



AUTOMATIC RENEWAL OF POLICIES

Please Refer to the 2005 Deed Glossary for Defined Terms

Workers Compensation is a compulsory requirement for all Employers. The 1987 Act requires Employers to hold and maintain in force a Workers Compensation insurance Policy. Section 155A provides that a Workers Compensation insurance Policy must be for a 12-month period. The effect of section 157 is that the Nominal Insurer must accept any proposal for insurance and must not refuse to renew any Workers Compensation insurance Policy without WorkCover Approval.

To ensure compliance with the Workers Compensation legislation, a Workers Compensation insurance Policy is subject to automatic renewal at the conclusion of the Policy period. This operational instruction represents the minimum requirements to be adopted.

The Scheme Agent is required to forward an invitation for a 12-monthly renewal to every Employer with a current Policy. At a minimum, the invitation must advise the Employer that:

- (a) the current Policy will expire at 4.00pm on (indicate date of expiry)
- (b) the Policy will be automatically renewed, unless the Scheme Agent is advised otherwise, in writing, prior to the expiry of the current period of insurance
- (c) an estimate of Wages for the new Policy year is required within two months after the renewal date, as outlined in clause 130 of the Workers Compensation Regulation 2003 – and failure to comply with clause 130 is an offence
- (d) failure to supply an estimate of Wages will result in the Scheme Agent calculating the Employer's Wages for the new Policy period based on the Employer's Wages bill for the last Policy period together with an increase in accordance with the Insurance Premiums Order (IPO)
- (e) they must forward the deposit instalment i.e. – where the payment is to be made by quarterly instalments, the deposit is one quarter of the renewal Premium for the present period of insurance, or previous period of insurance (if present not available) – by no later than one month after the commencement date of the new Policy, if their Basic Tariff Premium is \$1,000 or greater. Where payment is to be made by monthly instalments the deposit is one twelfth of the renewal Premium for the present period of insurance, or previous period of insurance (if present not available) by no later than one month after the commencement date of the new Policy if their Basic Tariff Premium is \$5,000 or greater. The Scheme Agent must advise the Employer of the deposit instalment amount for both quarterly and monthly instalments if these options are being offered to the Employer in accordance with regulations 149A, 149B, 149C and 149D.

In accordance with Policy condition 17, the Scheme Agent must renew the Policy unless the Employer advises, before the Policy expires, that the renewal is not required.

If, within two months after the Policy renewal date, the Employer has not provided an estimate of Wages for the next 12 months, the Scheme Agent is to calculate the renewal Premium in accordance with the relevant IPO.

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However, if prior to applying this calculation the estimate of Wages has been provided by the Employer, the estimate provided must be used, but only if it is reasonable. This calculation must occur within the timeframes set out in operational instruction 2.6.

The Scheme Agent may, subject to obtaining consent from WorkCover under section 157 of the 1987 Act and in accordance with Policy condition 17, advise an Employer, in writing, at least 14 days prior to the expiry date of the current period of insurance, that renewal will be refused and advise the Employer of their obligation to hold a Policy under section 155 of the 1987 Act. Consent is at the discretion of WorkCover. For further details on Policy cancellation, see operational instruction 2.12.

References

Workers Compensation Act 1987, sections 155, 155A, 157

Workers Compensation Regulation 2003, clauses 130, 133, Form 3

Insurance Premiums Order

2005 Deed, Schedule 2

Operational instruction 2.6, 2.12

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