

Default Insurance Fund

The *WCIMA23* streamlines and consolidates into a Default Insurance Fund (DIF) the administrative and funding arrangements for liabilities associated with uninsured employers, insolvent insurers and self-insurers, and acts of terrorism.

Key Points

Act ref: Part 5, Divisions 6-10

- Safety net arrangements to address scheme and system risks have evolved over time and are currently provided for in four separate Acts which contain distinct and overlapping governance arrangements and funding sources.
- The Default Insurance Fund replaces the Employers Indemnity Supplementation Fund (EISF) and WorkCover WA General Account as a consolidated, efficient, and fit for purpose framework to manage and fund the following liabilities:
 - liabilities for claims relating to uninsured employers funded via the WorkCover WA General Account in the 1981 Act (Division 7)
 - liabilities of insolvent insurers funded via the EISF and liabilities of insolvent self-insurers including use of the self-insurer security in the 1981 Act (Division 8)
 - initial liabilities relating to acts of terrorism currently provided for under the EISF and subsequently recovered from insurers and self-insurers via contribution agreements (Division 9)
 - liabilities of the scheme established under the *Waterfront Workers' (Compensation for Asbestos Related Diseases) Act 1986* (Division 10) - which is in run off.

Key Points

- Payments from the Default Insurance Fund will be met by a levy contribution from licensed insurers and self-insurers - the same methodology that applies to contributions to WorkCover WA's General Account (based on premium income for insurers and notional premium for self-insurers).
- See *Information Sheet 48* for specific information about changes relating to liabilities associated with acts of terrorism.

Questions & Answers

Q. How will the levy contribution amount be determined?

A. The levy contribution amount will be based on the amount already in the DIF and on actuarial advice of the amount required to provide for existing and expected liabilities. Any surplus funds of the Employers Indemnity Supplementation Fund will be transferred to the Default Insurance Fund on commencement of the new Act.