

Licensing of Insurers

The **WCIMA23** provides for a modernised licensing framework for the approval and regulation of workers compensation insurers.

Key Points

Act ref: ss. 226-235; 597

- Insurers will be required to hold a licence from WorkCover WA to issue a workers compensation policy.
- Insurer licences will be granted by WorkCover WA - rather than the Minister.
- Regulations may specify criteria that must be satisfied for the grant of an insurer licence.
- An insurer licence is subject to conditions prescribed by the Act, regulations or WorkCover WA (e.g. compliance with liability decision timeframes and existing principles and standards).
- Insurer licences may be fixed term or granted to remain in force indefinitely.
- WorkCover WA will monitor and review the functions of insurers to determine whether they are being carried out in compliance with the Act, regulations and licence conditions.
- WorkCover WA may suspend or cancel an insurer licence (and / or issue an improvement notice) if an insurer fails to satisfy the criteria for the grant of a licence, or fails to comply with any provision of the Act or regulations, or a licence condition.
- There are new provisions for specialised insurers. An insurer licence may be granted, subject to a specialised insurer condition, that limits the insurance business carried out under the licence to a particular industry or class of business or employer.

Questions & Answers

Q. Will the insurers approved under the 1981 Act have to reapply to become licensed insurers when the new Act commences?

A. No. Savings and transitional provisions provide that an approved insurer under the 1981 Act is taken to be a licensed insurer under the *WCIMA23* but is subject to the new Act. This means insurers approved under the 1981 Act will be subject to the licence criteria, conditions, performance monitoring and compliance requirements in the *WCIMA23* and regulations.

Q. Why is there a need for specialised insurers and will this enable insurers to avoid insuring higher risk employers or industries?

A. Workers compensation insurance is mandatory for employers. It is a fundamental requirement in the privately underwritten competitive market system that insurers insure any employer in any industry that requests a workers compensation policy. WorkCover WA will have discretion to grant a licence subject to a specialised insurer condition. This discretion will not be used to permit insurers to avoid high insurable risks, and is simply to recognise the small number of insurers that already provide insurance to a particular industry or class of employer.

