



Self-Insured Financial Requirements – Final Changes

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Aron Marchegiano

Technical Lead, Self-Insured Performance & Assurance

Self-Insured Services, ReturnToWorkSA

M: 0448 803 253

E: selfinsured@rtwsa.com

E: aron.marchegiano@rtwsa.com





We recognise that Aboriginal and Torres Strait Islander people are the First Peoples of Australia.

We acknowledge that we are meeting on the traditional lands of the Kurna people and we pay our respects to the Kurna people, and their Elders, past, present and emerging.

*Self-Insured Financial
Requirements Review –
Brief Background*

Self-Insured Financial Requirements Review

September 2023:

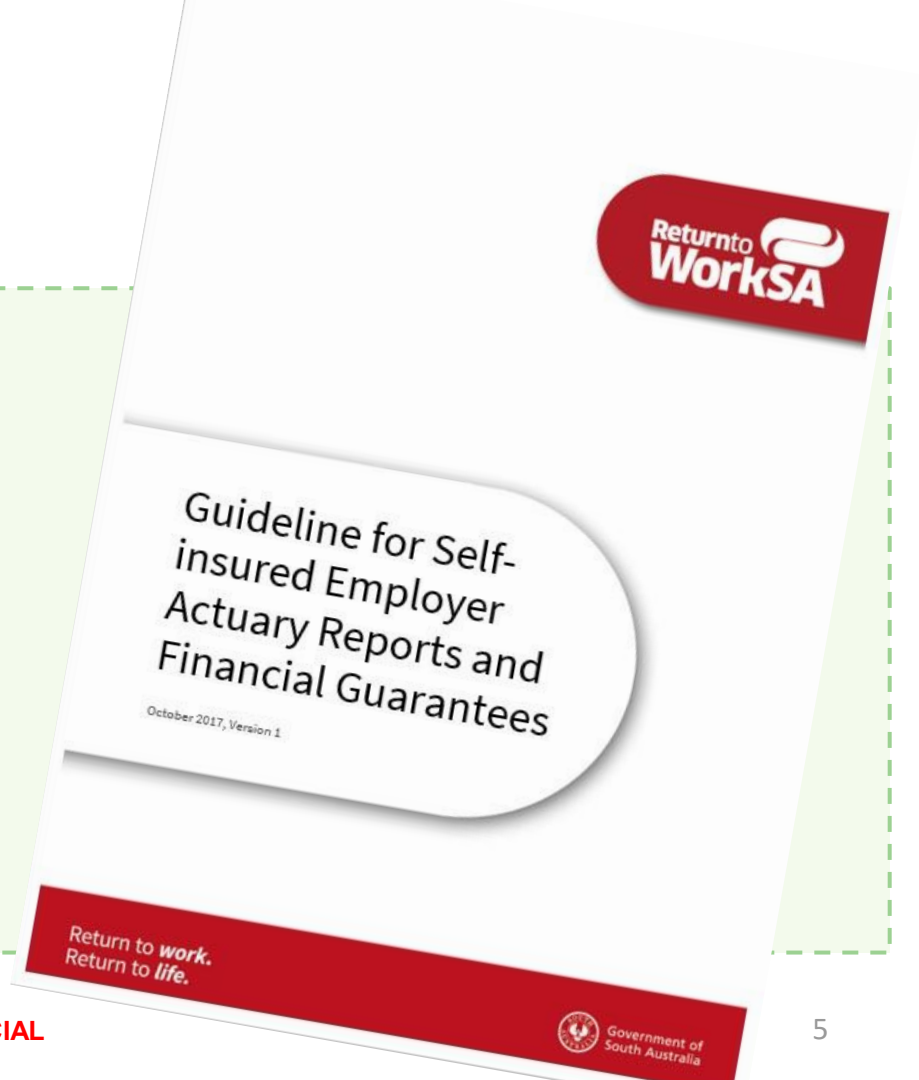
- *ReturnToWorkSA commenced an initial consultation on potential options for change to the Schedule 3 Financial Requirements.*

October 2024:

- *A further discussion paper was developed considering the feedback received, and a second consultation period commenced.*



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Self-Insured Financial Requirements Review

May 2025:

- *Board of the Return to Work Corporation endorsed the final changes*

September 2025:

- *Self-Insurer Code of Conduct changes gazetted to take effect from **1 January 2026***



Self-Insured Financial Requirements Review

August 2025:

- *Email sent to stakeholders with final versions of:*
 - *Actuarial Guidelines*
 - *Code of Conduct*
 - *Actuarial Valuation Appendices template*
 - *Explanatory Note*



Key Context

Noting RTWSA is a **workers compensation regulator**;

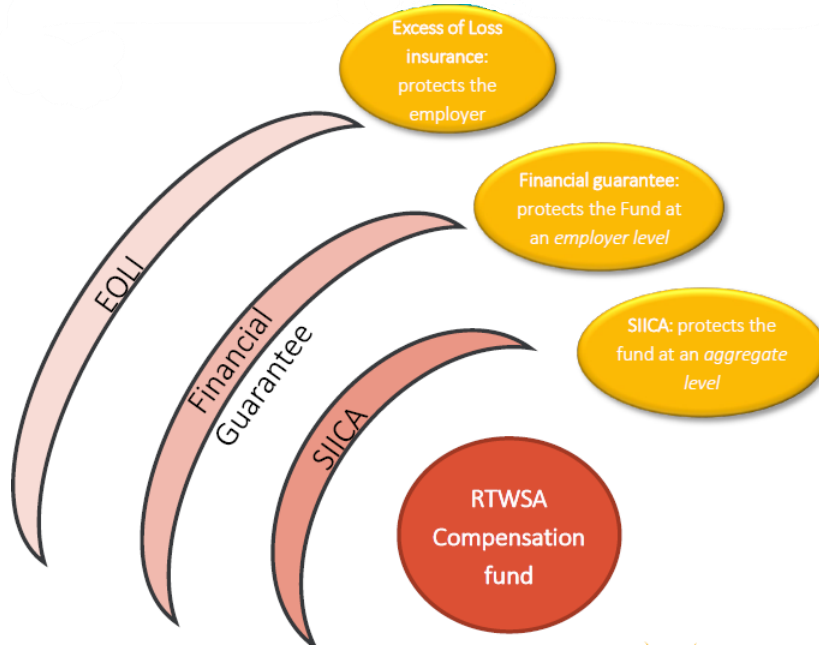
- In conducting the review of the Schedule 3 Financial Requirements, it is important to note that the financial requirements need to be considered as a 'package' as changing one element has a flow on impact to the others.
- The primary goal for all the requirements is **the protection of the Compensation Fund** but this must be balanced by ensuring they are **reasonable** and require a **fair contribution** from self-insurers.



Schedule 3 – how does it fit together?

Where does it fit in?

- **EOLI** – Protects the employer
- **Financial Guarantee** – Protects the Compensation Fund at the *employer* level
- **SIICA** – Protects the Compensation Fund at the *aggregate* level
- SIICA is the “**last line of defence**” protecting the Compensation Fund



*Element 1 –
Self-insured Insolvency
Contribution Aggregate
(SIICA)*

Self-Insured Financial Requirements Review

Feedback / requests that we did not proceed with:

- *Use any excess balance of the SIICA for several alternative uses*

Why?

- *No excess balance has been identified – current balance is sufficient*



Self-Insured Financial Requirements Review

Feedback / requests that we did not proceed with:

- *SIICA balance should be held separately from the Compensation Fund*

Why?

- *Legal advice identifies that the SIICA cannot be held separately from the Compensation Fund*



SIICA – Final Changes

Change 1

Board SIICA Determination September 2024 pauses the requirement for collection of the additional 1% from self-insured employers, effective 1 September 2024.

Change 2

Board SIICA Determination September 2024 reverts to applying investment income to the SIICA balance annually, rather than the Reserve Bank of Australia (RBA) cash rate.

Change 3

Internal ReturnToWorkSA processes updated to include assessment of the SIICA balance adequacy during the annual Self Insurance Fee process.

Actions Required By You

Change 1

Nothing required – already in place.

Change 2

Nothing required – already in place.

Change 3

Nothing required – process is in place, further communication to come.



SIICA questions?

*Element 2 –
Excess of Loss Insurance
(EOLI)*

Self-Insured Financial Requirements Review

Feedback / requests that we did not proceed with:

- *N/a, but clarification sought as to when/ how RTWSA could claim on EOLI policies*

Code of Conduct – updated wording:

- *“In the event the Self-insured employer ceases to be registered as a Self-insured employer and all or part of its liabilities are undertaken by ReturnToWorkSA, ReturnToWorkSA will claim the benefits for such liabilities otherwise payable to the former Self-insured employer in accordance with the terms and conditions of its EOLI policy, which notes the respective rights and interests of ReturnToWorkSA as a joint reinsured party”.*



EOLI – Final Changes

Change 4

Code of Conduct for self-insured employers updated to mandate ReturnToWorkSA as a beneficiary on EOLI policies.

Change 5

Code of Conduct for self-insured employers updated to require the provision of the EOLI policy (rather than just the Certificate of Currency) from self-insured employers, annually.

Actions Required By You

Change 4

- Ensure that at the first renewal of EOLI coverage occurring in 2026, the policy terms are updated to include RTWSA as a beneficiary on the policy.
- You are not obliged to alter existing policies.
- You may choose to enquire with your provider as to whether RTWSA can be added to historical EOLI policies. This is a matter for self-insured employers and insurance providers to discuss.
- RTWSA being listed on historical policies may have implications for the Financial Guarantee element. To be discussed further on.

Actions Required By You

Change 5

Provide a full copy of your EOLI policy at next renewal, not the Certificate of Currency.

Important Note

For compliance with the conditions of self-insurance - it is incumbent on self-insured employers to ensure that EOLI policies satisfy the requirements outlined in Point 1.8 of the Code of Conduct. Please review the wording of your policies with the insurance provider to ensure that this is the case.

EOLl questions?

*Element 3 –
Financial Guarantee
(FG)*

Self-Insured Financial Requirements Review

Feedback / requests that we did not proceed with:

- *Requests to reconsider the 'scaling factor' required for calculating the Financial Guarantee (currently 150%).*

Why?

- *The issue was closely examined with the scheme actuary and current scaling determined as appropriate. The current scaling level is consistent with that in place across other Australian jurisdictions. It is required to ensure coverage for the unknown (legislative change, unexpected claim behaviour change etc), not an issue of under-estimation by Actuaries.*



Self-Insured Financial Requirements Review

Please note:

- *There is a slight wording change in the Standard Bank Guarantee Format template and the Standard Insurance Bond Format template.*
- *Please ensure that the updated version is used from 1 January 2026 onwards.*
- *As per the EOLI, the updated version only needs to be used at the first renewal in 2026.*
- *Existing Financial Guarantees do not need to be updated.*



FG – Final Changes

Change 6

Financial Guarantee guidelines updated to only allow 'net' valuation for claims where the EOLI policy is provided and confirms ReturnToWorkSA as a beneficiary.

Change 7

Slight wording change in the Standard Bank Guarantee Format template and the Standard Insurance Bond Format template.



Actions Required By You

Change 6

- Review with your actuary when they calculate your next guarantee, in order to identify any EOLI impacted claims that may allow 'net' valuation to be used
- If you can proceed, provide RTWSA with a copy of the relevant EOLI policy and advise that you wish to us 'net' valuation in the calculation of the Financial Guarantee

Change 7

- Ensure your bank/financial institution uses the updated template from 1 January 2026 onwards for financial guarantee renewals
- Please note existing guarantees are not impacted

FG questions?

*Element 4 –
Liability Transfer Payments
(LTP)*

Self-Insured Financial Requirements Review

Feedback / requests that we did not proceed with:

- *Requests to reconsider the 'Net Premium Position' cap for acquisitions by existing self-insurers as they cannot influence past performance & are compelled to take the liability*

Why?

- *Removal of the NPP cap could potentially result in payments to an employer exceeding what the employer has paid in premiums. ReturnToWorkSA will not proceed with making additional liability payments for an employer that has already had a negative impact on the Compensation Fund.*



Self-Insured Financial Requirements Review

Feedback / requests that we did not proceed with:

- *Requests to reconsider the scaling factor used for LTP calculations (currently 150%) when exiting self-insurance (including sale of an entity).*

Why?

- *The LTP scaling factor of 150% for cessation of registration, was reviewed and has been assessed as necessary and appropriate given that there is a one-off assessment of liability.*
- *The current loading is also intended to deal with the risk of several sources of uncertainty, including unanticipated legislation/ case law changes (e.g Summerfield), claim behaviour changes, such as serious injury lodgement, lump sum and noise induced hearing loss claims.*
- *This is not an issue with actuarial valuations under-estimating future claim behaviour. It is related to the difficulty of accurately assessing future liabilities due to outside variables. For Serious Injury claims, these are low frequency, but potentially very high cost.*



LTP – Final Changes

Change 8 - Recommendation

Further investigation and review to be undertaken regarding ‘net’ valuation for Liability Transfer Payment calculations on cessation of self-insurance for claims only where the EOLI policy is provided that confirms ReturnToWorkSA as a beneficiary.

Actions Required By You

Change 8

- No action required at this time

LTP questions?

*Element 5 –
Changes to Guidelines
& Code of Conduct*

Self-Insured Financial Requirements Review

Outline of changes:

- *Updated reference to superseded actuarial standards from PS 300 to PS 302*
- *Standardised the format of the presentation of Financial Guarantee information in Actuarial Valuation reports*
- *Information to be provided in Actuarial Valuation reports outlining the changes in performance from the previous year, to provide a simplified summary of any differences (and reasons for this) in performance compared with what was predicted*
- *Provision of some calculations which will act as an indicator as to whether the Financial Guarantee provision is likely to be sufficient*



Self-Insured Financial Requirements Review

Outline of changes:

- *Requirement to advise in Actuarial Valuation reports where there is a discrepancy between the employer ledger and the online claim system, and detail how this discrepancy was accounted for*
- *Provision of a prescribed data file associated with the calculations in the Actuarial Valuation report, along with the report itself, to ReturnToWorkSA when a valuation is completed*
- *Some clarification on the requirements for reporting on the costs of Early Intervention programs*



Self-Insured Financial Requirements Review

Feedback seeking clarification:

- *Clarification was also sought regarding what type of information should be provided in actuarial valuation reports regarding Early Intervention Programs.*



Self-Insured Financial Requirements Review

Early Intervention Programs:

The Actuarial Guideline is updated as follows:

- *“The employer has an obligation to advise the actuary, and the actuary must enquire, and the report must state, whether the employer operates any program, whether it is recorded and described or is simply a practice, whereby any service or benefit is offered and/or provided without a claim for compensation having been or needing to be lodged, or else provided by the employer in such a way that costs are not recorded in the available claims data. The actuary must state in the report whether the injuries associated with the payments under this program would have had a material impact on the valuation result, if all injuries, and all costs, whether or not explicitly identified as non-work related injuries, had brought about a claim”.*



Self-Insured Financial Requirements Review

Early Intervention Programs:

Regarding the types of services that should be included or not, please note the following:

- *The cost of internal work rehabilitation programs that may not be recorded under the workers compensation system – **should be included***
- *Treatment provided by an Employee Assistance Program – **should NOT be included***
- *On-site physiotherapy provided to staff members – **should be included***

In the actuarial valuation report, if relevant, the total costs of Early Intervention Programs may be broken down by type, e.g:

- *\$X – annual cost of on-site physiotherapy available to staff*
- *\$Y – annual cost of internal work rehabilitation program*



Self-Insured Financial Requirements Review

Early Intervention Programs:

In regards to the requirement that the “actuary must state in the report whether the injuries associated with the payments under this program would have had a material impact on the valuation result, if all injuries, and all costs, whether or not explicitly identified as non-work related injuries, had brought about a claim” – the intention is that the actuary should estimate potential costs for all active participants included in an early intervention program, even if the injury is currently identified as non-work-related.

The reporting requirements for Early Intervention Programs are always on a reasonable basis. If information is unable to be identified (e.g. on-site physiotherapist where treatment numbers are not recorded), this should just be identified in the actuarial valuation report.

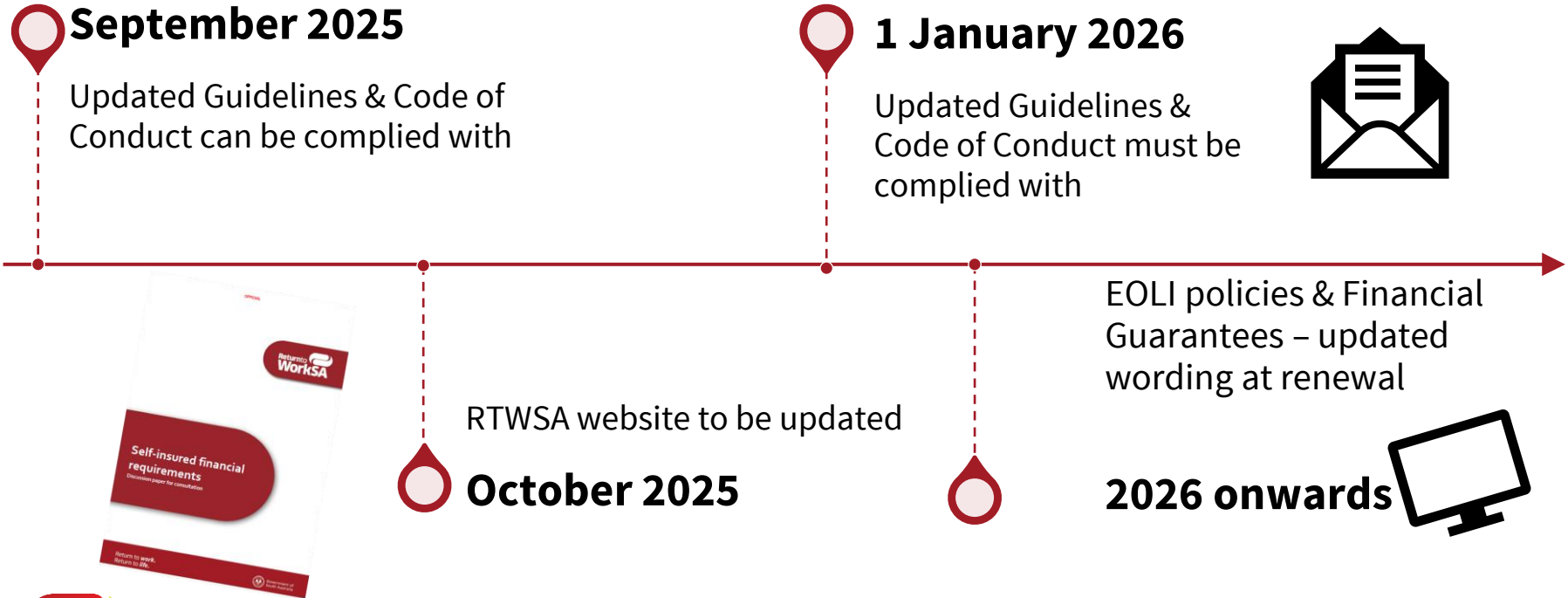


Element 5 questions?

Next Steps

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Next steps...



Final Questions?



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