

# Review of implementation of the proposed self- insurance licensing framework

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Submissions summary

**December 2016**



State Insurance  
Regulatory Authority

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# Introduction

In September 2016, the State Insurance Regulatory Authority (SIRA) called for stakeholder comment in response to the public consultation - '*Review of the implementation of the proposed self-insurance licensing framework*'.

Stakeholders welcomed a more collaborative approach with SIRA in its consideration of the new regulatory requirements and associated metrics.

34 submissions, including 15 non-confidential submissions, were received during the public consultation period. This paper provides a high level summary of the key themes from the submissions. All non-confidential submissions are now available on the SIRA website.

There was broad support for the proposed self-insurance licensing framework and the proposed tiered supervisory model. A key theme was the need for more information to better understand the expectations supporting the new top tier requirements and supervisory model. Stakeholders wanted to know how the proposed requirements would improve insurer performance in the workers compensation system and promote fairness and wellbeing for system customers.

Stakeholders also recommended SIRA communicate with its self-insurers prior to making tiering decisions or changing tiering allocation. SIRA should provide sufficient information and guidance to self-insurers to encourage them to achieve top tier allocation and deliver the best outcomes for their workers.

## Common themes

### Business plan requirements

Under the proposed licensing framework, self-insurers are required to submit a business plan that adheres to SIRA standards. Stakeholders prompted SIRA to articulate its standards and provide guidance on what is deemed a satisfactory business plan. To avoid duplication of reporting requirements, the submissions also suggested that SIRA should consider information already provided by self-insurers under section 189 *Information and records as to business etc to be supplied to Authority by insurers of the Workers Compensation Act 1987*. It was also raised that SIRA should accept any existing internal reporting frameworks and business plans developed by self-insurers to avoid unnecessary administrative burden enforcing the usage of a SIRA template.

### Notification of significant matters

Many submissions wanted clarification around the definition of a 'significant matter' and guidance on reporting timeframes. It was also highlighted that significant matters are already required to be reported to SafeWork NSW.

### Assessment criteria for new and current self-insurers

Most submissions were supportive of having the same assessment criteria for new applicants and current self-insurers. There were however, some concerns around the

greater risks posed by new applicants. It was suggested SIRA perform an initial risk assessment and additional verification activities for these new applicants.

## Point of entry

In relation to the entry tier allocation for new self-insurers, the majority of submissions suggested that SIRA would need to review specific details regarding financial, operational and information capabilities before deciding upon a tier. It was also suggested that new self-insurers should be allocated to the bottom tier at entry until they can demonstrate satisfactory performance.

## Occupational health and safety management system audits

A number of submissions expressed support for the removal of the occupational health and safety management system audits. However most requested more information on how compliance to the national Work Health and Safety (WHS) legislation would be monitored by SafeWork NSW should the audits be removed. Other submissions expressed an opposing view, noting that the removal of the WHS audits would lead to risks of poor safety performance and injuries to workers. Some also suggested enhancing the effectiveness of current audit requirements.

## Other themes

### Quarterly summary performance report

There were divergent views on the proposed provision of a quarterly summary performance report by SIRA. Those that supported this proposal suggested that the quarterly reports will enhance transparency of self-insurer performance, while those with opposing views expressed concern that it may create unnecessary administrative burden and lead to inappropriate insurer behaviour.

### Complaint/dispute resolution

The submissions questioned the processes SIRA would employ to obtain and monitor insurer performance in resolving complaints and disputes with different agencies (eg Workers Compensation Commission (WCC) and Workers Compensation Independent Review Officer (WIRO)). It was also queried how disputes and complaints lodged with the WCC and WIRO would be considered. Some suggested that complaints may vary significantly in nature and therefore should be treated on a case-by-case basis as opposed to an overall insurer result.

### Data quality audits

A number of submissions commented that the 'Data quality audit manual' with which SIRA intends to monitor data quality performance has not been developed, and therefore it is difficult for self-insurers to understand and meet SIRA expectations.

## Stakeholder involvement

A number of submissions raised concerns regarding the PricewaterhouseCooper (PwC) recommendation that SIRA consider the views of industry, employees and injured worker representatives when assessing a self-insurer's performance, tier allocation and/or licence renewal. Different views expressed that there may be value in capturing opinions from wider stakeholders when regulating self-insurers.

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