



**WORKERS' COMPENSATION AND INJURY MANAGEMENT ACT 1981  
EMPLOYERS' INDEMNITY POLICIES (PREMIUM RATES) ACT 1990**

## **Guideline for completing Form WC12 Statement of Policies, Premium, Wages and Claims PRC 1993 and PRC 2006 Classifications**

**Version:** 2

**2012-2013 Year**

**Date issued:** 15 October 2012

**Date updated:** 30 January 2013

**Due Date:** Annually Refer to the Premium Rating Returns Deadline Schedule

### **Penalties**

#### **For late or non-submission**

Section 103A of the *Workers' Compensation and Injury Management Act 1981* (the Act) stipulates a **\$2,000** fine for refusing or failing to furnish to WorkCover WA information or returns requested in writing by WorkCover WA to enable it to compile and record statistics, records and reports for the better administration of the Act.

A suspension and/or revocation of approval may also be invoked under section 161 of the Act.

#### **For actuarial time after the first revision**

Insurers requiring more than one revision of returns conducted by the Actuary of WorkCover WA may be billed directly by WorkCover WA for the additional processing time for subsequent revisions.

### **Remember**

Email the spreadsheet along with all relevant annual returns to:  
[schemeinformation@workcover.wa.gov.au](mailto:schemeinformation@workcover.wa.gov.au)

## Information that is collected on the Form WC12

The Form WC12 is to be supplied in Excel format from the 2012/13 Reporting Year onwards, and is designed to assist the transition to PRC 06 Premium Rates, and to ultimately replace the WC11 as a data source for Premium Rating purposes.

It is designed to contain the same data as supplied for the 2012/13 Reporting Year and later in the WC11, but at the individual policy level within both ANZSIC 1993 (PRC 93) and ANZSIC 2006 (PRC 06) based PRC codes.

Therefore, this year's submission will only contain the data contributing to the '2012/13 Reporting Year' row under each Class Number in the 2012/13 WC11 – there is no requirement for previous Reporting Years' data, or for the 'All Prior Years' data, for any of the columns. This differs from the WC11 requirements. The document [Guideline for completing Form WC11 - Statement of Policies, Premium, Wages and Claims](#) contains a full description of the WC11 requirements in this regard.

See below for a definition of "Reporting Year".

If an insurer is unable to commence dual coding during 2012/13, all relevant policies should be included under their PRC 93 code(s). If an insurer commences dual coding part way through 2012/13, all policies should be included under the relevant PRC 93 code(s), with the dual coded policies also displaying the relevant PRC 06 information as necessary (see below for a description of the treatment of 'one-to-many conversions').

The following information is required:

Column	Name	Excel data format	Notes
A	Record ID (for insurer reference)	Number	Decimal Places = 0
B	Insurer ID	Number	Decimal Places = 0
C	Policy number	Text	Up to 20 characters – refer to Q1 specification
D	WCN	Text	10 characters – refer to Q1 specification
E	PRC 93	Text	Maximum 5 digits ((include leading zeros where applicable)
F	PRC 06	Text	Maximum 5 digits ((include leading zeros where applicable)
G	Reporting year	Text	YYYY/YY (Financial Year)
H	Gross written premium	Currency	Decimal Places = 2
I	Current updated wages	Currency	Decimal Places = 2
J	Earned premium	Currency	Decimal Places = 2
K	Earned wages	Currency	Decimal Places = 2
L	Cumulative number of claims	Number	Decimal Places = 0

	reported		
M	Cumulative claim payments	Currency	Decimal Places = 2
N	Case estimates outstanding at end of period	Currency	Decimal Places = 2
O	Date report generated	Date	DD/MM/YYYY

### **Important notes before completing the Form WC12**

1. Claim Payments should be reported as the real net cost to the Insurer. That is, claim payments should be inclusive of any GST payable and any Input Tax Credit (ITC) and/or Decreasing Adjustment Mechanism (DAM) receivable (gross of GST and net of ITC/DAM).

For example, if a payment is made of \$1100 (inclusive of GST) and the Insurer was entitled to an ITC of \$100 (the GST component) then the Insurer would report \$1000 (the net cost).

2. Payments include all legal, assessor, witness and surveillance fees directly attributable to workers' compensation cases.
3. Do not include office or administration expenses.
4. Cumulative claim payments are to be classified by accident year, regardless of when the claims were reported.
5. **Do not** allow for claims estimated, paid or recovered in respect of any reinsurance contract. Enter the information as though **no** reinsurance in any form had been effected.

## How to deal with multiple PRC Policies

The Guideline on the Workers' Compensation Industry Based Premium Rating System outlines the industry based premium rating system and methodology to be used by approved insurers when assessing employer's industry classifications for workers' compensation premium rating purposes.

It is important to note that the definition of predominant industry (see the Guideline ANZSIC Industry Based Premium Rating) still applies in PRC 06.

### What is meant by predominant industry?

WorkCover WA has determined that for a given employer, their predominant industry will be the industry with the largest remuneration base.

If at an establishment:

- there are one or more work areas in which two or more industries are being conducted
- the classification of each of the industries is different

the classification shall be determined by the predominant industry unless WorkCover WA is satisfied that:

- there is no means of internal access or communication between or among the industries
- the industries are conducted by the same employer as separate industries

### One-to-many conversions

It is recognised that there may be situations where a one-to-many conversion arises between the two classifications (either way). In these circumstances the following examples illustrate the required approach to reporting.

#### Examples (using Gross Written Wages):

1. PRC 93 classification 27120 (Iron and Steel Casting and Forging) may be split into the following two PRC 06 classifications:

21210 – Iron and Steel Casting

21220 – Iron and Steel Forging

If a PRC 93 policy covers both of the PRC 06 risks, then the PRC 93 27120 Gross Written Wages figure of \$100,000 that is split for PRC 06 as 21210 - \$40,000 and 21220 - \$60,000 would be reported as follows:

PRC 93	PRC 06	Gross Written Wages
27120	21210	\$40,000
27120	21220	\$60,000

If, however, the policy covers only one of the PRC 06 risks (21220 in this example) then one row for the relevant pair of classifications totalling \$100,000 would be required.

PRC 93	PRC 06	Gross Written Wages
27120	21220	\$100,000

2. The following four PRC ANZSIC 93 classifications have all been combined into the one PRC 06 classification 13510 (Clothing Manufacturing):

22410 – Men’s and Boys’ Wear Manufacturing

22420 – Women’s and Girls’ Wear Manufacturing

22430 – Sleepwear, Underwear and Infant Clothing Manufacturing

22490 – Clothing Manufacturing n.e.c.

If, for example, a policy covers two of these PRC 93 risks (22410 and 22420 - \$50,000 each), then Gross Written Wages figures for each of these risks should be reported as follows:

PRC 93	PRC 06	Gross Written Wages
22410	13510	\$50,000
22420	13510	\$50,000

If, however, the policy covers only one of the PRC 93 risks, then one row for the relevant pair of classifications totalling \$100,000 would be required as above.

### How to complete this form:

#### Column (A) of Form WC12: Record ID

A number that uniquely identifies the row/record within this return, which can be used by WorkCover WA should there be a need for discussion about the data. It could be automatically generated during data extraction, or created in some other way once the data are extracted.

#### Column (B) of Form WC12: Insurer ID

This is the number allocated to each Insurer by WorkCover WA.

#### Column (C) of Form WC12: Policy Number

This is the number which has been assigned to the policy by the insurer.

The number should be as reported to WorkCover WA in the monthly Q1 returns and must already exist on the WorkCover WA database.

For example:

53.002490/1 to be entered as 530024901

30 C198251-WCR to be entered as 30C198251WCR

#### Column (D) of Form WC12: WCN

The WorkCover Number (WCN) to which the policy belongs to. The WCN is a unique number allocated by WorkCover WA to an insured entity. It relates to the ‘employer’ covered by the policy, and may therefore involve more than one legal entity (eg, a partnership of individuals or companies) if they are covered by the one policy. It is in the alphanumeric format of WCnnnnnnnC, where ‘C’ is a check digit allocated by WorkCover.

#### Column (E) of Form WC12: PRC 93

This corresponds to class numbers in the Recommended Premium Rates *Government Gazette* and includes information on the ANZSIC code, Divisions, Subdivisions, Groups

and Classes of industries. These codes are based on the Australian and New Zealand Standard Industry Classification (ANZSIC) 1993 version.

### Column (F) of Form WC12: PRC 06

This corresponds to class numbers in a new set of premium rates classifications based on the Australian and New Zealand Standard Industry Classification (ANZSIC) 2006 version as published by the Australian Bureau of Statistics. The codes are provided in a separate spreadsheet.

### Column (G) of Form WC12: Reporting Year

- The 'Reporting Years' in Columns (H) and (I) refer to the 'Underwriting Year'<sup>1</sup>
- The 'Reporting Years' in Columns (J) and (K) refer to the 'Earned Year'<sup>2</sup>
- The 'Reporting Years' in Columns (L) to (N) refer to 'Accident Year'<sup>3</sup>

### Column (H) of Form WC12: Gross Written Premium

Gross Written Premium is the total premium that the insurer will collect for new or renewed policies in each 'Underwriting Year'<sup>1</sup> against the appropriate ANZSIC code and reporting year – it is exclusive of GST. Reinsurance premiums, inward and outward are not included.

Initial gross written premium is based on estimated wages. It is subsequently adjusted at the end of the underwriting year using updated wage declarations from employers.

#### Notes:

- Gross written premium for policies with 30 June renewal or start dates are included in the following reporting year. For example, all gross written premium for policies with a 30 June 2012 renewal or start date are to be included in the '2012/13' reporting year row.
- In circumstances **where the renewal period of a policy is for a term longer than 12 months, declare Gross Written Premium on a pro-rata basis.** That is, apportion the Premium according to the appropriate reporting year.

### Column (I) of Form WC12: Current Updated Wages

The total **current** updated wages are to be reported.

This is calculated by using the initial wage estimate and all subsequent wage adjustments provided by employers up to the date of compiling this return on policies renewed by 'Underwriting Year'<sup>1</sup>.

#### Notes:

- Wages for policies with 30 June renewal or start dates are included in the following reporting year. For example, wages for policies with 30 June 2012 renewal or start dates **are included** in the '2012/13' row, **not** in the '2011/12' row and so on.
- Any wage transactions/adjustments for prior underwriting years<sup>1</sup> are allocated to the applicable underwriting year<sup>1</sup> and **must not** be added into the current year.
- Where there is a delay in processing a policy, renewals pertaining to the relevant underwriting year<sup>1</sup> should still be reported in that Underwriting Year<sup>1</sup>, regardless of when the policy was processed.

<sup>1</sup> Underwriting Year is the year in which policies were new or renewed from 30 June in a year to 29 June the following year, irrespective of when the policy was written, processed or paid

<sup>2</sup> Earned Year is the financial year (1 July in a year to 30 June the following year) in which wages and premium were earned, irrespective of when the policy was written, processed or paid

<sup>3</sup> Accident Year is the financial year (1 July in a year to 30 June the following year) in which the accident event occurred, irrespective of when the claim is reported, paid or finalised

- In circumstances **where the renewal period of a policy is for a term longer than 12 months, declare wages on a pro-rata basis**. That is, apportion the wages according to the appropriate underwriting year<sup>1</sup>.
- The current updated wages definition requires the continuing inclusion of wages on lapsed policies for those underwriting years<sup>1</sup> that the policy was renewed.
- For Domestic Policies (PRC Class 97001 in PRC 93 and PRC class 96011 in PRC 06) and Private Households employing occasional staff, **only declare \$1 for wages per policy**. Since wage declarations are not practical for these policies, this is designed to check the number of occasional staff – domestic policies shown in Column (c) of this form.

### Definition of wages

WorkCover WA defines wages for the purpose of this Column as follows:

- The word "wages" means all gross wages, salaries, remuneration, commissions, bonuses, overtime, allowances and the like, directors fees and all other benefits paid (whether at piecework rates or otherwise, and whether paid in cash or in kind) to or in relation to a worker before deduction of income tax
- You **do not** have to declare termination payments, retirement pay, retrenchment, pay in lieu of notice, superannuation payment(s), pensions, golden handshakes or weekly payments of compensation.

**For a worked example of ‘Gross Written Premium’ and ‘Current Updated Wages’ and how the WC12 should be completed refer to Example 4 in Appendix 1 of the WC11 Guideline.**

### Column (J) of Form WC12: Earned Premium\*\*

Earned premium is the portion of gross written premium which is ‘earned’ by the insurer in the Earned Year<sup>2</sup>. This is based on the portion of policy period, measured in days, that applies to an earned year<sup>2</sup> and for which the insurer has been exposed to loss.

### Column (K) of Form WC12: Earned Wages\*\*

Earned wages is the portion of current updated applying to a given earned year<sup>2</sup>. This is based on the portion of policy period, measured in days, that applies to an earned year<sup>2</sup> and for which the insurer has been exposed to loss.

### \*\*Calculation of Column (J) & (K) of Form WC12: Earned Premium & Wages

The following method is to be used to calculate earned premium and wages:

1. Determine the number of days of policy coverage (that is, the number of days that the policy spans)
2. Determine the number of days in the applicable reporting year(s) that the policy relates to
3. Divide the gross written premium and current updated wages by the number of days of policy coverage (Step 1 above) and multiply by the number of days in the applicable reporting year(s) (Step 2 above)

**For worked examples of “Earned Premium” and Earned Wages” refer to examples 1 to 3 in Appendix 1 of the Form WC11 Guideline.**

<sup>1</sup> Underwriting Year is the year in which policies were new or renewed from 30 June in a year to 29 June the following year, irrespective of when the policy was written, processed or paid

<sup>2</sup> Earned Year is the financial year (1 July in a year to 30 June the following year) in which wages and premium were earned, irrespective of when the policy was written, processed or paid

### **Column (L) of Form WC12: Cumulative number of claims reported**

The total number of claims reported from the date of insurer approval to the end of the current year by 'Accident Year'<sup>3</sup>. These include all reported claims, including those on which no payments or estimates have been made.

**Note:** This can be calculated by adding the claims reported during the current year to last year's cumulative number of claims for the applicable Accident Years<sup>3</sup>.

### **Column (M) of Form WC12: Cumulative claim payments**

The total amount of claim payments made from the date of insurer approval to the end of the current year by 'Accident Year'<sup>3</sup>. Claims payments are gross of reinsurance recoveries and should be reported as the real net cost to the insurer.

Refer to "Important notes before completing the Form WC12" at the beginning of this Guideline for inclusions and exclusions to claim payments and an example of real net cost.

**Note:** This is calculated by adding the claims payments paid during the current year to last year's cumulative claims payments for the applicable Accident Years<sup>3</sup>.

### **Column (N) of Form WC12: Case estimates outstanding at end of period**

Report case estimates outstanding on current claims for each industry code as at 30 June of the current year by 'Accident Year'<sup>3</sup>.

Case estimate is defined as the estimate straight from the claim file, less any amounts that have already been paid, without adjustment for any reinsurance.

Case estimates are not to be reduced for any reinsurance recoveries.

## **Definitions**

### **Date report generated**

Is the date that the data was extracted from your computer system to complete the premium rating returns.

### **Reporting year**

Reporting year refers to 'Underwriting Year' for Policy related data, 'Earned Year' for Earned related data and 'Accident Year' for Claim related data.

### **Underwriting year**

Is the year in which policies were new or renewed from 30 June in a year to 29 June the following year, irrespective of when the policy was written, processed or paid.

### **Earned year**

Is the financial year (1 July in a year to 30 June the following year) in which wages and premium were earned, irrespective of when the policy was written, processed or paid.

### **Accident year**

Is the financial year (1 July in a year to 30 June the following year) in which the accident event occurred, irrespective of when the claim is reported, paid or finalised.

<sup>3</sup> Accident Year is the financial year (1 July in a year to 30 June the following year) in which the accident event occurred, irrespective of when the claim is reported, paid or finalised



## Financial year

Financial Year is from 1 July in a year to 30 June in the following year.

## Case estimate

Case estimate refers to the estimate taken straight from the insurer's claim file without adjustment for any reinsurance recovery.

## Date report generated

The date the report was actually extracted – indicates the version or revision of the data.

## Other information

### Reporting the cost of claims by insurers/self-insurers involved in mergers/takeovers

Insurers are to include all relevant claims data where one insurer takes over another and manages the claims on behalf of the merged insurer.

Claim data, including number of claims (both reported and active), claim payments and case estimates outstanding is required to ensure that:

- all claims experience is reported
- claims experience for a group of policies/portfolio is not excluded
- claims experience for a group of policies/portfolio is not double counted (that is, included in the merged insurer's/self-insurer's returns).

## Reinsurance

**Do not** allow for claims estimated, paid or recovered in respect of any reinsurance contract. Enter the information as though **no** reinsurance in any form had been effected.

## Recoveries

**Include** compulsory motor vehicle third party recoveries, recoups against payments, stopped payments and cancelled cheques, etcetera but **exclude** reinsurance recoveries.

## Nil return

If you have a nil return, an electronic version is still required to be submitted until all claims are finalised and approval in writing has been provided by WorkCover WA exempting the insurer/self-insurer from having to complete this form.