



How do I take out workers' compensation insurance?

What is workers' compensation insurance?

Workers' compensation insurance protects you and your business from financial claims when a worker sustains a work-related injury or illness. It provides injured workers with payments to cover loss of earning capacity and reasonable medical and vocational rehabilitation expenses, and assists them to remain in or return to gainful employment. In some circumstances they may also receive lump sum settlements for permanent injuries. Workers are covered while they are working for your trade or business and/or acting under your instructions.

How do I take out workers' compensation insurance?

You can obtain insurance cover from any of the insurers approved by WorkCover WA to underwrite workers' compensation insurance. You are encouraged to obtain alternative quotes when taking out

or renewing your policy to ensure you get the best policy for your business.

A list of approved insurers is available from the WorkCover WA website. Follow these steps to obtain workers' compensation insurance:

1. Obtain a quote from an approved insurer by providing the following information:
 - an estimate of wages for the period of the policy (usually 12 months), the insurer will provide you with a wages declaration form to be completed
 - a full description of the business activities undertaken at each workplace location
 - the number of workers you employ
 - details of your claims history.
2. Select the most suitable quote, provide the insurer with a signed declaration of estimated wages and pay the premium.

Calculation of Wages

When completing a wages declaration, it is important that you calculate your wages costs accurately, as this will affect your insurance premium.

For these purposes, the term 'wages' means all wages, salaries, remuneration, commissions, bonuses, overtime, allowances and the like, directors' fees, superannuation contributions (except those made by force of law), fringe benefits and all other benefits paid (whether paid in cash or non cash benefits such as vehicles, equipment, mortgage payments, travel, school fees etc.) to or in relation to a worker (including working directors declared as such to us) or to contractors, before deduction of income tax.

'Wages' does not include termination payments, retirement pay, retrenchment pay in lieu of notice, pensions, golden handshakes, or weekly payments of workers' compensation.

Superannuation contributions made as part of the Superannuation Guarantee (currently 9% of earnings) are therefore not to be included in the calculation of "wages". Any other superannuation contribution made on behalf of the employee is however, classed as "wages".

Handy hints

- It is recommended that you familiarise yourself with the terms and conditions of your policy and ensure they are adhered to.
- Advise your insurer immediately if there is a change in the number of employees or the nature of work undertaken by your business.

How much will a policy cost?

Your premium is calculated by your insurer in four stages:

Stage 1:

Your insurer allocates the appropriate recommended premium rate based on the main activities of your business using the Australian and New Zealand Standard Industrial Classification (ANZSIC) System.

Stage 2:

The appropriate recommended premium rate is then applied to the estimated gross wages.

Stage 3:

The resulting premium may then be adjusted by your insurer.

Recommended premium rates are reviewed and published annually by WorkCover WA.

Depending upon your risk profile (i.e. previous claims experience and the extent of risk associated with your particular industry), insurers may discount the recommended premium rates by any amount, or charge above the recommended rate by up to 75 per cent.

With approval from WorkCover WA, approved insurers may surcharge beyond 75 per cent of the recommended premium rate, dependent upon the claims experience and risk associated with the operation of an employer's business.

Stage 4:

On the policy's expiry, you must submit a statement of actual gross wages paid during the insurance period. An adjustment on your premium may be made and a credit or debit note issued if necessary. Recommended premium rates are set and reviewed annually by WorkCover WA. You can obtain up to date information on recommended premium rates from the WorkCover WA website.

Approved Insurers

You can obtain insurance cover from any of the insurers approved by the Minister to underwrite workers' compensation insurance in Western Australia. Please see the list of Approved Insurers on the WorkCover WA website.

Disclaimer

This fact sheet is intended to provide general information only. You should not act or omit to act on the basis of anything contained herein. You should seek appropriate legal/professional advice about your particular circumstances.



2 Bedbrook Place
Shenton Park
Western Australia 6008
www.workcover.wa.gov.au
wa.gov.au

telephone 08 9388 5555
facsimile 08 9388 5550
advisory services 1300 794 744
TTY 08 9388 5537
email postmaster@workcover.wa.gov.au