

Group self-insurer:

Draft standard licence conditions

DRAFT

September 2016



DRAFT GROUP SELF-INSURER LICENCE
ISSUED PURSUANT TO
SECTION 211 OF THE WORKERS COMPENSATION ACT 1987

This licence is granted to ABN (the Licensee) for years commencing at 4.00pm on and ending at 4.00pm on

This licence is subject to:

- the conditions prescribed now and in the future by the Acts and any regulations, and
- the following additional conditions.

Additional conditions

In these licence conditions:

1987 Act means the *Workers Compensation Act 1987*.

1998 Act means the *Workplace Injury Management and Workers Compensation Act 1998*.

Acts means both the 1987 Act and the 1998 Act.

APRA means the Australian Prudential Regulation Authority established by the *Australian Prudential Regulation Authority Act 1998* and any successor authority.

Authority means the State Insurance Regulatory Authority.

Business Day means a weekday on which the Authority's head office is attended and open.

References to legislation other than the Acts includes any successor legislation and references to particular provisions of legislation which is replaced include references to the equivalent provisions in the successor legislation.

1. General

- 1.1 The Licensee shall act in accordance with all directions, guidelines and additional conditions of licence issued by the Authority.

2. Scope of Licence

- 2.1 This licence is granted to the licensee and extends to the wholly owned subsidiaries as named in Schedule 1 of this licence.

3. Conduct (NEW)

- 3.1 A self-insurer must conduct itself to the standards acceptable to the Authority and invest in its resources in order to provide sufficient, timely and accurate information for the Authority to effectively regulate the New South Wales workers compensation system.

3.2 *Fairness (NEW)*

- 3.2.1 The Licensee is to adhere to a business plan for its New South Wales workers compensation portfolio that has been developed and submitted in accordance with the requirements established by the Authority.

3.3 *Compliance (REPLACES OHS AUDIT REQUIREMENT)*

- 3.3.1 The Licensee must perform its workplace obligations and functions as an employer in accordance with requirements of the Work, Health and Safety Act 2011.

3.4 *Corporate information*

- 3.4.1 The Licensee must notify the Authority in writing within 5 Business Days of becoming aware of any change in the effective control of the Licensee or any change in the ownership of the Licensee exceeding 20% of its shareholding. In such an event the continuity of the Licence will be subject to review by the Authority.

- 3.4.2 The Licensee must notify the Authority in writing within 5 Business Days of any company which:

- (a) becomes a wholly-owned subsidiary of the Licensee and employs workers in New South Wales
- (b) is named on Schedule 1 of this Licence and is disposed of or is no longer a wholly owned subsidiary of the Licensee.

- 3.4.3 The Licensee must not enter into any transaction the effect or purported effect of which is to transfer the whole or any part of its New South Wales workers compensation liabilities without the Authority's prior written approval.

3.5 Significant matters (NEW)

The Licensee must formally notify the Authority of becoming aware of a significant matter providing such information as required within the time as directed by the Authority.

3.6 Claims information

- 3.6.1 The Licensee must provide to the Authority such data relating to claims as the Authority reasonably requires to carry out its functions under the Act. The Licensee shall ensure that such data is accurate and provided to the Authority within the time specified by prescribed regulations or as otherwise directed by the Authority.
- 3.6.2 The Licensee must provide to the Authority self-audit results of its data quality within a timeframe and in accordance with requirements established by the Authority. (NEW)

3.7 Contact

- 3.7.1 The Licensee must notify the Authority in writing within 5 Business Days of any change or vacancy in the senior management position responsible for its New South Wales workers compensation business or the senior management position with overall responsibility for workers compensation.

4. Management and administration of claims operations

- 4.1 The Licensee must perform its obligations and functions as a Licensed Self-insurer in accordance with commercially acceptable and professional standards and demonstrate performance in injury and claims management of a standard acceptable to the Authority.
- 4.2 The Licensee must provide to the Authority self-audit results of its injury and claims management performance within a timeframe and in accordance with requirements established by the Authority.
- 4.3 Before outsourcing the whole or any substantial part of any key operational functions the Licensee must obtain the Authority's prior approval. The Licensee must:
- (a) give the Authority notice in writing identifying the function, the organisation to which it is proposed to outsource the function and the terms of the outsourcing arrangement;
 - (b) satisfy the Authority that the Authority's powers and its ability to exercise them will not be actually or potentially impaired as a result of the proposed outsourcing and
 - (c) demonstrate to the Authority that the organisation to which it is proposed to outsource the function has the expertise and capacity to do so to a commercially acceptable standard.

Key operational functions are the following:

- (i) injury management
- (ii) claims management

(iii) information management and processing

and any other operational functions (being functions which relate to the statutory obligations of Self-insurers under legislation) from time to time notified by the Authority to Licensed self-insurers.

5. Financial ability

5.1.1 The Licensee must demonstrate ongoing financial viability and strength. The continuity of the licence is subject to review by the Authority if, in the opinion of the Authority, the financial position of the Licensee is such that it may make vulnerable the Licensee's ability to undertake its obligations as a self-insurer.

5.2 The Licensee must provide a copy of its annual report (including audited financial statements prepared in accordance with Australian Accounting Standards and the Corporations Act 2001) each financial year within a timeframe to be established by the Authority. If the Licensee is not the ultimate holding company in Australia, then the annual report of the ultimate Australian holding company is to be provided.

5.3 Security

5.3.1 The Licensee shall maintain or provide, by a date to be advised by the Authority, a deposit with the Authority or security in a form approved by the Authority in favour of the Authority and/or its nominee(s). The deposit or security shall be for such sums and in such manner as the Authority may from time to time determine for the purpose of securing the payment of workers compensation liabilities, including contingent liabilities, of the Licensee subject to a minimum security requirement.

5.3.2 The Licensee must provide the Authority with an actuarial report prepared by a qualified actuary for reported and unreported claims in respect of its New South Wales workers compensation business within a timeframe and in accordance with requirements established by the Authority.

5.4 Reinsurance

5.4.1 The Licensee must at all times have reinsurance arrangements in place in relation to its New South Wales workers compensation business in accordance with requirements established by the Authority.

5.4.2 The Licensee shall provide the Authority with evidence of the currency of such reinsurance arrangements.

5.5 Holding Company Guarantee

5.5.1 The Licensee shall maintain a Holding Company Guarantee in a form approved by the Authority under which the Licensee guarantees the liabilities to workers under the Acts and independently of the Acts of each of its wholly-owned subsidiaries as named in Schedule 1 of the licence.

End of licence conditions

Schedule 1

This is Schedule 1 forming part of the licence granted to: -

[LICENSEE]

for the period commencing to

Subject to the conditions of the licence, the licence is granted to the Licensee and extends to all its wholly-owned subsidiaries who are employers in New South Wales as named below :-

[SUBSIDIARIES]

Name	ABN/ACN	Date endorsed

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Disclaimer

This publication may contain information that relates to the regulation of workers compensation insurance, motor accident third party (CTP) insurance and home building compensation in NSW. It may include details of some of your obligations under the various schemes that the State Insurance Regulatory Authority (SIRA) administers.

However to ensure you comply with your legal obligations you must refer to the appropriate legislation as currently in force. Up to date legislation can be found at the NSW Legislation website legislation.nsw.gov.au

This publication does not represent a comprehensive statement of the law as it applies to particular problems or to individuals, or as a substitute for legal advice. You should seek independent legal advice if you need assistance on the application of the law to your situation.

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Workers Compensation Regulation, Level 24, 580 George Street, Sydney NSW 2000

Customer Service Centre 13 10 50 Website www.sira.nsw.gov.au

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