

Frequently Asked Questions

The Claims Reporting Period

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1. What is the claims reporting period?

An employers' Health and Safety performance is measured by their claims, or absence of claims. The rate used to measure this is termed the Employer Performance Rate (EPR). This is currently assessed over a period of 2¾ years, termed the claims reporting period, which is used to measure the performance of an employer against that of their industry.

The claims reporting period is a duration defined by the **Accident Compensation (WorkCover Insurance) Act 1993 Premiums Order**. The claims reporting period is the timeframe from within which WorkSafe Injury Insurance claims are used in the calculation of insurance premiums.

All standard claims that are received by the employer's WorkSafe Injury Insurance Agent within the claims reporting period have a cost allocated to it. This "total claim cost" is the costs incurred by the claim up to that point in time and, where relevant, an estimate of future costs that it is anticipated the claim will have for the rest of its duration.

The total claims costs for all claims in the claims reporting period (minus any recoveries from liable third parties) are then used in the determination of employers experience as part of the premium calculation.

2. What is the claims reporting period for 2008/09 and why has it changed?

The claims reporting period for 2008/09 will be from 1 April 2005 to 31 December 2007, retained at 2¾ years with claims from 1 April 2005 to 30 June 2005 used for a third time. The change means that the claims reported late in the period (for example in December 2007) will have an estimate calculated in the May interim statement and will have had longer to develop before the estimate used in the premium calculation is set.

All claims used in the final premium calculation for 2008/09 will use estimates as at the date of determination of the costs of claims in early July.

3. Why do we use a 2¾ year claim reporting period?

In order for an employer's premium to be calculated in a way that recognises their health and safety and return to work records we use a limit on the amount of history used in establishing their performance. The claims reporting period is the timeframe we use to capture an employer's history.

The 2¾ year claims reporting period provides a balance between premium being responsive to an employers health and safety and being exposed to the volatility that they may experience if the period was only one year. By having the 2¾ year period employers will have a degree of stability in their premium rate that 1 or 2 years would not provide.

4. Why are industry rates determined based on a five year period?

Industry rates are determined using the five policy periods prior to the preceding policy period. This allows for a complete picture of the industry to be established (as information relating to the preceding policy will not be fully known until some time after the end of the period) and to provide a stabilised measure of the cost of the industry to the scheme that provides for recognition of sustained change across the given industry.

5. Will the claims reporting period be moving to three years?

Yes. the claims reporting period is expected to be extended to a full three years for the Policy Period 2011/12. The practice of only using claims for three policy periods will be maintained for this change.