



## BASIC TARIFF PREMIUM CHANGING

*Please Refer to the 2005 Deed Glossary for Defined Terms*

Under clauses 149A and 149C of the Workers Compensation Regulation 2003, Employers with a Basic Tariff Premium greater than \$1,000 can elect to pay their Premium by quarterly instalments and Employers with a Basic Tariff Premium greater than \$5,000 can pay their Premium by either monthly or quarterly instalments. The payment of an instalment deposit within one month of the commencement of the relevant Policy constitutes an election to pay by instalments.

The Scheme Agent must advise Employers of a deposit instalment option (and amount) to assist them in meeting their obligations. For Employers with a Basic Tariff Premium of \$5,000, advice is to be provided on the amount and due date of the deposit instalment for both of the instalment options available to them. The relevant instalment options should also be provided to new business Employers, and Employers with a Basic Tariff Premium less than \$1,000 or \$5,000 who are likely to become Employers with a Basic Tariff Premium greater than either of these amounts

### **Transfers from below to above Basic Tariff Premium of \$1,000 or \$5,000**

Where an Employer's Basic Tariff Premium in the previous Policy period was below \$1,000 and they were not entitled to instalments but on lodgement of the estimated wage declaration their Basic Tariff Premium exceeds \$1,000, they are to be offered the opportunity to pay their Premium by 4 quarterly instalments, provided all instalments, where the due date has passed, are paid up-to-date within 7 days of the Scheme Agent issuing the initial Premium Calculation.

Where an Employer's Basic Tariff Premium in the previous Policy period was below \$5,000 and they were not entitled to monthly instalments, however on lodgement of the estimated wage declaration their Basic Tariff Premium exceeds \$5,000, they are to be offered the opportunity to pay their Premium by 12 monthly instalments, provided all instalments where the due date has passed are paid up-to-date within 7 days of the Scheme Agent issuing the initial Premium Calculation. The option to pay in quarterly instalments will also be available to these Employers.

The Scheme Agent can allow Employers with Basic Tariff Premium increases to have a right to instalments provided that:

- (a) the Premium Calculation is a calculation made under the Insurance Premiums Order (IPO)
- (b) the deposit instalment is paid within seven days of issuing of the initial Premium Calculation – the Scheme Agent must directly notify Employers so that they are aware of the requirement as early as possible
- (c) the due date for any subsequent instalments remain at the regulated schedule

If the Employer does not wish to pay by instalments, or fails to pay the deposit instalment, the full amount of the initial Premium is due within the legislated timeframe

(See Operational Instruction 2.17 for guidance on reinstating an Employer's instalments).

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| Page 1 of 2                                 | TRIM file: 2009/000465 Doc: D09/008671 |

The above arrangements would also apply to new Employers entering the NSW WorkCover Scheme who have not previously obtained a Workers Compensation Policy. This does not apply to Employers previously insured elsewhere who have changed their scheme agent.

**Transfers from above to below Basic Tariff Premium of \$1,000 or \$5,000**

The Scheme Agent may offer instalment rights to an Employer who previously had a Basic Tariff Premium greater than \$1,000 or \$5,000 but decreased to less than these amounts. In circumstances where the Scheme Agent has offered an Employer the option to pay by instalments, when their Basic Tariff Premium decreases to less than \$1,000 or \$5,000 and where the instalments are made in time, WorkCover will allow the Employer to continue to pay by the relevant instalment plan for that year.

**Other Premium adjustments**

WorkCover expects that once an initial Premium Calculation is issued, the calculation will stand until the adjustment. However, the exceptions to this process are:

1. a revision is required as a result of a determination made by WorkCover under section 170 of the 1987 Act
2. there is a fundamental change in the structure or operations of the Employer, which results in an increase or decrease in estimated Wages of 25 percent or more, or a change in classification
3. the Scheme Agent makes an arithmetic error in the original calculation.

The Scheme Agent may process a revised initial Premium Calculation if one of the three exceptions applies. The Scheme Agent must apply the same principles where the renewal Premium has been calculated in accordance with the IPO.

Revisions under point two (above) should only be processed if:

- (a) The Scheme Agent receives a written request from an Employer detailing the basis for the revision of the estimated Wages, or change in business activity, which may include a request for a Certificate of Currency – the Scheme Agent must be satisfied that the situation outlined is genuine.
- (b) Adjustments must only be made in relation to the component of the annual Premium that is not yet due. If the annual Premium has been paid, then no adjustment is allowed. Refunds are paid upon the Employers declaration of actual Wages. If the Premium is the subject of collection activity after being overdue, no adjustment is allowed unless the Scheme Agent considers that the re-estimation of Wages is reasonable.
- (c) While upward adjustments can be made on multiple occasions, only one downward re-estimation should be allowed during any one 12-month period of insurance. Any further adjustments must be referred to the Appeals Branch of WorkCover.

**References**

Workers Compensation Act 1987, section 170  
 Workers Compensation Regulation 2003, clause 149A and 149C  
 Insurance Premiums Order

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