide details of all working directors required to be covered under the policy and the estimated total remuneration payable to each working director listed.

See **Important Information** for more information on working directors.

Full name of working director	Type of work performed	Estimated total remuneration
		\$
		\$
		\$
		\$

3.3. Contractors/ subcontractors

Provide the estimated total remuneration paid or payable and/ or total contract value for contractors/ subcontractors that are, or are deemed to be, your workers under the Act.

See **Important Information** for more information on contractors/ subcontractors.

Type of contract	Description of work performed by contractor/ subcontractor	Total number of workers	Estimated total remuneration (if known)	Total contract value
<input type="checkbox"/> Labour only			\$	\$
<input type="checkbox"/> Labour & tools			\$	\$
<input type="checkbox"/> Labour & plant			\$	\$
<input type="checkbox"/> Labour & materials			\$	\$
<input type="checkbox"/> Labour, plant & materials			\$	\$

4. Declaration by or on behalf of employer

You must complete the statement below to verify the information that you have provided in this form.

Name: _____
Position: _____
Your business/entity: _____
Phone: _____
Email: _____

- I confirm that the information provided in this declaration and any attachments are true, correct and complete and that no information has been suppressed or omitted.
- I am authorised as the employer/ by the employer to complete and sign this declaration.

Penalties may apply for providing false, misleading or incomplete information

Signature: _____
Date: _____

ATTACHMENT 2

Workers Compensation and Injury Management Act 2023

DECLARATION OF ACTUAL REMUNERATION

The *Workers Compensation and Injury Management Act 2023* requires an employer as soon as practicable after the end of the policy period in their workers compensation policy to declare the total remuneration actually paid or payable to the employer's workers over the previous policy period.

To help you complete this form we have enclosed or attached a supporting document for your reference titled **Important Information**, which explains terms used in this form, and includes other information relevant to making a declaration of actual total remuneration.

1. Policy details

Policy number:

Policy period:

From:

To:

WorkCover WA Number:

2. Employer details

Insured employer name:

Postal address:

ABN:

Business description:

Primary business location:

Contact phone number:

Contact email:

3. Actual total remuneration

Enter the actual total remuneration in the sections below for each type of worker that you employed or engaged during the policy period.

Add additional rows if necessary or provide an attachment.

Refer to the *WorkCover WA Remuneration Guidelines* for the meaning given to 'remuneration' and what payment types are included and excluded.

3.1 General workers/ employees

Provide the actual total remuneration paid or payable to your general workers/ employees including fulltime, part time and casual workers, and apprentices. Do not include working directors or contractors/ subcontractors as you will declare these types of workers separately on this form.

See **Important Information** for more information on general workers/employees.

PRC code of employer's business activities*	PRC class description of employer's business activities*	Total number of workers/employees	Actual total remuneration
			\$
			\$
			\$
			\$

* Refer to the *WorkCover WA Industry Classification Order* for premium rating classes and codes (PRCs) that apply to an employer's business activities

3.2 Working directors

Provide details of all working directors covered under the policy and the actual total remuneration paid to each working director listed.

See **Important Information** for more information on working directors.

Full name of working director	Type of work performed	Actual total remuneration
		\$
		\$
		\$
		\$

3.3. Contractors/ subcontractors

Provide the actual total remuneration paid or payable and/ or total contract value for contractors/ subcontractors that are, or are deemed to be, your workers under the Act.

See **Important Information** for more information on contractors/ subcontractors.

Type of contract	Description of work performed by contractor/ subcontractor	Total number of workers	Actual total remuneration (if known)	Total contract value
<input type="checkbox"/> Labour only			\$	\$
<input type="checkbox"/> Labour & tools			\$	\$
<input type="checkbox"/> Labour & plant			\$	\$
<input type="checkbox"/> Labour & materials			\$	\$
<input type="checkbox"/> Labour, plant & materials			\$	\$

4. Declaration by or on behalf of employer

You must complete the statement below to verify the information that you have provided in this form.

Name: _____
Position: _____
Your business/entity: _____
Phone: _____
Email: _____

- I confirm that the information provided in this declaration and any attachments are true, correct and complete and that no information has been suppressed or omitted.
- I am authorised as the employer/ by the employer to complete and sign this declaration.

Penalties may apply for providing false, misleading or incomplete information

Signature: _____
Date: _____

ATTACHMENT 3

Important Information for Declaration of Remuneration

This document is an important guide to assist employers to provide an accurate statement of remuneration under the *Workers Compensation and Injury Management Act 2023* from 1 July 2024. WorkCover WA has published detailed [WorkCover WA Remuneration Guidelines](#).

The [WorkCover WA](#) website also provides important information on the meaning of 'worker' that will help you understand the types of workers and working arrangements for the statement of remuneration. This includes fact sheets on the meaning of 'worker' and a contractor guide.

1. Defining remuneration

The [WorkCover WA Remuneration Guidelines](#) provide for a clear definition of 'remuneration' to assist employers to provide a remuneration declaration.

When completing section 3 of the declaration form, you are required to specify the total amount of remuneration paid or payable to your workers over the policy period.

2. General workers/employees (section 3.1)

In this section you are required to declare remuneration for general workers or employees covered under a contract of service, including full-time, part-time, casual, seasonal workers, and apprentices, among others. Some contractors and subcontractors may also be classified as workers under a contract of service.

For a more comprehensive definition of a 'worker', please refer to the [WorkCover WA](#) information sheet definition of 'worker'.

3. Premium rating codes (PRC) for employer's business activities (Section 3.1)

This section also requires you to provide the premium rating code (PRC) and premium rating class description for your business activities.

The [WorkCover WA Industry Classification Order](#) can guide you in identifying the correct PRC code and class description.

Premium rating codes (PRC) for labour hire

For labour hire employers, the [WorkCover WA Industry Classification Order](#) clarifies the correct PRC code and class description for the following labour hire arrangements:

- labour hire employers supplying predominantly non-clerical staff to host employers
- labour hire employers supplying predominantly clerical staff to host employers
- workers engaged by a labour hire company to provide administrative services that support the operation of the labour hire company but are not supplied to a host employer, and
- companies whose predominant activity is recruitment and job placement services.

If a labour hire employer is supplying staff to a host employer, the host employer's PRC code and class description must be identified in Section 3.1.

4. Working directors (Section 3.2)

This section requires you to provide details of each working director covered under the policy and their remuneration.

It is important to note a working director is not covered under the policy if they are not named in this section along with the statement of remuneration for each working director.

From 1 July 2024 public company directors are no longer excluded. If they require cover under the policy, they must be named on the policy along with the remuneration declaration for the public company director.

The WorkCover WA Remuneration Guidelines set out what constitutes 'remuneration' to assist employers to provide a remuneration declaration with respect to working directors and the significance of the declaration on the amount of income compensation payable if there is a compensation claim.

5. Contractors/ subcontractors (Section 3.3)

This section requires you to declare the remuneration for contractors/subcontractors that are, or are deemed to be, your workers.

The information below includes important information on the circumstances in which you will be taken to be an employer of contractors or subcontractors and therefore required to make a remuneration declaration in section 3.3 of the declaration form.

Remuneration declaration for individual contractor

You are required to declare remuneration for an individual contractor if you engage an individual to do work for your business, and the work performed by the individual is not in the course of or incidental to a trade or business regularly carried out by the individual in their own name or under a business or firm name.

Remuneration declaration for contractor's workers

If you're a principal employer with a contractual arrangement with a contractor for work that is directly a part of your trade or business, then both you and the contractor are considered the employers of any workers the contractor may employ.

You are required to declare remuneration for a contractor's workers if:

1. You are a principal contractor with a contract for work that is directly a part of your trade or business, and
2. You cannot provide records the contractor who employs the worker holds a workers compensation policy that indemnifies you.

Records

Employers must keep records for not less than 7 years after the record was made, including supporting information to declarations of remuneration for each period of insurance.

Offences for non-compliance

It is important the information you provide in the remuneration declaration is accurate and does not contain any false, misleading or incomplete information.

An employer who fails to provide the remuneration declaration or provides information in the declaration that the employer knows to be false or misleading in a material particular commits an offence. A fine of up to \$10,000 in respect of each of the employer's workers to whom the offence relates may apply.

Also be aware it is an offence to contract out of an employer's liabilities under the Act or to engage in workers compensation avoidance arrangements (also known as sham contracting). Refer to WorkCover WA's technical note on contactors for further information.