



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

**Guidelines for completing Insurer Form WC30
Statement of premiums and expenses associated
with the writing of Workers' Compensation business**

Date Issued: 30 June 2022

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.

Reinsurance

Do not allow for premiums received or ceded in respect of any reinsurance contracts. Enter the information as though no reinsurance in any form had been affected.

This form excludes all reinsurance related transactions in their entirety.

Information that is collected on the Form WC30

The WC30 Form is a statement of premiums and expenses associated with the writing of workers' compensation business.

The information collected on the WC30 Form is:

Premiums

Earned Premium

- a. Gross Written Premium for the current fiscal year
- b. Unearned Premium Provision for the previous fiscal year
- c. Unearned Premium Provision for the current fiscal year.

Earned But Not Raised Premium

- a. Earned But Not Raised Premium as at current fiscal year
- b. Earned But Not Raised Premium as at previous fiscal year
- c. Earned But Not Raised Premium as at fiscal year 2 years ago
- d. Earned But Not Raised Premium as at fiscal year 3 years ago
- e. Earned But Not Raised Premium as at fiscal year 4 years ago
- f. Earned But Not Raised Premium as at fiscal year 5 years ago.

Expenses

The aim of this information is to determine the expenses required by Self-Insurers to carry out Workers' Compensation business in the Western Australia.

Commission and Brokerage

Statutory Charges and Levies

- a. General Fund Contribution
- b. Supplementation Fund Levy
- c. Other Statutory Charges.

Management Expenses

How to complete this Form

The data supplied must conform to the Data requirements and specifications listed below:

The file name must adhere to WorkCover WA file naming convention, which is *Insurer Id-Insurer or Company Name (e.g., 999-WorkCover WA Insurance)*.

Data for WC30-Annual Returns must be submitted on the WC30-File form template (available on the WorkCover WA website) via the WorkCover WA online portal. A sample pre-filled WC30-Annual File is provided on the WorkCover WA website showing how to complete the Form.

The WC30-Annual Returns must be lodged with WorkCover WA by the due date.

The scheduled due dates for all Premium Rate Forms are available on WorkCover WA website.

Data requirements and specifications

Data Item	Name	Data Format	Notes
Premiums			
1	Gross Written Premium as at <i>Current Fiscal Year</i>	Currency	Decimal Places = 2
2	Unearned Premium Provision as at <i>Previous Fiscal Year</i>	Currency	Decimal Places = 2
3	Unearned Premium Provision as at <i>Current Fiscal Year</i>	Currency	Decimal Places = 2
4	Earned Premium for <i>Current Fiscal Year</i>	Currency	Decimal Places = 2
5	Earned But Not Raised Premium as at <i>Current Fiscal Year</i>	Currency	Decimal Places = 2
6	Earned But Not Raised Premium as at <i>Previous Fiscal Year</i>	Currency	Decimal Places = 2
7	Earned But Not Raised Premium for the year as at <i>Fiscal Year 2 years ago.</i>	Currency	Decimal Places = 2
8	Earned But Not Raised Premium for the year as at <i>Fiscal Year 3 years ago</i>	Currency	Decimal Places = 2
9	Earned But Not Raised Premium for the year as at <i>Fiscal Year 4 years ago</i>	Currency	Decimal Places = 2
10	Earned But Not Raised Premium for the year as at <i>Fiscal Year 5 years ago</i>	Currency	Decimal Places = 2
11	Commission and Brokerage	Currency	Decimal Places = 2
12	General Fund Contribution	Currency	Decimal Places = 2
13	Supplementation Fund Levy	Currency	Decimal Places = 2
14	Other Statutory Charges	Currency	Decimal Places = 2
15	Management Expenses	Currency	Decimal Places = 2
16	Prudential Margin in Financial Accounts	Percent	Decimal Places = 2
17	Level of Sufficiency used for Prudential Margin	Percent	Decimal Places = 2
18	Diversified Prudential Margin at 75 % of Sufficiency	Percent	Decimal Places = 2

Premiums

Item 1: Gross Written Premium as at Current Fiscal Year.

Gross Written Premium in the WC30 is the total premium underwritten and collected over the **current underwriting year** including adjustments received **regardless of the underwriting year they relate to** (that is, it will include premium adjustments from previous years). It is **exclusive of GST** and reinsurance premiums, inward and outward.

Item 2: Unearned Premium Provision as at Previous Fiscal Year.

This is the provision for unearned premium as at Previous Fiscal Year, calculated on the same basis as that adopted by the company for its annual accounts, with an adjustment for reinsurance premiums, both inward and outward, which are to be ignored.

Item 3: Unearned Premium Provision as at Current Fiscal Year

This is the provision for unearned premium as at Current Fiscal Year, calculated on the same basis as that adopted by the company for its annual accounts, with an adjustment for reinsurance premiums, both inward and outward, which are to be ignored.

Item 4: Earned Premium for the Current Fiscal Year

The aim of this information is to determine the actual direct premium pool in respect of Workers' Compensation business in Western Australia. The earned premium for the current fiscal year is derived from the above data item values. The calculation for earned premium for current year as follows: -

$$\text{Earned Premium} = \text{Item 1 plus Item 2 less Item 3}$$

Item 1: Gross Written Premium as at Current Fiscal Year

Item 2: Unearned Premium Provision as at Previous Fiscal Year

Item 3: Unearned Premium Provision as at Current Fiscal Year

Item 5: Earned But Not Raised Premium as at Current Fiscal Year

Earned but not raised (EBNR) premium relates to burning cost policies only. It represents additional premium that the Insurer would be entitled to, but has not yet been collected, from policy holders due to the estimated ultimate incurred cost being higher than the level assumed for the deposit premium.

The EBNR premium can be negative if the ultimate cost indicates that the ultimate premium will be less than the initial deposit premium.

“Top-up” premiums for burners are NOT included in EBNR. “Top-up” premiums received to date for burners are included in Gross Written Premium.

Item 6: Earned But Not Raised Premium as at Previous Fiscal Year

Earned but not raised premium as at Previous Fiscal Year.

Item 7: Earned But Not Raised Premium for the year as at Fiscal Year 2 years ago.

Earned but not raised premium as at Fiscal Year 2 years ago

Item 8: Earned But Not Raised Premium as at Fiscal Year 3 years ago

Earned but not raised (EBNR) premium as at Fiscal Year 3 years ago.

Item 9: Earned But Not Raised Premium as at Fiscal Year 4 years ago

Earned but not raised (EBNR) premium **as at** Fiscal Year 4 years ago.

Item 10: Earned But Not Raised Premium as at Fiscal Year 5 years ago

Earned but not raised (EBNR) premium as at Fiscal Year 5 years ago

Expenses

Item 11: Commission and Brokerage

- This is the total amount paid to Brokers or other intermediaries in respect of Workers' Compensation business. Commissions that are received relating to inward reinsurance business are to be ignored and no netting of commissions paid in respect of business reinsured outwards should be done.
- The commission should be on a written basis and not an earned basis.

Note: Outsourced claims administration expenses **should not be included** in Commission and Brokerage, these should be included in 'Management Expenses'

Item 12: General Fund Contribution

The total General Fund contribution paid to WorkCover WA (as invoiced by WorkCover WA).

Item 13: Supplementation Fund Levy

The supplementation fund levy is activated under the legislation when an insurer is insolvent. The levy is applied to all employer indemnity policies, collected by insurers and paid to WorkCover WA. There is no current levy in operation.

Item 14: Other Statutory Charges

- All other charges and levies incurred from all statutory entities
- Taxes other than income tax and stamp duties that is not included in the above charges with respect to Workers' Compensation business.

Item 15: Management Expenses

Management expenses are expenses that are attributable to the Workers' Compensation business but not directly related to specific claims. These include:

- Salaries
- Travelling expenses
- Superannuation contributions
- Director's fees
- Auditor's fees
- Legal expenses (other than those directly attributable to specific claims)
- Office rent
- Information technology/computer costs

- Hire and maintenance of machinery
- Advertising
- Printing and stationery
- Post and telephone
- Depreciation (if charged to underwriting management expenses)
- Head office overhead charges re-allocated to branch office or an equivalent value if not charged directly to branch expenses
- Risk management fees and expenses
- General costs of administering policies and claims (that is, indirect costs not including those costs directly attributable to specific claims)
- Actuarial fees
- Outsourced claims administration/management expenses

Note: Reinsurance premiums are **not** classified as an underwriting expense

Please refer to Accounting Standard AASB 1023 for clarification on the definitions of premiums and expenses.

Prudential margins

Item 16: Prudential Margin as used in the Financial Accounts

The percentage difference between the provision held in the financial accounts and the central estimate of the outstanding claims liability.

Item 17: Level of sufficiency used for the Financial Accounts Prudential Margin

The level of sufficiency refers to the proportion of the time that the provision is expected to be sufficient to pay claims as they fall due. At a 75% level of sufficiency the provision would be expected to be sufficient in 3 of 4 years.

Item 18: Prudential Margin at a 75% level of sufficiency (as supplied to APRA)

The percentage difference between the provision (if held at a 75% level of sufficiency) and the central estimate of the outstanding claims liability. If the Prudential margin in the financial accounts is held at the 75% level of sufficiency this will be equal to the prudential margin as used in the financial account above.

Prudential margins – additional information

This is required for the Annual Return only and is supplied by the Insurer's Actuary.

Two types of Prudential Margin are now required. The first is the Prudential Margin that is used in the Company's financial accounts and the second is the diversified Prudential Margin at a level of sufficiency of 75% which is the margin that is supplied to APRA (Australian Prudential Regulation Authority). On the Annual WC30 the Prudential Margin section will be:

It is common practice for the Actuary to provide a central estimate of outstanding claim liabilities to Insurers. Such an estimate contains no deliberate or conscious over or under estimation and statistically has an even chance of being sufficient. The Prudential Margin is in addition to the central estimate, which quantifies the risk that the actual outcome may be greater than the central estimate.

Calculation:

$$\text{Prudential Margin (\%)} = \frac{(\text{Outstanding claims provision in accounts} - \text{Central estimate})}{\text{Central estimate}}$$

Note:

- This calculation can only be done by the Insurer, as the outstanding claims provision taken up in the accounts is not disclosed to WorkCover WA.
- In cases where an Insurer decides to adopt a provision in its accounts that is less than or equal to the Central Estimate, this would be disclosed as a negative or zero Prudential Margin.
- The Prudential Margin is additional to the central estimate and is entirely independent of the relationship between **Case estimates** and **Development and IBNR Estimates**. That is, it cannot be calculated from figures that appear elsewhere on WC20.

For further information regarding Prudential Margins and calculations, please email schemeinformation@workcover.wa.gov.au.