

# Introduction to Workers' Compensation

New South Wales Scheme



# Agenda

1. Introduction to StateCover
2. What is insurance?
3. Overview of the NSW Workers' Compensation Scheme
4. Compensable injuries
5. Compensation payable
6. Typical claims life cycle
7. Workplace injuries vs non-workplace injuries





Introduction to  
StateCover

# About StateCover

StateCover Mutual is the only specialist provider of workers compensation, safety and wellbeing solutions tailored to the unique and evolving needs of NSW local government, with expertise honed over more than 20 years.

As a mutual, we are an organisation owned by Members and run for Members, with any surpluses reinvested into the mutual to benefit Members.



We operate with this underlying philosophy and within the frameworks of specialised insurers licensed by the State Insurance Regulatory Authority (SIRA) and general insurers approved by the Australian Prudential Regulation Authority (APRA).

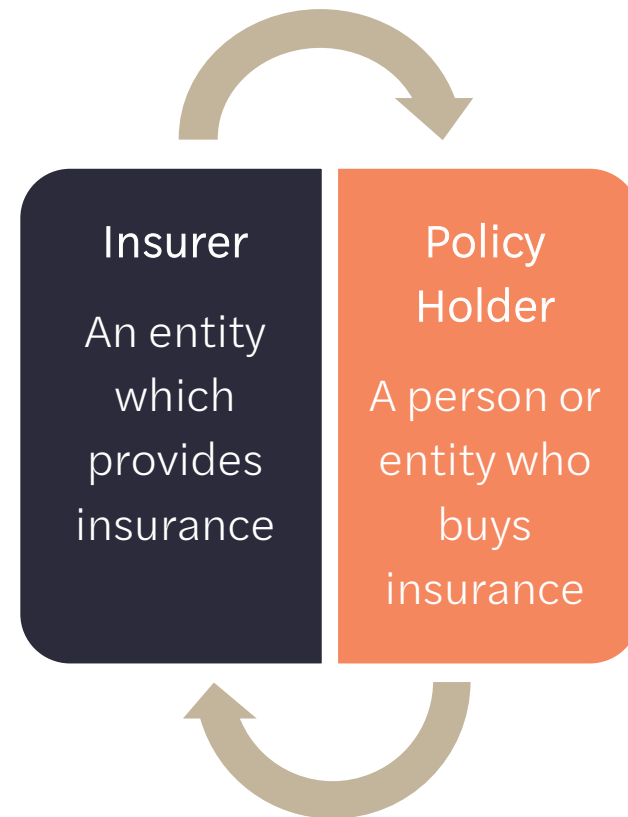
We are proud to work in partnership with our 132 Member partnerships keeping more than 37,000 people safe, well and working.



What is insurance?

# What is insurance?

- Insurance is a means of protection from financial loss in exchange for a fee.
- A party agrees to compensate another party in the event of a certain loss, damage, or injury.
- A contract of insurance usually involves two parties:



# What is insurance?

## Section 155, Workers Compensation Act 1987

All employers are required to purchase workers' compensation insurance to cover potential liability to pay compensation or damages to workers who are injured at work.

### Insurance Policy

Insured receives a contract, called the **insurance policy**, which details the conditions and circumstances under which the insurer will compensate the insured.

### Premium

The amount of money charged by the insurer to the policyholder for the coverage in the insurance policy is called the **premium**.

### Reinsurance

The insurer may hedge its own risk by taking out **reinsurance**, whereby another insurance company agrees to carry some of the risks, especially if the primary insurer deems the risk too large for it to carry.

# Types of Insurers

There are three main types of insurers that operate in the workers' compensation scheme in NSW:

## 1. Nominal Insurer

- Nominal Insurer is the primary insurer for workers' compensation in NSW.
- icare acts for the Nominal Insurer and exercises the functions of the Nominal Insurer as required by the NSW workers' compensation legislation.
- 6 providers that act on behalf of icare.





# Types of Insurers

There are three main types of insurers that operate in the workers' compensation scheme in NSW:



## 2. Self Insurers

- Self-Insurers are licenced to manage their own claims.
- They are obliged to retain sufficient funds in protected reserve to cover current and projected liabilities for payments of compensation and the administrative costs of claims.

# Types of Insurers

There are three main types of insurers that operate in the workers' compensation scheme in NSW:

## 3. Specialised Insurer

- Specialised Insurers are licensed to cater for particular industries or employer groups.
- StateCover is classified as a specialised insurer providing insurance coverage for local government (our Members).





# Overview of the NSW Workers' Compensation Scheme

# Overview of NSW Workers' Compensation Scheme



## State Insurance Regulatory Authority (SIRA)

The regulatory body for the NSW scheme. Its role is to monitor and enforce insurance and compensation legislation in NSW.



## Independent Review Office (IRO)

Find solutions for persons injured at work or in motor vehicle accidents with complaints about their insurers. Conduct inquiries into matters arising in connection with the workers' compensation and motor vehicle accident legislation.



## Personal Injury Commission ("PIC" or "The Commission")

An independent statutory tribunal within the New South Wales justice system, committed to providing a transparent and independent dispute resolution service. Resolving disputes justly and efficiently in the shortest time frame is a priority.

# Overview of NSW Workers' Compensation Scheme



## Workers Compensation Act 1987 (the 1987 Act)

An Act to provide for the compensation and rehabilitation of workers in respect of work-related injuries.



## Workplace Injury Management and Workers Compensation Act 1998 (the 1998 Act)

An Act to provide for the effective management of work-related injuries and injury compensation for workers in respect of such injuries, and for other purposes.



## Workers Compensation Guidelines

Sets the requirements for insurers, workers, employers and other stakeholders. The guidelines are supported by SIRA's Standard of Practice.

# Overview of NSW Workers' Compensation Scheme



## SIRA Standards of Practice

SIRA Standards of Practice set (Standards) - the expectations for insurer claims administration.



## SIRA Customer Service Conduct Principles

These principles, developed by SIRA, are to ensure that those who experience an injury are provided with fair, timely, respectful, inclusive, and appropriate services by their insurer.

# Compensable Injuries



# Elements of a compensable injury



Must be a worker



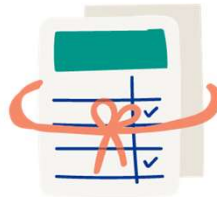
Arise out of or in the course of employment



Deemed date of injury



Sustain an injury



Employment be a substantial or the main contributing factor



Covered by workers' compensation insurance policy





# Compensation Payable

## Pre-Injury Average Weekly Earnings (PIAWE)

If a worker is entitled to weekly payments, the insurer must start provisional weekly payments within 7 calendar days of initial notification of injury, unless there is a reasonable excuse not to.



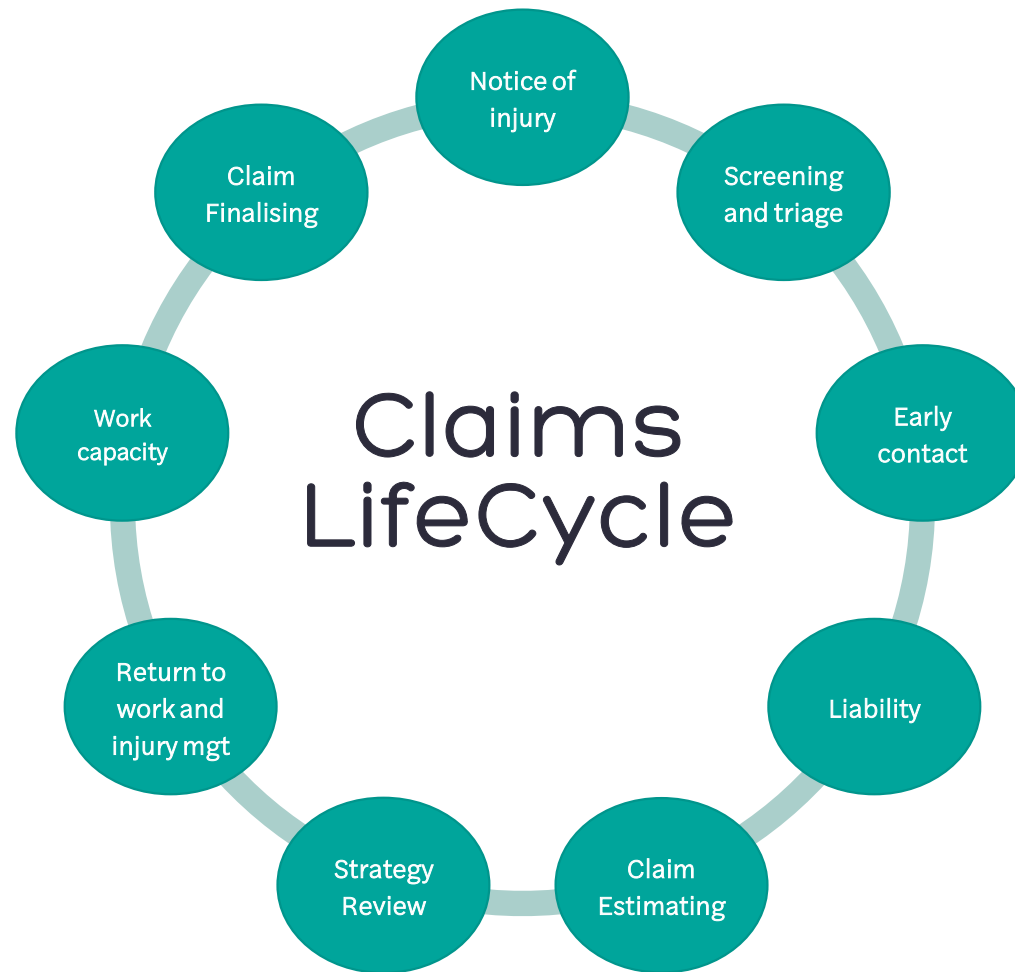
## Definition of PIAWE

- PIAWE is the weekly average of gross earnings received by the worker at the time of the injury.
- The workers earnings in the relevant period prior to the injury are used to calculate the pre-injury average weekly earnings (PIAWE).
- The relevant earning period is a maximum of 52 weeks prior to the injury unless an adjustment is applied.

$$\frac{\text{Gross Earnings \$}}{\text{Relevant Earning Period (weeks)}} = \text{PIAWE}$$

# Claim Lifecycle





# Workplace Injuries V Non-Work- Related Injuries



## The goal

An employer should assist the worker with a safe and effective return to work arrangement.



# Key Employer Actions: Early Intervention

- Early intervention is the key to effective injury management, recovery from injury and positive health and work outcomes.
- Identifying risk factors that may delay recovery.
- Establish injury management strategies that facilitate recovery at work.



## Key Employer Actions: Case Conferencing

- Bring together the worker, the nominated treating doctor and other parties such as the insurer, the employer and workplace rehabilitation providers.
- Facilitates discussion on how to deliver the best possible return to work outcomes for the worker.

## Key Employer Actions: Return to work plans



## Tips:

- Maintain contact with the injured employee throughout their absence.
- Ensure that the employee is assigned suitable and meaningful tasks with appropriate assistance.
- Review workplace set up and hours.
- Set a realistic RTW plan with achievable timeframes, in consultation with GP.
- Consider any job-related restrictions or limitations that could impact their safe return.
- Consider a *fitness for duty assessment* – assesses their ability to effectively and safely perform the inherent requirements of their role



Questions?

