



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

Guidelines for Switching ANZSIC codes on Workers' Compensation Policies

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Background

The premium rating system for workers' compensation insurance in Western Australia is based on the *Australian and New Zealand Standard Industrial Classification* (ANZSIC) system. Compared to the previous occupational based rating system, the introduction of the industry classification system (that is, ANZSIC) has reduced discretionary rating and promoted a greater degree of accuracy with regard to the classification of businesses for workers' compensation insurance.

Recommended premium rates for workers' compensation are published annually by WorkCover WA for each ANZSIC classification and are based on actuarially assessed data returned by approved insurers and former approved insurers.

WorkCover WA has implemented extensive initiatives to ensure data returned from insurers and former approved insurers are reliable and accurate. This data includes information on the classification of businesses in relation to the ANZSIC rating system.

In this regard, ANZSIC classifications have a direct impact on reporting requirements imposed on approved and former approved insurers. The application of correct ANZSIC classifications to policies is therefore an important step to ensure returned data is valid and reliable. In turn, this will assist in ensuring recommended premium rates, which accurately reflect the claims experience and risk associated with each ANZSIC classification.

Switching ANZSIC codes

If not treated accurately, the switching of ANZSIC codes (by an insurer or upon a change of insurer) can cause a dislocation of premium rating data.

This has the potential to seriously affect recommended premium rates.

There are two instances where ANZSIC codes can be switched:

1. There has been an **incorrect allocation** of a premium rating (that is, ANZSIC) classification.
2. A **valid change of classification** is required. For example, an employer has changed the nature of their business, therefore altering the predominant activity of the business.

The above two instances can also be applied to cases where:

1. A single ANZSIC code for an employer is required to be split into multiple ANZSIC codes.
2. Where multiple ANZSIC codes for an employer should be amalgamated into a single ANZSIC code.

Incorrect allocations

In the case of an incorrect allocation of a premium rating classification, it is essential that **all past and future data be re-allocated to the new classification**. It is also necessary to ensure there is a **consistent allocation of wages and claim data by rating classification**.

If the requirement for multiple ANZSIC codes, or the amalgamation to a single ANZSIC code, has always been a reflection of the employer's current structure, then as far as possible, previous year's Wages and Claim data should be reallocated to the new codes.

Actions to undertake in the event of an incorrect allocation of ANZSIC codes:

- Move previous year's wage and claim data to the new ANZSIC Code
- Place all new wage and claim data to the new ANZSIC code

Note:

If there has been an incorrect input of industry classification data (that is, ANZSIC codes) on policies or on your computer system, you must undertake a reversal of the data entry to correct the input.

Valid changes to allocations

In the case of valid changes to allocations, it is essential all **previous data remain allocated to the original classification**. All **new data must be allocated to the new classification**. It is also necessary to ensure there is **consistency between the allocation of wages and claim data by rating classification**.

If the employer's current structure has changed recently, previous year's wages and claim data should remain under the old ANZSIC code. That is, use the old ANZSIC code for all wage adjustments, IBNR claim reports, claim payments and case estimates for prior reporting periods. In this instance, only new wages and claims data should be allocated into the new ANZSIC codes.

Actions to undertake in the event of valid changes to ANZSIC codes:

- Allocate new wages and claims data (with the date of accident after the classification change) to the new classification
- Leave previously reported wages under the old classification
- Run off claims (with the date of accident up to the date of classification change) under the old classification