Default Insurance Fund

The *Workers Compensation and Injury Management Act 2023 (WCIMA23)* streamlines and consolidates into a Default Insurance Fund the administrative and funding arrangements for liabilities associated with uninsured employers, insolvent insurers and self-insurers, and acts of terrorism.

Key Points

Act ref: Part 5, Divisions 6-10

- Safety net arrangements to address scheme and system risks evolved over time and were provided for in four separate Acts which contained distinct and overlapping governance arrangements and funding sources.
- The Default Insurance Fund (DIF) replaced the Employers Indemnity Supplementation Fund (EISF) and WorkCover WA General Account as a consolidated, efficient, and fit for purpose framework to manage and fund the following liabilities:
    - liabilities for claims relating to uninsured employers, previously funded via the WorkCover WA General Account in the 1981 Act (Division 7)
    - liabilities of insolvent insurers previously funded via the EISF and liabilities of insolvent self-insurers including use of the self-insurer security in the 1981 Act (Division 8)
    - initial liabilities relating to acts of terrorism previously provided for under the EISF and subsequently recovered from insurers and self-insurers via contribution agreements (Division 9)
    - liabilities of the scheme established under the *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986* (Division 10) - which is in run off.

Key Points

- Payments, if required in a financial year, are made from the DIF via a levy contribution from licensed insurers and self-insurers - the same methodology that applies to contributions to WorkCover WA's General Account (based on premium income for insurers and notional premium for self-insurers).
- See *Information Sheet 48* for specific information about liabilities associated with acts of terrorism.

Questions & Answers

Q. How is the levy contribution amount determined?

A. The required levy contribution amount is based on the amount already in the DIF and on actuarial advice of the amount required to provide for existing and expected liabilities. The amount in the DIF on 1 July 2024 includes the surplus funds of the former Employers Indemnity Supplementation Fund.