



## TIMELY ISSUE OF PREMIUM CALCULATION FORMS

Section 169 of the 1987 Act requires Premiums to be calculated in accordance with the Insurance Premiums Order. Clauses 130 and 131 of the Workers Compensation Regulation 2003 require an Employer to provide a Wages declaration to their Scheme Agent, and clause 142 deals with the notice for Premium Calculation.

This operational instruction deals with the timely issue of Premium Calculation forms to Employers.

### Estimated Wages declaration form

Where the Scheme Agent has not been informed by the Employer before the expiry of the Policy period that renewal is not required but has received a completed estimated Wages declaration form within two months after the commencement date of the renewal period of insurance, they have one month from receipt of the Wage declaration to:

- (a) undertake appropriate enquiries to obtain details of the Employer's business in order to determine the correct classification
- (b) issue the Employer the Premium Calculation forms and Premium Demand.

Where the Scheme Agent has not been informed by the Employer before the expiry of the Policy period that renewal is not required and has **not** received a completed estimated Wages declaration form within two months after the commencement date of the renewal period of insurance (as required by clause 130 of the Workers Compensation Regulation 2003), they have one month from that statutory timeframe to:

- (a) calculate the Employer's Wages for the new Policy period based on the Employer's Wages bill for the last Policy period, in accordance with the Insurance Premiums Order (IPO) – eg. Schedule 1, clause 8(2) of the IPO 2005/06
- (b) undertake appropriate enquiries to obtain details of the Employer's business in order to determine the correct classification
- (c) issue the Employer the Premium Calculation forms and Premium Demand.

### Issue of Premium Calculation forms at highest classification rate

If the Employer's business activities cannot be established within the one-month period allowed, the Scheme Agent must issue the Premium Calculation forms and Premium Demand at the highest classification rate indicated (given all the information available), in accordance with the IPO – eg. Schedule 3, clause 2(2) of the IPO 2005/06.

A Scheme Agent must notify the Employer, in writing, advising that:

- (a) the Premium Calculation forms and Premium Demand have been issued at the higher classification
- (b) additional information is required to accurately determine the business activity
- (c) when further information is received the classification may be amended.

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If the Wage declaration is received before the Premium is due, the information on the declaration must be used in assessing the classification.

**Employers with a basic tariff Premium greater than \$3,000**

If the business activities of an Employer with a basic tariff Premium greater than \$3,000 have not been established within one month of receipt of the Wage declaration, and the deposit instalment was paid in full by the due date, a Scheme Agent has up to three months from the commencement date of the current renewal period to issue the Employer with the Premium Calculation forms and Premium Demand.

To ensure the first instalment payment date is not affected, the Premium Calculation forms and Premium Demand must be issued to the Employer within three months from the commencement date of the current renewal period.

**Scenarios**

The following examples with a 30 June commencement date illustrate the correct procedures.

**Example 1**

- (a) Declaration received on 20 August but information on declaration indicates classification rate may need amendment.
- (b) Premium debit is 31 August (as per statutory date).
- (c) One month to obtain additional information – ie. by 20 September.
- (d) If information is not obtained by 20 September, issue Premium Calculation forms to the Employer using highest classification rate indicated.
- (e) If the Employer has a basic tariff Premium greater than \$3,000 and the deposit instalment has been paid in full, the date for issuing Premium Calculation forms to the Employer is extended to 30 September.
- (f) Send Premium Calculation forms, Premium Demand and explanatory letter to the Employer.
- (g) Adjust classification, if appropriate, when additional information is received.

**Example 2**

- (a) Declaration not received by 31 August.
- (b) Premium debit is 31 August (as per statutory date).
- (c) Information on file indicates classification may need amendment.
- (d) One month to obtain additional information – ie. by 30 September.
- (e) If information is not obtained by 30 September, issue Premium Calculation forms and Premium Demand to the Employer using highest classification rate indicated.
- (f) Send Premium Calculation forms, Premium Demand and explanatory letter to the Employer.
- (g) Adjust classification rate, if appropriate, when additional information is received.

**Example 3**

- (a) Declaration received on 18 July but information on declaration indicates classification rate may need amendment.
- (b) Premium debit is 31 August (as per statutory date).

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- (c) Scheme Agent has one month to obtain additional information – ie. by 18 August.
- (d) If information is not obtained by 18 August, issue the Employer with the Premium Calculation forms and Premium Demand using highest classification rate indicated.
- (e) If the Employer has a basic tariff Premium greater than \$3,000 and deposit instalment has been paid in full, issue the Employer with the Premium Calculation forms by 30 September.
- (f) Send Premium Calculation forms, Premium Demand and explanatory letter to Employer.
- (g) Adjust classification, if appropriate, when additional information is received.

### **Example 4**

- (a) Declaration not received by 31 August.
- (b) Premium debit is 31 August (as per statutory date).
- (c) Information on file indicates classification may need amendment.
- (d) Obtain additional information within one month – ie. by 30 September.
- (e) Although information on file indicates the classification may need amendment, it may not warrant issuing Premium Calculation forms at an amended classification.
- (f) If information is not obtained by 30 September, issue the Employer with Premium Calculation forms using existing classification.
- (g) Send Premium Calculation forms, Premium Demand and explanatory letter to Employer.
- (h) Adjust classification, if appropriate, when additional information is received.

### **References**

*Workers Compensation Act 1987*, section 155, 168, 169

Workers Compensation Regulation 2003, clauses 130, 131, 142, Form 3

Insurance Premiums Order

Deed, Schedule 2, clauses 2.1.2, 2.1.3

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