ReturnToWorkSA

Policy on Self-insurance

July 2017

Version 1

# ReturnToWorkSA Policy on Self-insurance

## Background

Return to Work Corporation of South Australia (ReturnToWorkSA) considers applications for registration or renewal of registration made by self-insured employers under Part 9 of the Return to Work Act 2014 (the Act). It is also empowered to revoke or reduce the period of registration. In exercise of these powers ReturnToWorkSA has regard to such matters as it considers relevant as well as criteria listed in sub-section 129(11) of the Act.

## PURPOSE

Under sub-section 129(3) of the Act, ReturnToWorkSA may register applicant employers as self-insured employers where the Board is satisfied that the employer or employers constituting the group have reached a standard that, in the opinion of the Corporation, must be achieved before conferral of self-insured status can be considered and that in all the circumstances it is appropriate to do so.

## SCOPE AND APPLICATION

The Board considers that only fit and proper employers of significant size and the very highest levels of financial strength and resilience are positioned to deliver on the objects of the Act (as a self-insured employer).

The Board reserves the right to take into account matters it considers relevant and the matters specifically referred to in this policy are not exclusive.

### The characteristics of a business suitable for self-insurance are as set out below:

1. The business will be financially robust beyond being able to meet its immediate liabilities. The business will possess the following characteristics:

* able to meet its liabilities in the most trying of economic circumstances, (i.e. able to absorb shocks without the potential for compromised service delivery to workers who may rely on the services paid for by that employer pursuant to their obligations as a self-insurer). This includes but is not limited to:
* the capacity to be able to fund the deductible component of the mandatory excess of loss insurance policy in any economic circumstances
* The capacity to fund the lump sum payments (economic loss and non-economic loss) payable to non-seriously injured workers.
* able to comfortably carry ongoing liabilities on its balance sheet associated with insuring short-term and potential long-term liabilities associated with serious and catastrophic injury claims understanding that under the Act the medical treatment and care costs for these claims may no longer be redeemed.
* able to source the required bank guarantees. (The bank guarantee to be the greater of either the minimum prescribed amount or 150% of the actuarially assessed outstanding claims liability calculated according to ReturnToWorkSA guidelines).

1. The business will be of sufficient size:

* to enable sufficient expertise to be employed within the business to manage the responsible and compliant exercise of delegations
* to maintain and justify the infrastructure required to support and manage Work Health and Safety and Injury Management systems to meet specified standards and quality assure service provision.

1. The business will be a fit and proper employer or group to be granted the powers associated with becoming self-insured under the Act. The Board will have sole discretion in determining if a business is fit and proper for the purpose of this policy. Typically, this will include consideration of

* the employer’s conduct during application and renewal processes
* the employer’s conduct with respect to managing work health and safety matters in the workplace, providing services and support to people injured at work, providing suitable employment, managing and engaging service providers, and managing complaints and disputation
* consistency and reasonableness of the employer’s conduct in relation to the Objects and fundamental principles, rights and obligations outlined in the Act
* prosecutions for infringements under other federal or state laws
* the employer’s broader record with meeting corporate social responsibilities
* compliance with the legislative requirements of the Act.

The above list is not exclusive and the Board reserves the right to consider other such matters it considers relevant in determining if a business is considered fit and proper.

## Ongoing evaluation

The legislative obligations in the Act carry with them the requirement for ongoing demonstrable good governance for all parts of the system including self-insurers. In addition to assessments of applications and renewals for self-insurance, as part of its governance requirements, ReturnToWorkSA will continue to carry out proactive ongoing assessment of the performance of self-insurers between applications.

Among other things, this may include:

* evaluating compliance with the Service Standards prescribed in section 13 and Schedule 5 of the Act
* programs of ongoing evaluation and monitoring
* direct evaluation of processes, practices and service delivery by third parties engaged by self-insurers to deliver service on their behalf.
* confirming compliance with other legislative requirements of the Act.

It is expected that self-insurers will assist ReturnToWorkSA in carrying out these important governance activities.

ReturnToWorkSA will continue to engage constructively and openly with self-insurers and potential self-insurers to achieve the health benefits of work and ensuring the effective and economic operation of the Return to Work Scheme.



The following free information support services are available:

If you are deaf or have a hearing or speech impairment you can call ReturnToWorkSA on 13 18 55 through the National Relay Service (NRS) www.relayservice.gov.au.

For languages other than English call the Interpreting and Translating Centre on 1800 280 203 and ask for an interpreter to call ReturnToWorkSA on 13 18 55.

For braille, audio or e-text of the information in this brochure call 13 18 55.

**ReturnToWorkSA**

13 18 55

[info@rtwsa.com](mailto:info@rtwsa.com)

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