

# Application for licence approval – Approved Insurers

## Workers Compensation Act 1951

### Application Form

The *Workers Compensation Act 1951* (the Act) empowers the Minister to license insurers to underwrite the ACT private sector workers' compensation scheme. This form must be completed, and supporting documentation attached, by any organisation seeking a licence under the Act.

#### ***Applicant Details***

<b>Applicant (organisation)</b>	
<b>Principal Officer (ACT office)</b>	
<b>Address of ACT office</b>	
<b>Date of application</b>	

#### ***Core competencies and Assessment Criteria***

Insurers who are granted a license under the Act are referred to as Approved Insurers and are subject to the conditions, obligations and requirements enshrined in the Act, the Workers Compensation Regulation 2002 and its subordinate instruments (the Regulatory Framework).

Those seeking approval as Approved Insurers must demonstrate core competencies across a range of areas including case management, decision making, customer service and dispute resolution, reporting and data quality and in respect of their understanding of, and compliance with, the Regulatory Framework.

The evidence provided in response to this application must demonstrate the insurer's ability to meet these core competencies and are assessed against the following criteria:

#### ***Financial solvency***

1. Ability to meet present and future claims under the Act for which the insurer is, or is expected to be, liable;
  - A. The application must include copies of the insurer's annual report and balance sheet (or, if either is not available, equivalent information) for each of the previous 3 years. These reports must relate to the legal entity which is making this application (i.e. the entity which is listed as the Applicant on this application). The annual report and balance sheet (or equivalent information) for the 2010/2011 financial year must be provided within 30 days of its finalisation by the entity seeking approval.
  - B. If the insurer provides evidence of the financial affairs of a parent company or evidence of the financial affairs of its national business, supplementary information must be provided which demonstrates the financial solvency of the insurer's ACT workers' compensation insurance operations. At a minimum, this includes a statement of financial solvency with respect to the entity making this application from the company's Chief Finance Officer.
  - C. The application must include a copy of the insurer's business plan – as it pertains to its workers' compensation operations in the ACT - for the forthcoming 3 year period.
2. Adequate reinsurance for a single event to cover the insurer's future liability under the Act;
  - A. The application must include copies of: the Reinsurance Management Strategy approved by APRA (including evidence of that approval), the Reinsurance Arrangements Statement and the Reinsurance Declaration document provided to APRA for the previous year.

### ***Physical connection to the ACT market***

3. The insurer has a place of business in the ACT with the necessary resources to ensure the effective and efficient management of claims;
  - A. The application must provide evidence of the location of the ACT premises for the insurer.
  - B. The application must include information regarding the resources in the ACT for discharging the insurer's obligations under, or for the purposes of the Regulatory Framework, including a summary of the number, skills, experience and qualification of persons:
    - a) Employed in premium setting;
    - b) Employed in claims management, including handling of disputes on claims;
    - c) Responsible for injury management;
    - d) Responsible for risk management advisory services.
4. If the insurer has, or is applying for, a corresponding approval—evidence of the approval or application.

### ***Compliance and audits***

5. Use and disclosure of information regarding the affairs and performance of the insurer;
  - A. The insurer must agree to allow the Minister (or delegate) to discuss its affairs and performance with Commonwealth or State Ministers responsible for workers' compensation or corporate or prudential regulation. Completion of this application and submission to WorkSafe ACT is deemed to be evidence of this agreement.
6. Participation in and payment of the costs of audits;
  - A. The insurer must agree to participate in, and pay the costs of, an audit to establish that the insurer has adequate resources to meet the insurer's current and expected liabilities under the Act. Completion of this application and submission to WorkSafe ACT is deemed to be evidence of this agreement.
  - B. The insurer must agree to participate in, and pay the costs of, an audit to establish that the insurer has complied with its obligations under the Regulatory Framework. Completion of this application and submission to WorkSafe ACT is deemed to be evidence of this agreement.
7. Continued satisfaction of obligations under the Regulatory Framework once approved;
  - A. The application must include a comprehensive description of the insurer's business process and service delivery model relating to:
    - a) Claims management:
      - i. Assessment of claim liability;
      - ii. Management of claims to assist injured workers return to health and work outcomes;
      - iii. Monitoring and assessing return to work outcomes (including process associated with personal injury plans);
      - iv. The involvement of external vocational rehabilitation services and providers;
      - v. Handling and resolving a dispute and/or complaint;
      - vi. Redemption of compensation benefits;
      - vii. Litigation management, including management of arbitration matters;

- b) Policy management;
  - i. Premium determination methodology broken down to identify: claim frequency, average claim size, average risk premium, claims handling expenses, reinsurance expenses, commission and brokerage costs, levy and other expenses, profit margin and average premium including and excluding GST;
  - ii. Insurer administration expenses;
- c) Compliance and the insurer's ACT workforce:
  - i. Data collection and supply;
  - ii. Training of the insurer's staff;
  - iii. Quality assurance, including the insurer's quality management plan, quality assurance, quality control and continuous improvement;
  - iv. Occupational health and safety for the insurer's staff;
  - v. Assessing an employer's compliance with obligations to declare correct wages;
  - vi. Assessing an employer's compliance with conditions of policy and obligations under the Act;
- B. A copy of the insurer's up-to-date injury management program;
- C. A summary of the number of employer wage audits conducted by the insurer over the previous 3 policy years and the outcome of those audits, including the criteria that the insurer applies to determine whether to conduct an audit.
- D. A summary of the information and/or services that the insurer provides to prospective clients to assist them to understand their obligations under the Regulatory Framework.
- E. The nature and extent of any outsourcing arrangements entered into or to be entered into by the Insurer in relation to their work as an Approved Insurer in the ACT, including the use of resources from the insurer's offices in other States/Territories.

### ***Timeframes and incomplete applications***

All application forms must be completed and submitted electronically to WorkSafe ACT by **3 October 2011** and/or by post to the following address:

Workers' Compensation WorkSafe ACT  
 GPO BOX 158  
 Canberra ACT 2601  
 Telephone: (02) 6207 3000  
 Fax: (02) 6205 0336  
 E-mail: workerscompensation@act.gov.au

The prescribed fees associated with an application for approval as an Insurer in the ACT are as follows:

Application fee	\$6659 (exclusive of GST)
Approval fee	\$6659 (exclusive of GST)

The Application fee must be paid prior to, or at the time, this application is submitted for consideration by WorkSafe ACT. Any applications submitted without payment will not be considered by the Regulator until the prescribed fees are paid. If the prescribed fees are not paid by **3 October 2011**, the application will be treated as incomplete and returned to the insurer. Applications that do not provide the information outlined by the

Assessment Criteria will also be regarded as incomplete and returned to the insurer without progressing to the Minister for consideration.

If a completed application is not returned to WorkSafe ACT by **3 October 2011**, along with payment of the above fees, the insurer will not be eligible to apply for a licence for the 2012-2015 period.

Insurers will be provided with a period of 30 days from the date their application is approved to pay the Approval Fee listed above.

## ***Administration***

Insurers applying for a licence are required to provide four complete applications that are tabbed and structured according to the Assessment Criteria. Each copy must be provided in a ringed binder (no bound copies).

## ***Appeal against a licence decision***

The following decisions made by the Minister under the Act and Regulation are reviewable decisions:

- Section 146 of the Act            refuse to approve insurer
- Section 70 of the Regulation    approve insurer for less than 3 years
- Section 79 of the Regulation    impose condition on insurer's approval
- Section 81 of the Regulation    suspend insurer's approval, amend conditions of insurer's approval or censure the approved insurer
- Section 82 of the Regulation    suspend or revoke insurer's approval, amend conditions of insurer's approval or censure the approved insurer

If the Minister makes a decision under one of the above provisions, the insurer in relation to which the decision is made may apply in writing to the Administrative Appeals Tribunal for review of that decision. The application for review must be made within 28 days after the insurer receives notice of the decision in dispute.

