Actevate

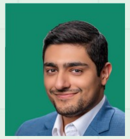
Proven Ways to Reduce your Workers Comp Premiums

Understanding your premium, managing claims and getting the most from your insurer

Facilitated by Robert Migliore

Founder & Director, Actevate

Speakers

Actevate

Australia's employer-preferred partner for evidence-based Return to Work, Workers Compensation, and Injury Prevention.

20+ years supporting businesses nationwide across the end-to-end employee lifecycle.

Trusted by HR and safety teams at 600+ leading companies to prioritise employee wellbeing.

Meet the Speakers

Robert Migliore
Founder & Director, Actevate

Amin Atighpour
Workers' Comp Specialist

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Download your glossary of key terms

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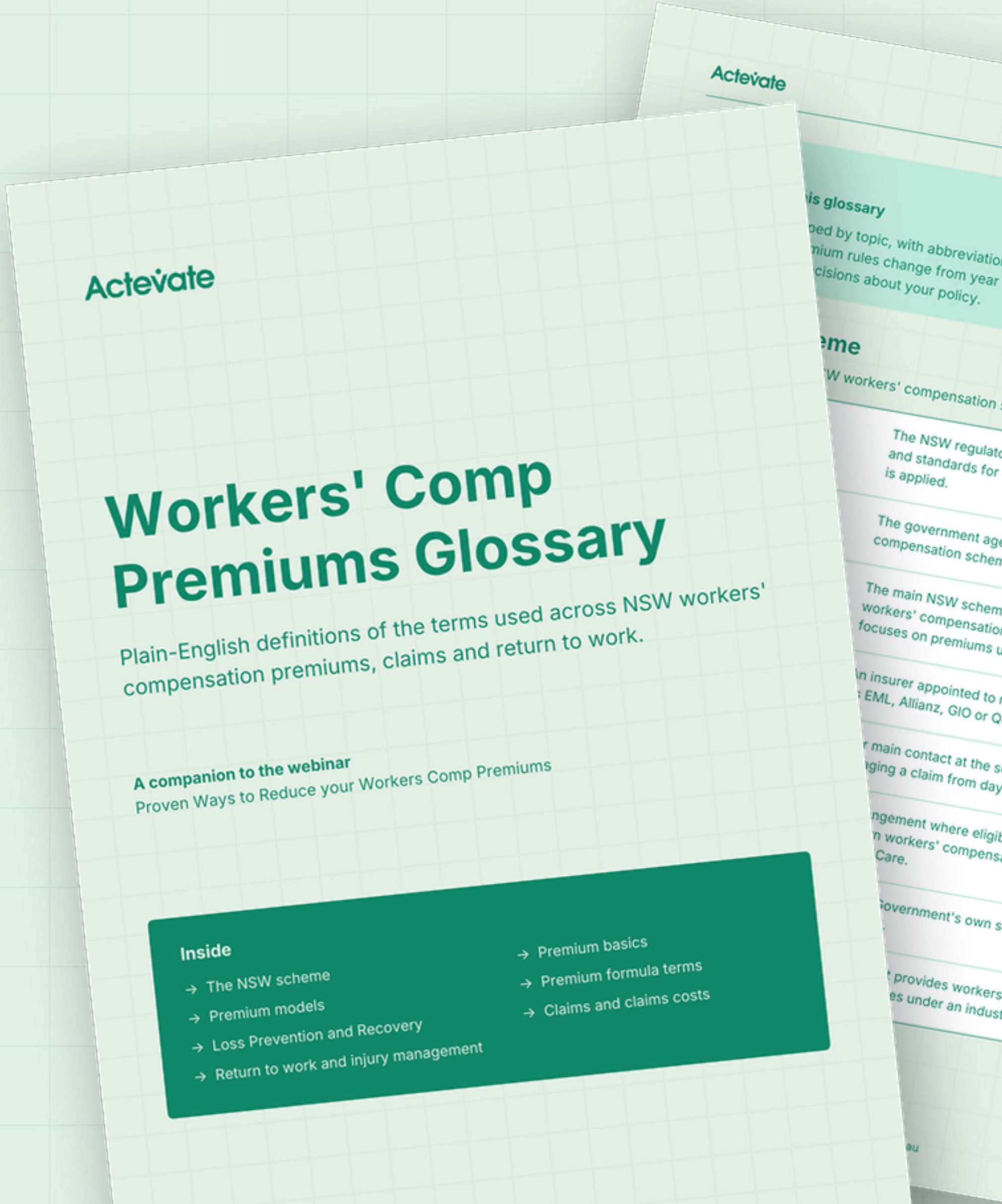
or visit actevate.com.au/
workers-comp-premiums-glossary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Workers' Comp Premiums Glossary

Plain-English definitions of the terms used across NSW workers' compensation premiums, claims and return to work.

A companion to the webinar
Proven Ways to Reduce your Workers Comp Premiums

Inside
- The NSW scheme
- Premium models
- Loss Prevention and Recovery
- Return to work and injury management
- Premium basics
- Premium formula terms
- Claims and claims costs

What we will cover

Understanding the scheme

- → The structure of the NSW scheme and who does what
- → The four workers' compensation arrangements
- → Where your business sits, and why that matters

NSW workers' compensation: the big picture

→ Prior to 2015, WorkCover performed the key functions of the scheme

→ From 2015, those functions were separated across different entities

01	**NSW Government**	Establishes the legislative framework: the Workers Compensation Act 1987 and the Workplace Injury Management Act 1998.
02	**SIRA: State Insurance Regulatory Authority**	Regulates the system, sets the rules, standards and regulatory requirements, and oversees how the legislation is applied.
03	**iCare: Insurance and Care NSW**	Manages the NSW scheme as nominal insurer, with claims managed through appointed scheme agents.
04	**Scheme Agents: EML, Allianz, GIO, QBE and Gallagher Bassett**	Manage claims on behalf of iCare.

iCare does not personally manage every claim. Scheme agents do that on its behalf.

The four workers' compensation arrangements

01.

Nominal Insurer

The main NSW scheme for employers who take out workers' compensation insurance through iCare.

02.

Self-Insurance

Eligible employers manage and fund their own workers' compensation liabilities.

03.

Treasury Managed Fund

The NSW Government's own self-insurance arrangement.

04.

Specialised Insurers

Industry-specific arrangements for certain sectors.

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Today's focus: Nominal Insurer → iCare → employer premiums. Small, medium and large employers can all sit within the nominal insurer arrangement, but the premium model that applies to each of them can differ.

How your premium is calculated, how claims impact it, and how you reduce that impact

How your premium works

- → Average Performance Premium, the starting point for every premium
- → The conventional model for small employers
- → The experience-rated model for medium and large employers
- → Which claims costs actually count

Understanding your premium

Average Performance Premium

$$APP = \text{Total Wages} \times \text{WIC Rate}$$

Your Workers' Compensation Industry Classification reflects the risk profile of your industry.

Your WIC rate reflects your industry

→ Higher-risk industries attract higher WIC rates

→ Lower-risk industries attract lower WIC rates

Your starting point

Total wages → WIC classification → APP. The APP is the foundation for determining your premium, before any claims adjustment is applied.

Small employers: the conventional model

For employers with an APP below $30,000.

P Premium	=	APP	+	D	+	M	−	SER	−	PD	−	A	+	Q	+	CCC
		Average Performance Premium		Dust diseases contribution		Mine Safety Fund Premium adjustment		Safe Employer Reward		Performance discount		Apprentice incentive discount		Premiums adjustment contribution*		Catastrophic claims contribution

*Plus iCare incentives and charges

- → Premium is primarily based on the APP
- → Individual claims performance does not directly adjust the premium through the experience-rated model
- → Employers are not individually compared against scheme performance in the same way as experience-rated employers

Actevate Tip

This does not mean claims don't matter

Claims still matter to the overall scheme. What changes is that an individual employer's claims experience isn't directly used to calculate their premium in the way it is for experience-rated employers.

Your claims performance does not directly determine your premium under this model.

Medium and large employers: experience-rated

For employers with an APP above $30,000.

$$P = (APP \times CPA) + D + M - SER - PD - A + Q + CCC$$

P	Premium
APP	Average Performance Premium
CPA	Claims Performance Adjustment
D	Dust diseases contribution
M	Mine Safety Fund Premium adjustment
SER	Safe Employer Reward
PD	Performance discount
A	Apprentice incentive discount
Q	Premiums adjustment contribution
CCC	Catastrophic claim contribution

CPM

Claims Performance Measure

Your claims costs over the relevant three-year period, relative to your APP over that same period.

SPM

Scheme Performance Measure

Reflects the performance of the broader scheme rather than your own results.

CPA

Claims Performance Adjustment

The CPM and SPM feed into the adjustment that is then applied to your premium.

Under this model your claims performance can directly influence your premium.

Which claims costs impact an experience-rated premium?

Premium-impacting claims costs include:

Weekly compensation payments

Whole Person Impairment (WPI) payments

Common Law and Work Injury Damages (WID) payments

The longer a claim remains open and the more costly that claim becomes, the greater the potential impact on your premium.

Reduce unnecessary claim costs and you reduce the potential premium impact.

Loss prevention and recovery

→ How the LPR model works for large employers

→ The broader range of costs that count

→ What is excluded, and why correct coding matters

Large employers: Loss Prevention and Recovery

For employers with an APP above $500,000, eligible employers may have the opportunity to participate in the LPR model.

P Premium = **Deposit premium** (Paid at renewal, based on APP) + **24-month adjustment** (Cost of claims × AF1) + **36-month adjustment** (Cost of claims × AF2) + **48-month adjustment** (Cost of claims × AF3)

How is LPR different?

→ The Scheme Performance Measure does not apply as it does under the experience-rated model
→ Your own claims performance has a much more direct impact
→ Adjustments can move the premium up or down
→ Positive claims performance can result in a lower premium or a credit
→ Poor claims performance can significantly increase the premium

Actevate Tip

Choose your claim limit carefully

You select a $350,000 or $500,000 large claim limit at the start of each policy period. The lower limit carries higher adjustment factors, and they stay fixed for all four years.

Under LPR, claims management is directly connected to your premium outcome.

LPR: how your premium is adjusted over time

Each policy year starts with a deposit premium, then it is adjusted at 24, 36 and 48 months after renewal.

Year 0	Year 1	Year 2	Year 3	Year 4
Policy year 1 Deposit		**Policy year 1** 24-month adjustment	**Policy year 1** 36-month adjustment	**Policy year 1** 48-month adjustment
	Policy year 2 Deposit		**Policy year 2** 24-month adjustment	**Policy year 2** 36-month adjustment
		Policy year 3 Deposit		**Policy year 3** 24-month adjustment
			Policy year 4 Deposit	
				Policy year 5 Deposit

Calculation	After renewal	$350k limit	$500k limit
First adjustment (AF1)	24 months	**3.05**	**2.91**
Second adjustment (AF2)	36 months	**2.61**	**2.46**
Third adjustment (AF3)	48 months	**2.61**	**2.46**
LPR minimum premium (AFmin)	N/A	**1.70**	**1.40**

Actevate Tip

Each policy year keeps being adjusted for up to four years, so a poorly managed claim can follow your premium long after it is lodged.

LPR: what claims costs impact your premium?

Under LPR the range of premium-impacting costs is considerably broader.

Premium-impacting costs include

- → Weekly compensation
- → Medical treatment
- → Rehabilitation
- → Legal costs
- → Permanent impairment
- → Common law and work injury damages
- → Investigation costs
- → Estimates and reserves

Actevate Tip

Estimates and reserves are included, so an open claim can lift your premium before the money is paid.

Every dollar can matter. The adjustment mechanism amplifies the impact of claims costs.

LPR: what claims costs are excluded?

Excluded costs

- → Away from work recess claims
- → Interpreter expenses
- → Medical Services Panel costs
- → Claims excess
- → Journey claims (not work-related)
- → New employment assistance payments
- → Education and employment assistance payments
- → Estimated recoveries
- → Not at fault CTP claims (with police report)
- → Costs exceeding the large claim limit
- → COVID-19 (contracted in the workplace)

Actevate Tip

Why correct coding matters

If a claim qualifies for an exclusion, the classification applied by your insurer decides whether those costs land in your premium calculation. Correct classification → excluded costs → lower premium impact.

Case study

In one recent review, we identified a claims coding issue with a journey claim that was having a significant impact on a client's premium calculation. A relatively simple correction resulted in approximately $168,000 in savings.

Check that the insurer has correctly identified and coded the claim.

How to save on your premium

- → Claims management is premium management
- → Prevention starts before the claim
- → Getting the most from your insurer
- → When to collaborate, and when to escalate
- → Using your feedback as a tool

How can you reduce your premium impact?

Claims management is premium management.

- → Suitable duties
- → Early intervention and early rehabilitation
- → Proactive return-to-work planning
- → Early upgrades
- → Effective initial liability management
- → Timely investigations
- → Active claims reviews

- → Identify potential exposure early
- → Conduct timely investigations
- → Preserve relevant evidence
- → Review incident reports
- → Review procedures and training
- → Identify potential risk-control issues
- → Don't wait until a claim escalates

Be proactive rather than reactive.

Prevention starts before the claim

Premium management is not just claims management. Where you invest before an injury occurs shapes everything that follows.

Invest in

- → Pre-employment checks
- → Mental health training
- → Employee Assistance Program (EAP)
- → Work Health and Safety (WHS) audits
- → Suitable duties register
- → Review internal workers compensation processes
- → Dedicated RTW coordinator
- → Preferred rehabilitation provider

The best claim is the one you prevent.

Getting the most from your insurer

Your case manager is your key point of contact, and no two case managers are the same.

Case managers differ in their

- → Levels of experience and professional background
- → Technical knowledge of the scheme
- → Understanding of your business
- → Understanding of premium implications

Set expectations early and agree on

- → Weekly, fortnightly or monthly claims updates
- → Regular claims reviews
- → Clear actions and clear timeframes
- → Escalation pathways and accountability

Don't just wait for the insurer

- → Share information early, ask questions, set expectations and follow up on agreed actions

Collaborate with your insurer

You and your insurer are working toward the same outcome.

Focus on

- → Early communication
- → Sharing information
- → Suitable duties
- → Early rehabilitation
- → Return to work
- → Proactive claims management
- → Clear expectations

Actevate Tip

Watch the premium impact, not just the claim

The case manager may be focused on managing the claim in front of them. It is imperative to understand and remind them of the potential premium impact of the decisions being made along the way.

Employer + insurer → better claim outcomes → better worker outcomes → lower claim costs

When to escalate

Collaboration does not mean accepting poor outcomes.

Case Manager

Team Leader or Manager

CSP Choice (Claims Service Provider)

Escalate when

- → Agreed actions aren't being completed
- → Communication isn't adequate
- → Claims are not progressing
- → Important information isn't being considered
- → You aren't receiving the service you agreed upon

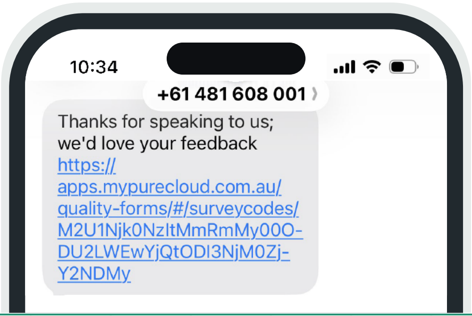
Escalate for better outcomes, not simply out of frustration.

Use your feedback as a tool

Your feedback is one of the levers you have to influence the service you receive.

Use the channels available

- → Post-call surveys
  - Customer satisfaction feedback
  - First Call Resolution feedback
- → Policyholder and employer surveys
- → Regular claims reviews



If something isn't working

- → What happened?
- → Why was it a problem?
- → What would you like to see happen?

Don't forget positive feedback

- → Builds trust
- → Strengthens relationships
- → Encourages good performance
- → Supports collaboration

Feedback, given well, changes the service you get on the next claim.

Building your own capability

- → Investing in workers' compensation capability
- → A proactive strategy end to end
- → Key takeaways

Invest in your workers' compensation capability

Workers' compensation is complex, and employers are expected to understand all of it.

Employers need to understand

→ Premium models and premium impact
→ Claims costs and liability
→ Investigations and reporting requirements
→ Return to work and insurer processes
→ WHS and prevention

A dedicated resource can help you

→ Lodge and track claims, and meet reporting requirements
→ Monitor claim progression and liaise with insurers
→ Monitor suitable duties and drive return to work
→ Review claims and identify premium-saving opportunities
→ Hold insurers accountable

Internal resource → dedicated workers' compensation or RTW resource → external specialist

Small investments in capability can create significant savings.

Bringing it all together

A proactive workers' compensation strategy runs on a loop.

01.
Prevent

- Pre-employment checks
- Mental health training
- EAP
- Work Health and Safety (WHS) audits

02.
Respond early

- Report promptly
- Investigate
- Establish liability
- Suitable duties
- Early rehabilitation

03.
Manage

- Monitor injured workers
- Collaborate with the insurers
- Review premium impact

04.
Challenge

- Ask questions
- Provide feedback
- Escalate when necessary
- Hold insurers accountable

05.
Review

- Review your claims
- Review your premium
- Identify trends
- Make improvements

Review feeds back into prevention. The employers who do this well treat it as an annual cycle tied to their premium review.

5 key takeaways to remember

01	**Know your premium model**	Understand how your premium is calculated.
02	**Know which costs matter**	Not every claim or claims cost impacts your premium in the same way.
03	**Be proactive**	Early intervention, suitable duties, rehabilitation and investigations make a significant difference.
04	**Manage your insurer relationship**	Set expectations, communicate regularly, give feedback and escalate when necessary.
05	**Invest in capability**	Having someone actively managing your workers' compensation interests can deliver significant value.

Your premium isn't just a cost. It is something you can actively influence.

Case studies

Recent client outcomes, with identifying details removed.

$990,000

saved over three years

Classification and grouping

The employer had been given the wrong industry classification. The premium appeal corrected it and also removed one of its companies from grouping.

$240,000

saved in premiums

Motor vehicle recovery

A motor vehicle claim where the worker was not at fault had pushed the premium up. After investigation and appeal, the insurer recoded the claim as a 100% full recovery.

$300,000

saved over three years

Incorrect premium data

The data used to calculate the employer's premium was wrong. The appeal went back three years to have it corrected.

Q&A

Please post your questions in the chat

Thank you for joining us today.

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