



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

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

**Date issued: 30 June 2019
Due Date: 13 September 2019**

2018/19 Year

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:

- a) The WC12 Forms are to be submitted via WorkCover Online portal system.
- b) The data supplied must be a snapshot of ALL Transactions as at the end of the Financial Year 30 June 2019.
- c) The data supplied must conform to the Data Specification
- d) The data supplied must pass the validations listed in Appendix 1.

Information that is collected on the Form WC12

The Form WC12 is to be supplied in Excel format via WorkCover Online portal in a separate workbook for the 2012/13 Reporting Year onwards.

The WC12 contains premium and claim information at the individual policy level according to premium rating classifications based on ANZSIC 2006 (PRC 06). This year's submission will contain the data contributing to the following reporting years:

2012/13
2013/14
2014/15
2015/16
2016/17
2018/19.

Provide one row only for each distinct Policy Number/PRC06/Reporting Year.

The Data Requirements and Specification for WC12 submission are listed in the following table and the validations are documented in Appendix 1.

Excel Column	Name	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 Q2 specification
D	WCN	Text	10 characters – refer to Q2 specification
E	PRC 93	Text	5 digits (include leading zeros where applicable)
F	PRC 06	Text	5 digits (include leading zeros where applicable)
G	Reporting year	Text	CCYY/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 reported	Number	Decimal Places = 0
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/CCYY

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 exclusive of any GST payable.
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, exclusive of GST).
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 document [Guideline on the Industry Based Premium Rating system](#) outlines the industry based Premium Rating system and methodology to be used by approved Insurers when assessing employers' industry classifications for Workers' Compensation Premium Rating purposes.

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 or after data extraction.

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 in the same format** as reported to WorkCover WA in Q2 lodgements 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

O/1234 to be entered as O01234

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 (e.g. a partnership of individuals or companies) if they are covered by the one policy.

The combination of WorkCover and Policy number/s must be the same as what is reported in Q2 lodgements.

The WCN **must be valid** and exist on the WorkCover database.

Column (E) of Form WC12: PRC 93

The PRC 93 code is no longer required and validations are not applied.

Column (F) of Form WC12: PRC 06

This corresponds to codes in the 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 PRC 06 code **must be** a valid code and match what was reported in Q2 lodgements.

Do not submit values > 0 for PRC 72121 (Labour supply services nec).

Column (G) of Form WC12: Reporting Year

- The 'Reporting Years' in Columns (H) and (I) refer to the 'Underwriting Year'
- The 'Reporting Years' in Columns (J) and (K) refer to the 'Earned Year'
- The 'Reporting Years' in Columns (L) to (N) refer to 'Accident Year'

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' 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 2018 renewal or start date are to be included in the '2018/19' 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.
- **Do not** apportion the Gross Written Premium and updated wages beyond the policy expiry or cancelled dates

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'.

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 2018 renewal or start dates **are included** in the '2018/19' row, **not** in the '2017/18' row and so on.
- Any wage transactions/adjustments for prior underwriting years are allocated to the applicable underwriting year 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 should still be reported in that Underwriting Year, regardless of when the policy was processed.
- 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.
- **Do not** apportion the Gross Written Premium and updated wages beyond the policy expiry or cancelled dates

- The current updated wages definition requires the continuing inclusion of wages on lapsed policies for those underwriting years¹ that the policy was renewed.
- For Domestic Policies () and Private Households employing occasional staff (PRC classes 96011, 96020 and 96030), **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
- **Do not** 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 2.

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. This is based on the portion of policy period, measured in days, that applies to an Earned Year 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. This is based on the portion of policy period, measured in days, that applies to an Earned Year and for which the Insurer has been exposed to loss.

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

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).
4. Do not apportion the Earned Premium and Earned Wages beyond the policy expiry or cancelled dates.

For worked examples of "Earned Premium" and Earned Wages" refer to examples 1 to 3 in Appendix 2.

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'. 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.

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'. 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.

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'.

Case estimate is 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.

Column (O) of Form WC12: Date report generated

The date that the data was extracted from your computer system to complete the Premium Rating returns.

Definitions

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. The format for Reporting Year MUST be in the format CCYY/YY.

Underwriting year

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

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

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 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 with null values is still required to be submitted until all claims are finalised and approval in writing has been provided by WorkCover WA exempting the Insurer from having to complete this Form.

APPENDIX 1 – WC12 Data Validations

Excel column	Column Name	Validation
B	Insurer ID	Insurer Id must be valid for the Insurer
C	Policy number	Policy number must be valid for the insurer in the WorkCover Database
D	WCN	<ol style="list-style-type: none"> 1. The WCN must be valid 2. The WCN must identify the same policy number in WorkCover Database.
E	PRC 93	No validations apply.
F	PRC 06	<ol style="list-style-type: none"> 1. There must be a valid PRC 06 Code for Reporting Years 2012/13 onwards. 2. For the policy, the PRC 06 codes on WC12 and WorkCover Database must match. 3. The PRC 06 industry division should be consistent with the previous year's industry division; confirmation of variations will be required. 4. PRC 06 code 72121 must not have values > 0.
G	Reporting year	<ol style="list-style-type: none"> 1. The minimum Reporting Year should be 2012/13 2. The maximum Reporting Year should be the Financial Year of the Return.
H	Gross written premium	The Gross Written Premium must be greater than zero.
I	Current updated wages	The Current Updated Wages must be greater than Zero.
J	Earned premium	Earned Premium must be greater than zero.
K	Earned wages	Earned Wages must be greater than zero.
L	Cumulative number of claims reported	The Cumulative number of claims on WC12 and the WorkCover Database must reconcile
M	Cumulative claim payments	The Cumulative Clam Payments on WC12, the WorkCover Database and WC101 form must reconcile.

APPENDIX 2 – Worked Example - Return Prepared (as at 30 June 2016)

Note that although the following three examples have the Gross Written Premium and Current Updated Wages included in the WC12 output tables no workings have been provided. The calculation method for the Gross Written Premium and Current Updated Wages are outlined in Example 4.

Example 1 for Earned Premium and Earned Wages (12 month Policy)

The ABC Insurance Company underwrites the Workers' Compensation risks of a boatbuilding company Beta Pty Ltd from 1 June 2014.

Note: This is the only employer insured with ABC Insurance in industry class 23920.

The wage declarations and premium history has been as follows:

Reported in:	Wage Details	Premium Details
2013/14	Initial wage estimate for policy period 1 June 2014 to 31 May 2015 was supplied as \$2.4M	Initial deposit premium for new policy with period 1 June 2014 to 31 May 2015 was \$1,200
2014/15	Wage adjustment for initial policy period 1 June 2014 to 31 May 2015 was supplied as an increase of \$300,000	Premium adjustment for initial policy period 1 June 2014 to 31 May 2015 was an increase of \$150
	Wage estimate for policy period 1 June 2015 to 31 May 2016 was supplied as \$1.75M	Deposit premium for policy period 1 June 2015 to 31 May 2016 was \$900
2015/16	There was no wage adjustment for initial policy period 1 June 2014 to 31 May 2015	There was no premium adjustment for initial policy period 1 June 2014 to 31 May 2015
	Wage adjustment for policy period 1 June 2015 to 31 May 2016 was supplied as a decrease of \$250,000	Premium adjustment for policy period 1 June 2015 to 31 May 2016 was a decrease of \$50
	Wage estimate for policy period 1 June 2016 to 31 May 2017 was supplied as \$2.5M	Deposit premium for policy period 1 June 2016 to 31 May 2017 was \$1,000

To calculate the amounts applicable to each of the Earned Years the following formula can be used:

Premium or Wages (as applicable)
 ÷
 Number of days that the policy spans
 x
 Number of days relevant to the policy in the applicable Earned Year

Using the above example, the policy spans two Earned years for each policy period. The calculation for the first part of the example "Initial wage estimate for policy period 1 June 2014 to 31 May 2015 was supplied as \$2.4M" would be as follows:

- Number of days that the policy spans = 1 June 2014 to 31 May 2015 = **365 days**
- Number of days in the 2013/14 Earned Year = 1 June 2014 to 30 June 2014 = **30 days**
- Number of days in the 2014/15 Earned Year = 1 July 2014 to 31 May 2015 = **335 days**

****Note** that the total of the number of days in all of the Earned years should always equal the number of days that the policy spans.

- Number of days that the policy spans for 2015/16 Policy Years = **366 days**
- Number of days in the 2015/16 Earned Years = 1 June to 30 June = **30 days**
- Number of days in the 2015/16 Earned Years = 1 July to 31 May = **336 days**

EARNED WAGES CALCULATION

2013/14 Earned Year

\$2.4M (Wages supplied)
 ÷
 365 (Days the policy spans)
 x
 30 (Days in the 2013/14 Earned Year)
 = **\$197,260**

2014/15 Earned Year

\$2.4M (Wages supplied)
 ÷
 365 (Days the policy spans)
 x
 335 (Days in the 2014/15 Earned Year)
 = **\$2,202,740**

The calculations relating to each of the transactions and adjustments are calculated separately below:

2013/14	Initial wage estimate for policy period 1 June 2014 to 31 May 2015 was supplied as \$2.4M	Initial deposit premium for new policy with period 1 June 2014 to 31 May 2015 was \$1,200
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2013/14	$\$2.4M \div 365 \times 30$ = \$197,260	$\$1,200 \div 365 \times 30$ = \$99
2014/15	$\$2.4M \div 365 \times 335$ = \$2,202,740	$\$1,200 \div 365 \times 335$ = \$1,101

2014/15	Wage adjustment for initial policy period 1 June 2014 to 31 May 2015 was supplied as an increase of \$300,000	Premium adjustment for initial policy period 1 June 2014 to 31 May 2015 was an increase of \$150
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2013/14	$\$300,000 \div 365 \times 30$ = \$24,658	$\$150 \div 365 \times 30$ = \$12
2014/15	$\$300,000 \div 365 \times 335$ = \$275,342	$\$150 \div 365 \times 335$ = \$138

2014/15	Wage estimate for policy period 1 June 2015 to 31 May 2016 was supplied as \$1.75M	Deposit premium for policy period 1 June 2015 to 31 May 2016 was \$900
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2014/15	$\$1.75M \div 365 \times 30$ = \$143,836	$\$900 \div 365 \times 30$ = \$74
2015/16	$\$1.75M \div 366 \times 336$ = \$1,606,557	$\$900 \div 366 \times 336$ = \$826

2015/16	Wage adjustment for policy period 1 June 2015 to 31 May 2015 was supplied as a decrease of \$250,000	Premium adjustment for policy period 1 June 2015 to 31 May 2016 was a decrease of \$50
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2014/15	$-\$250,000 \div 365 \times 30$ = -\$20,548	$-\$50 \div 365 \times 30$ = -\$4
2015/16	$-\$250,000 \div 366 \times 336$ = -\$229,508	$-\$50 \div 366 \times 336$ = -\$46

2015/16	Wage estimate for policy period 1 June 2016 to 31 May 2017 was supplied as \$2.5M	Deposit premium for policy period 1 June 2016 to 31 May 2017 was \$1,000
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2015/16	$\$2.5M \div 365 \times 30$ = \$205,479	$\$1,000 \div 365 \times 30$ = \$82
2016/17**	$\$2.5M \div 365 \times 335$ = \$2,294,521	$\$1,000 \div 365 \times 335$ = \$918

**Note that the amounts relevant to the Earned Year of 2016/2017 would not be reported to WorkCover until the 2016/17 WC12 was due.

A summary of these calculations are:

EARNED WAGES Transactions Reported Ending 30 June				
Earned Year	2013/14	2014/15	2015/16	Total Earned Wages at 30 June 2016
2013/14	\$197,260	\$24,658		\$221,918
2014/15	\$2,202,740	\$275,342 + \$143,836	-\$20,548	\$2,601,370
2015/16		\$1,606,557	-\$229,508 + \$205,479	\$1,582,529
2016/17			\$2,294,521	

EARNED PREMIUM Transactions Reported Ending 30 June				
Earned Year	2013/14	2014/15	2015/16	Total Earned Wages at 30 June 2016
2013/14	\$99	\$12		\$111
2014/15	\$1,101	\$138 + \$74	-\$4	\$1,309
2015/16		\$826	-\$46 + \$82	\$863
2016/17			\$918	

CURRENT WAGES Transactions Reported Ending 30 June				
Under-writing Year	2013/14	2014/15	2015/16	Total Current Wages at 30 June 2016
2013/14	\$2,400,000	\$300,000		\$2,700,000
2014/15		\$1,750,000	-\$250,000	\$1,500,000
2015/16			\$2,500,000	\$2,500,000

GROSS WRITTEN PREMIUM Transactions Reported Ending 30 June				
Under-writing Year	2013/14	2014/15	2015/16	Total Current Premium at 30 June 2016
2013/14	\$1,200	\$150		\$1,350
2014/15		\$900	-\$50	\$850
2015/16			\$1,000	\$1,000

Example 2 for Earned Premium and Earned Wages (> 12 month Policy)

The ABC Insurance Company underwrites the Workers' Compensation risks of a gas supply company Omega Pty Ltd and the policy coverage goes from 1 June 2014 to 31 May 2016.

Note: This is the only employer insured with ABC Insurance in industry class 02010

The wage declarations and premium history has been supplied as follows:

Reported in:	Wage Details	Premium Details
2013/14	Initial wage estimate for policy period 1 June 2014 to 31 May 2016 was supplied as \$28M	Initial deposit premium for new policy with period 1 June 2014 to 31 May 2016 was \$15,000
2014/15	No information received in the 2014/15 year as policy coverage is for two years.	
2015/16	Wage adjustment for policy period 1 June 2014 to 31 May 2016 was supplied as an increase of \$3.75M	Premium adjustment for policy period 1 June 2014 to 31 May 2016 was an increase of \$2,500
	Policy renewed for a further 2 year period (1 June 2016 to 31 May 2018) and wage estimate provided for this period as \$35M	Deposit premium for period 1 June 2016 to 31 May 2018 was \$19,000

To calculate the amounts applicable to each of the Earned Years the following formula can be used:

Premium or Wages (as applicable)

÷

Number of days that the policy spans

x

Number of days relevant to the policy in the applicable Earned Year

Using the above example, the policy spans three Earned years for each policy period. The calculation for the first part of the example "Initial wage estimate for policy period 1 June 2014 to 31 May 2016 was supplied as \$28M" would be as follows:

- Number of days that the policy spans = 1 June 2014 to 31 May 2016 = **731 days**
- Number of days in the 2013/14 Earned Year = 1 June 2014 to 30 June 2014 = **30 days**
- Number of days in the 2014/15 Earned Year = 1 July 2014 to 30 June 2015 = **365 days**
- Number of days in the 2015/16 Earned Year = 1 July 2015 to 31 May 2016 = **336 days**

The number of days relevant to the renewal period differs from the above due to a leap year occurring in the 2016 year. The values would be as follows:

- Number of days that the policy spans = 1 June 2016 to 31 May 2018 = **730 days**
- Number of days in the 2015/16 Earned Year = 1 June 2016 to 30 June 2016 = **30 days**
- Number of days in the 2016/17 Earned Year = 1 July 2016 to 30 June 2017 = **365 days**
- Number of days in the 2017/18 Earned Year = 1 July 2017 to 31 May 2018 = **335 days**

****Note that the total of the number of days in all of the relevant Earned Years should always equal the number of days that the policy spans.**

EARNED WAGES CALCULATION

2013/14 Earned Year

\$28M (Wages supplied)

÷

731 (Days the policy spans)

x

30 (Days in the 2013/14 Earned Year)

= **\$1,149,111**

2014/15 Earned Year

\$28M (Wages supplied)

÷

731 (Days the policy spans)

x

365 (Days in the 2014/15 Earned Year)

= **\$13,980,848**

2015/16 Earned Year

\$28M (Wages supplied)

÷

731 (Days the policy spans)

x

336 (Days in the 2015/16 Earned Year)

= **\$12,870,041**

The calculations relating to each of the transactions and adjustments are calculated separately below:

2013/14	Initial wage estimate for policy period 1 June 2014 to 31 May 2016 was supplied as \$28M	Initial deposit premium for new policy with period 1 June 2014 to 31 May 2016 was \$15,000
EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2013/14	$\$28M \div 731 \times 30$ = \$1,149,111	$\$15,000 \div 731 \times 30$ = \$616
2014/15	$\$28M \div 731 \times 365$ = \$13,980,848	$\$15,000 \div 731 \times 365$ = \$7,490
2015/16	$\$28M \div 731 \times 336$ = \$12,870,041	$\$15,000 \div 731 \times 336$ = \$6,895
2014/15	Wage adjustment for policy period 1 June 2014 to 31 May 2016 was supplied as an increase of \$3.75M	Premium adjustment for policy period 1 June 2014 to 31 May 2016 was an increase of \$2,500
EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2013/14	$\$3.75M \div 731 \times 30$ = \$153,899	$\$2,500 \div 731 \times 30$ = \$103
2014/15	$\$3.75M \div 731 \times 365$ = \$1,872,435	$\$2,500 \div 731 \times 365$ = \$1,248
2015/16	$\$3.75M \div 731 \times 336$ = \$1,723,666	$\$2,500 \div 731 \times 336$ = \$1,149
2015/16	Policy renewed for a further 2 year period (1 June 2016 to 31 May 2018) and wage estimate provided for this period as \$35M	Deposit premium for period 1 June 2016 to 31 May 2018 was \$19,000
EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2015/16	$\$35M \div 730 \times 30$ = \$1,438,356	$\$19,000 \div 730 \times 30$ = \$781
2016/17	$\$35M \div 730 \times 365$ = \$17,500,000	$\$19,000 \div 730 \times 365$ = \$9,500
2017/18	$\$35M \div 730 \times 335$ = \$16,061,644	$\$19,000 \div 730 \times 335$ = \$8,719

** Note that the amounts relevant to the Earned Years of 2016/2017 and 2017/18 will not be reported to WorkCover until the relevant WC12 is due. A summary of these calculations are:

EARNED WAGES Transactions Reported Ending 30 June				
Earned Year	2013/14	2014/15	2015/16	Total Earned Wages at 30 June 2016
2013/14	\$1,149,111		\$153,899	\$1,303,010
2014/15	\$13,980,848		\$1,872,435	\$15,853,283
2015/16	\$12,870,041		\$1,723,666 + \$1,438,356	\$16,032,063
2016/17			\$17,500,000	
2017/18			\$16,061,644	

EARNED PREMIUM Transactions Reported Ending 30 June				
Earned Year	2013/14	2014/15	2015/16	Total Earned Wages at 30 June 2016
2013/14	\$616		\$103	\$718
2014/15	\$7,490		\$1,248	\$8,738
2015/16	\$6,895		\$1,149 + \$781	\$8,825
2016/17			\$9,500	
2017/18			\$8,719	

CURRENT WAGES Transactions Reported Ending 30 June				
Under-writing Year	2013/14	2014/15	2015/16	Total Current Wages at 30 June 2016
2013/14	\$14,000,000		\$1,875,000	\$15,875,000
2014/15	\$14,000,000		\$1,875,000	\$15,875,000
2015/16			\$17,500,000	\$17,500,000
2016/17			\$17,500,000	

GROSS WRITTEN PREMIUM Transactions Reported Ending 30 June				
Under-writing Year	2013/14	2014/15	2015/16	Total Current Premium at 30 June 2016
2013/14	\$7,500		\$1,250	\$8,750
2014/15	\$7,500		\$1,250	\$8,750
2015/16			\$9,500	\$9,500
2016/17			\$9,500	

**Note that the amounts relevant to the Earned Years of 2016/17 and 2017/18 will not be reported to WorkCover until the relevant WC12 is due.

Example 3 for Earned Premium and Earned Wages (< 12 month Policy)

The ABC Insurance Company underwrites the Workers' Compensation risks of a carpentry services company Delta Pty Ltd and the policy coverage goes from 1 June 2014 to 31 December 2014 at which point Delta Pty Ltd did not renew with ABC Insurance.

Note: This is the only employer insured with ABC Insurance in industry class 32420.

The wage declarations and premium history has been supplied as follows:

Reported in:	Wage Details	Premium Details
2013/14	Initial wage estimate for policy period 1 June 2014 to 31 December 2014 was supplied as \$5M	Initial deposit premium for new policy with period 1 June 2014 to 31 December 2014 was \$1,700
2014/15	Wage adjustment for policy period 1 June 2014 to 31 December 2014 was supplied as an increase of \$750,000	Premium adjustment for policy period 1 June 2014 to 31 December 2014 was an increase of \$350
	No further information received as policy not renewed	

To calculate the amounts applicable to each of the Earned Years the following formula can be used:

$$\begin{aligned} & \text{Premium or Wages (as applicable)} \\ & \div \\ & \text{Number of days that the policy spans} \\ & \times \\ & \text{Number of days relevant to the policy in the applicable Earned Year} \end{aligned}$$

Using the above example, the policy spans two Earned years for the policy period. The calculation for the first part of the example "Initial wage estimate for policy period 1 June 2014 to 31 December 2014 was supplied as \$5M" would be as follows:

- Number of days that the policy spans = 1 June 2014 to 31 December 2014 = **214 days**
- Number of days in the 2013/14 Earned Year = 1 June 2014 to 30 June 2014 = **30 days**
- Number of days in the 2014/15 Earned Year = 1 July 2014 to 31 Dec 2014 = **184 days**

****Note** that the total of the number of days in all of the Earned years should always equal the number of days that the policy spans.

EARNED WAGES CALCULATION

$$\begin{aligned} & \underline{\text{2013/14 Earned Year}} \\ & \$5\text{M (Wages supplied)} \\ & \div \\ & 214 \text{ (Days the policy spans)} \\ & \times \\ & 30 \text{ (Days in the 2013/14 Earned Year)} \\ & = \mathbf{\$700,935} \end{aligned}$$

$$\begin{aligned} & \underline{\text{2014/15 Earned Year}} \\ & \$5\text{M (Wages supplied)} \\ & \div \\ & 214 \text{ (Days the policy spans)} \\ & \times \\ & 184 \text{ (Days in the 2014/15 Earned Year)} \\ & = \mathbf{\$4,299,065} \end{aligned}$$

The calculations relating to each of the transactions and adjustments are calculated separately below:

2013/14	Initial wage estimate for policy period 1 June 2014 to 31 December 2014 was supplied as \$5M	Initial deposit premium for new policy with period 1 June 2014 to 31 December 2014 was \$1,700
EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2013/14	$\$5M \div 214 \times 30$ = \$700,935	$\$1,700 \div 214 \times 30$ = \$238
2014/15	$\$5M \div 214 \times 184$ = \$4,299,065	$\$1,700 \div 214 \times 184$ = \$1,462
2014/15	Wage adjustment for policy period 1 June 2014 to 31 December 2014 was supplied as an increase of \$750,000	Premium adjustment for policy period 1 June 2014 to 31 December 2014 was an increase of \$350

EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2013/14	$\$750,000 \div 214 \times 30$ = \$105,140	$\$350 \div 214 \times 30$ = \$49
2014/15	$\$750,000 \div 214 \times 184$ = \$644,860	$\$350 \div 214 \times 184$ = \$301

A summary of these calculations are:

EARNED WAGES Transactions Reported Ending 30 June				
Earned Year	2013/14	2014/15	2015/16	Total Earned Wages at 30 June 2016
2013/14	\$700,935	\$105,140		\$806,075
2014/15	\$4,299,065	\$644,860		\$4,943,925
2015/16				
EARNED PREMIUM Transactions Reported Ending 30 June				
Earned Year	2013/14	2014/15	2015/16	Total Earned Premium at 30 June 2016
2013/14	\$238	\$49		\$287
2014/15	\$1,462	\$301		\$1,763
2015/16				
CURRENT WAGES Transactions Reported Ending 30 June				
Under-writing Year	2013/14	2014/15	2015/16	Total Current Wages at 30 June 2016
2013/14	\$5,000,000	\$750,000		\$5,750,000
2014/15				
2015/16				
GROSS WRITTEN PREMIUM Transactions Reported Ending 30 June				
Under-writing Year	2013/14	2014/15	2015/16	Total Current Premium at 30 June 2016
2013/14	\$1,700	\$350		\$2,050
2014/15				
2015/16				

Example 4 for Gross Written Premium and Current Updated Wages (12 month Policy)

The following example illustrates the following principles:

1. The commencement of the renewal Start Date is on the 30 June
2. Correct year for 30 June renewal start dates
3. Definition of current updated wages and Gross Written Premium
4. The continuing impact of lapsed policies

The ABC Insurance Company underwrites the Workers' Compensation risks of a mineral sands mining company Alpha Pty Ltd from 30 June 2011 to 29 June 2014 inclusive. At 30 June 2014, Alpha Pty Ltd did not renew with ABC Insurance.

Note: This is the only employer insured with ABC Insurance in industry class 13150.

The wage declarations and premium history has been as follows:

Reported in:	Wage Details	Premium Details
2011/12	Initial wage estimate for 2011/12 was supplied as \$100M	Initial deposit premium for new 2011/12 policy was \$5,000
2012/13	Wage adjustment for 2011/12 supplied as an increase of \$10M	Premium adjustment for 2011/12 policy of \$500 applied.
	Initial wage estimate for 2012/13 supplied as \$110M	Deposit premium for 2012/13 policy renewal was \$6,000
	Purchase of a mineral sands subsidiary on 30 September 2012 led to a mid-year adjustment of \$75M wages accordingly	Premium adjustment for new subsidiary of \$3,000 applied.
2013/14	Wage adjustment for 2011/12 supplied as an increase of \$2M	Premium adjustment for 2011/12 policy of \$600 applied.
	Wage adjustment for 2012/13 supplied as an increase of \$11M	Premium adjustment for 2012/13 of \$700 applied.
	Initial wage estimate for 2013/14 supplied as \$200M	Deposit premium for 2013/14 policy renewal was \$9,000
2014/15	No Wage adjustments for 2011/12	No premium adjustments for 2011/12
	Wage adjustment for 2012/13 supplied as an increase of \$3M	Premium adjustment for 2012/13 of \$200 applied.
	Wage adjustment for 2013/14 supplied as a decrease of \$20M	Premium adjustment for 2013/14 of \$1,100 REFUND applied.
	Did not renew with ABC Insurance –No wage estimate for 2014/15	No premium for 2014/15
2015/16	No Wage adjustments for 2011/12	No premium adjustments for 2011/12
	No Wage adjustments for 2012/13	No premium adjustments for 2012/13
	Wage adjustment for 2013/14 supplied as an increase of \$5M	Premium adjustment for 2013/14 of \$300 applied.
	No wages for 2014/15 or 2015/16 (No longer with ABC Insurance)	No premium for 2014/15 or 2015/16

The days applicable for the calculations of Earned Premium and Wages are:

- Number of days that the policy spans = 30 June 2011 to 29 June 2012 = **366 days**
- Number of days that the policy spans = 30 June 2012 to 29 June 2013 = **365 days**
- Number of days that the policy spans = 30 June 2013 to 29 June 2014 = **365 days**
- Number of days in the “first” Earned Year = 30 June to 30 June = **1 day**
- Number of days in the “next” Earned Year = 1 July to 30 June = **364 days**

The only adjustment to these days would be to take into account any leap years as per Example 3.

2011/12	Initial wage estimate for 2011/12 was supplied as \$100M	Initial deposit premium for new 2011/12 policy was \$5,000
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2010/11	$\$100M \div 366 \times 1$ = \$273,224	$\$5,000 \div 366 \times 1$ = \$14
2011/12	$\$100M \div 366 \times 364$ = \$99,453,552	$\$5,000 \div 366 \times 364$ = \$4,973

2012/13	Wage adjustment for 2011/12 supplied as an increase of \$10M	Premium adjustment for 2011/12 policy of \$500 applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2010/11	$\$10M \div 366 \times 1$ = \$27,322	$\$500 \div 366 \times 1$ = \$1
2011/12	$\$10M \div 366 \times 364$ = \$9,945,355	$\$500 \div 366 \times 364$ = \$499

2012/13	Initial wage estimate for 2012/13 supplied as \$110M	Deposit premium for 2012/13 policy renewal was \$6,000
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2011/12	$\$110M \div 365 \times 1$ = \$301,370	$\$6,000 \div 365 \times 1$ = \$16
2012/13	$\$110M \div 365 \times 364$ = \$109,698,630	$\$6,000 \div 365 \times 364$ = \$5,984

2012/13	Purchase of a mineral sands subsidiary on 30 September 2012 led to a mid-year adjustment of \$75M wages accordingly	Premium adjustment for new subsidiary of \$3,000 applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2012/13	$\$75M \div 273 \times 273$ = \$75,000,000	$\$3,000 \div 273 \times 273$ = \$3,000

2013/14	Wage adjustment for 2011/12 supplied as an increase of \$2M	Premium adjustment for 2011/12 policy of \$600 applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
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2010/11	$\$2M \div 366 \times 1$ = \$5,464	$\$600 \div 366 \times 1$ = \$2
2011/12	$\$2M \div 365 \times 364$ = \$1,994,521	$\$600 \div 365 \times 364$ = \$598

2013/14	Wage adjustment for 2012/13 supplied as an increase of \$11M	Premium adjustment for 2012/13 of \$700 applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2011/12	$\$11M \div 365 \times 1$ = \$30,137	$\$700 \div 365 \times 1$ = \$2
2012/13	$\$11M \div 365 \times 364$ = \$10,969,863	$\$700 \div 365 \times 364$ = \$698

2013/14	Initial wage estimate for 2013/14 supplied as \$200M	Deposit premium for 2013/14 policy renewal was \$9,000
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2012/13	$\$200M \div 365 \times 1$ = \$547,945	$\$9,000 \div 365 \times 1$ = \$25
2013/14	$\$200M \div 365 \times 364$ = \$199,452,055	$\$9,000 \div 365 \times 364$ = \$8,975

2014/15	No Wage adjustments for 2011/12 Wage adjustment for 2012/13 supplied as an increase of \$3M	No premium adjustments for 11/12 Premium adjustment for 2012/13 of \$200 applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2011/12	$\$3M \div 365 \times 1$ = \$8,219	$\$200 \div 365 \times 1$ = \$1
2012/13	$\$3M \div 365 \times 364$ = \$2,991,781	$\$200 \div 365 \times 364$ = \$199

2014/15	Wage adjustment for 2013/14 supplied as a decrease of \$20M Did not renew with ABC Insurance	Premium adjustment for 2013/14 of \$1,100 REFUND applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2012/13	-\$20M $\div 365 \times 1$ = -\$54,795	-\$1,100 $\div 365 \times 1$ = -\$3
2013/14	-\$20M $\div 365 \times 364$ = -\$19,945,205	-\$1,100 $\div 365 \times 364$ = -\$1,097

2015/16	No Wage adjustments for 2011/12 No Wage adjustments for 2012/13 Wage adjustment for 2013/14 supplied as an increase of \$5M	No premium adjustments for 11/12 No premium adjustments for 12/13 Premium adjustment for 2013/14 of \$300 applied.
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EARNED YEAR	EARNED WAGES	EARNED PREMIUM
2012/13	$\$5M \div 365 \times 1$	$\$300 \div 365 \times 1$

	= \$13,699	= \$1
2013/14	\$5M ÷ 365 x 364 = \$4,986,301	\$300 ÷ 365 x 364 = \$299

A summary of these calculations are:

Earned Year	EARNED WAGES Transactions Reported Ending 30 June					Earned Wages at 30 June 2016
	2011/12	2012/13	2013/14	2014/15	2015/16	
2010/11	\$273,224	\$27,322	\$5,464			\$306,011
2011/12	\$99,453,552	\$9,945,355 + \$301,370	\$1,994,521 + \$30,137	\$8,219		\$111,733,154
2012/13		\$109,698,630 +	\$10,969,863 + \$547,945	\$2,991,781 -\$54,795	\$13,699	\$199,167,123
2013/14		\$75,000,000*	\$199,452,055	-\$19,945,205	4,986,301	\$184,493,151

Earned Year	EARNED PREMIUM Transactions Reported Ending 30 June					Earned Premium at 30 June 2016
	2011/12	2012/13	2013/14	2014/15	2015/16	
2010/11	\$14	\$1	\$2			\$17
2011/12	\$4,973	\$497 + \$16	\$598 + \$2	\$1		\$6,087
2012/13		\$5,984 + \$3,000*	\$698 + \$25	\$199 -\$3	\$1	\$9,904
2013/14			\$8,975	-\$1,097	\$299	\$8,178

*Note that the wages and premium relating to the subsidiary are not split between 2011/12 and 2012/13 for Earned Wages and Premium due to the purchase occurring on 30 September 2012.

Under-writing Year	CURRENT WAGES Transactions Reported Ending 30 June					Current Updated Wages at 30 June 2016
	2011/12	2012/13	2013/14	2014/15	2015/16	
2011/12	\$100 M	\$10 M	\$2 M	-	-	\$112 M
2012/13		\$110 M + \$75 M	\$11 M	\$3 M	-	\$199 M
2013/14			\$200 M	-\$20 M	\$5 M	\$185 M
2014/15				\$0 M	\$0 M	\$0 M
2015/16					\$0 M	\$0 M

Under-writing Year	GROSS WRITTEN PREMIUM Transactions Reported Ending 30 June					Current Gross Written Premium at 30 June 2013
	2011/12	2012/13	2013/14	2014/15	2015/16	
2011/12	\$5,000	\$500	\$600	-	-	\$6,100
2012/13		\$6,000 + \$3,000	\$700	\$200	-	\$9,900
2013/14			\$9,000	-\$1,100	\$300	\$8,200
2014/15				\$0	\$0	\$0
2015/16					\$0	\$0