



How is my Workers compensation premium affected by a claim?

As of 01/01/2006 employers will be categorised by WorkCover as:

Small employers if they have a basic tariff premium of \$10,000 or less or wages of \$300,000 or less

- Small employers premiums are not adjusted for claims experience
- Claims excess payment will be waived for early reporting of an injury (within five days of being aware)

$$\text{Premium} = \text{Basic Tariff Premium} = \text{wages} \times \text{WIC rate}$$

(Workcover Industry Classification Rate)

Note – employers are advised to check with their insurer each year what the definition of wages includes because it can change.

Note – if you were to progress from a ‘small employer’ to ‘medium employer’ due to expansion (increased wages) – claims experience will be taken into account when the premium is calculated.

Medium employers if they have a basic tariff premium of more than \$10,000 but less than or equal to \$500,000 and wages of more than \$300,000

- claims experience directly affects premium

Large employers if they have a basic tariff premium that is more than \$500,000

- claims experience directly affects premium

$$\text{Premium} = \text{Basic Tariff Premium (adjusted for size)} + \text{Experience Premium (adjusted for size)}$$

$$\text{Experience Premium} = \frac{\text{Basic Tariff Premium} \times \text{Employers claims cost rate}}{\text{Industry claims cost rate}}$$

The following caps also apply to protect employers from significant experienced based premium increase:

Size of employer

(measured by basic tariff premium)

Cap on premiums,

ie premiums can be no greater than

Basic tariff premium <\$50,000 1.5 times basic tariff premium

\$50,000< Basic tariff premium <\$150,000
2 times basic tariff premium

\$150,000>Basic tariff premium <\$300,000
2.5 times basic tariff premium

What does all this mean for business owners?

Size of employer (measured by basic tariff premium)	Cap on premiums, ie premiums can be no greater than
Basic tariff premium <\$50,000	1.5 times basic tariff premium
\$50,000< Basic tariff premium <\$150,000	2 times basic tariff premium
\$150,000>Basic tariff premium <\$300,000	2.5 times basic tariff premium

- Claims cost impacts on larger employer premiums directly through the experience premium.
- Claims cost impacts on smaller employer premiums through the Workcover Industry Classification (WIC) rate.
- Data shows smaller producers have less claims but a higher average claims cost.
- For small industries every claim is a significant contributor.
- Effective injury management across your industry will make a difference to the Workcover Industry Classification rate and benefit all pig producers.

