

Insurance Requirements for Employers

The Bill maintains the fundamental employer obligation to effect and maintain a workers compensation insurance policy to cover workers suffering an injury from employment, clarifies the information required to be given to insurers, and provides for a new record keeping requirement.

Key Points

Bill ref: cl. 202-204, 209, 211

- The Bill requires employers when effecting and renewing a workers compensation policy to provide a declaration of aggregate remuneration in respect of workers employed by the employer. This is consistent with the current Act and assists with the assessment of premium.
- There is greater flexibility to set out all elements of 'remuneration' in regulations. This will provide clarity about the treatment of some elements that can sometimes cause confusion, such as fringe benefits.
- Employers will also be required to provide to the insurer any other information required by the regulations. This is to enable the insurer to have sufficient information about the risk profile of the employer in order to issue or renew the policy, or provide a quote of the premium payable.
- The new employer record keeping obligation relates to the number of workers employed, the appropriate industry classification, and total remuneration paid or payable for each period of insurance. Records must be retained for not less than 7 years.
- An insurer may recover the cost of undertaking an audit of employer records if there is a serious misstatement in the information provided that is relevant to the calculation of the premium.

Key Points

- The penalty for the offence of failing to effect or renew a workers compensation policy, or for failing to provide a remuneration declaration (or one that is provided but is known to be false and misleading) has increased from \$5,000 to \$10,000 in respect of each of the employer's workers to whom the offence relates.

Questions & Answers

Q. What other information is required to be given to the insurer other than the remuneration statement?

A. The regulations will likely require some further background information for new policy requests which may include records relating to the employer's WHS performance, claims experience or further details about the working arrangements under the employer, if requested by the insurer.

Q. Why has the penalty increased for failing to have a workers compensation policy?

A. The increase in the maximum penalty is required to ensure it acts as a deterrent and can be applied when necessary commensurate with high risk, recidivous offenders. The maximum penalty is seldomly awarded in the courts and has not changed since 1999. In practice only a small proportion of offences progress to prosecution. Most offences for failing to effect or renew a workers compensation policy are dealt with via an infringement notice and modified penalty.