

Premium Review

The *Workers Compensation and Injury Management Act 2023 (WCIMA23)* provides for an employer to seek a review of the premium charged by an insurer or a review of the industry class assigned to the employer's business.

Key Points

Act ref: ss. 253-255

- The *WCIMA23* provides for an employer to apply to WorkCover WA for review of either or both of the following relating to premium determined by an insurer for the issue or renewal of a workers compensation policy:
 - whether the industry classification on the basis of which the premium for the policy is determined is the proper industry classification (an industry classification review)
 - whether the premium determined by the insurer is a proper premium for the policy (a premium review)
- A premium review is available only if the premium determined by the insurer is at least 75% greater than the premium calculated on the basis of the recommended premium rate fixed by WorkCover WA.
- Despite an application for a premium review, the employer must pay the premium as determined by the insurer and the insurer must issue or renew the policy.
- Insurers are expected to be transparent in pricing of premiums and inform employers of their right to a review if the premium amount is 75% or greater than the recommended premium rate for the employer.
- WorkCover WA's *Premium and Industry Classification Review Guidelines* set out the process and requirements for applications for review on or after 1 July 2024, including expectations for employers, brokers and insurers.
- WorkCover WA's *Premium and Industry Classification Review Guidelines* and application form are available on the WorkCover WA website.

Questions & Answers

Q. Is a premium amount determined by an insurer payable if it is subject to a premium review?

A. Yes, the premium will be payable in accordance with the terms of the policy of insurance. However, if as a result of a premium review a lesser premium amount is payable than that already paid by the employer, the insurer will be required to repay to the employer the amount of the overpayment.

Q. Why is a premium review only available if the premium determined by the insurer is at least 75% greater than the recommended premium rate?

A. Under the 1981 Act insurers could charge up to 75% greater than the recommended premium rate without WorkCover WA approval, and this loading percentage on the premium is adopted as a threshold amount for a premium review under the *WCIMA23*.

Q. Will all cases be reviewed where the premium charged is at least 75% greater than the recommended premium rate?

A. No. The premium review process in the *WCIMA23* provides a mechanism for employers who do not accept an assessed premium that is 75% greater than the recommended premium rate, so long as reasonable efforts have been made to resolve the issue with the insurer and the application is made in accordance with the *WCIMA23*.