

An aerial photograph of Sydney, Australia, showing the city skyline with numerous skyscrapers and the Sydney Opera House in the foreground. The Opera House is a large, white, shell-shaped building situated on a peninsula. The water of the harbor is visible, with a few boats. The sky is blue with some clouds. A large blue diagonal shape is overlaid on the bottom left of the image, containing the text.

**icare**<sup>™</sup>  
Insurance and Care NSW

# Loss Prevention & Recovery Plus Guidelines

30 June 2025

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## 1 About the Guidelines

The information in the Loss Prevention & Recovery Plus (LPR Plus) Premium Model Guideline provides a guide for employers and their representatives to explain:

- product eligibility,
- the LPR Plus application process,
- how LPR Plus premiums are calculated,
- the responsibilities of LPR Plus policy holders and icare, and
- expectations when continuing with or cancelling the LPR Plus product policy.

This guideline relates to LPR Plus insurance policies that start on or after 30 June 2025.

## 2 Premium Model Overview

The Loss Prevention and Recovery Plus (LPR Plus) is an alternative method of premium calculation, available for the largest employers that have a stable and favourable claims and financial performance.

**How the LPR Plus model is calculated:** The LPR Plus premium is calculated using the development of claims costs (refer to section 7), for any claims with a date of injury within that policy period.

Each period of insurance independently experiences a base premium when the policy commences or is renewed, and subsequent periodic premium adjustments that directly reflect the development of claim costs. At each adjustment, the cost of claims, plus expenses is applied. At the final adjustment, at 48 months, any claims that remain open will be multiplied by a development factor.

LPR Plus has a low minimum premium, determined by the applicable industry and employer wages, refer to section 6.3. There is no LPR Plus maximum premium limit.

The model provides a strong incentive to improve workplace safety and outcomes for injured workers by offering more immediate financial rewards for active loss prevention and recovery at work solutions compared to the standard model of premium calculation.

## 3 Employer Eligibility

The LPR Plus premium model is designed to meet the needs of the largest and most sophisticated employers (or employer groups) that can demonstrate stable and favourable claims performance through a focus on injury prevention, return to work and claim cost control.

Several factors will be considered by icare to assess an employer's suitability to enter the LPR Plus model including but not limited to previous claims performance, claim frequency, overall claims costs, average claim costs, claim type, and payment history. This assessment provides assurance that the employer is aware of their suitability, the risks and benefits and performance expectations, under the LPR Plus premium model.

An employer or group of employers can express interest in LPR Plus if they have an Average Performance Premium (APP) or group APP, which is total remuneration multiplied by the Workers Compensation Industry Classification (WIC) rate, exceeding \$3,000,000 for a 12-month period (this can be pro-rated for shorter periods of insurance).

Refer to section 5.1 for further information on the WIC rates.

Refer to section 5.2 to understand what is included in the total remuneration.

Refer to section 5.3 for the calculation of the APP.

If accepted, all group members must participate in the LPR Plus model. No single member or part groups can enter the LPR Plus model. All members of a group must have the same policy renewal and end dates.

### 3.1 Who is not eligible?

- An employer, or group of employers, with an estimated APP of less than \$3,000,000 for a 12-month period.
- Any employer, or group with a member, that has overdue premium or has a history of not paying premium by the due date.
- An employer that has a demonstrated claims performance that is not consistent and/or is comparatively poor to the scheme.
- Any employer, or a group with a member, under administration, receivership, or in liquidation.
- An employer that has exited LPR Plus or LPR premium arrangements and has not completed the final 48-month adjustment for their last LPR Plus or LPR period of insurance.

**Note:**

An LPR Plus premium model participant will be removed from the model effectively from the commencement of the current policy period if entering receivership, administration, voluntary administration, or liquidation during the current policy period. This applies whether it is a single employer, or groups where this occurs for any single member.

### 3.2 What happens if an employer ceases to meet the APP requirement?

The LPR Plus premium model has a threshold of \$3,000,000 APP for an individual policy or a group.

The threshold APP is the minimum APP used in the calculation of the base premium and LPR Plus minimum premium. This threshold applies as either a single employer's APP or as a group's APP. If the policy period is less than a year, the threshold APP will be prorated.

If the estimated APP is below the threshold then renewal under the LPR Plus premium model cannot occur.

If the APP drops below the threshold at adjustment, then the minimum premium will be based on an APP of \$3,000,000 instead, regardless of the decrease.

## 4 Application and Renewal Process

### 4.1 New Entrants

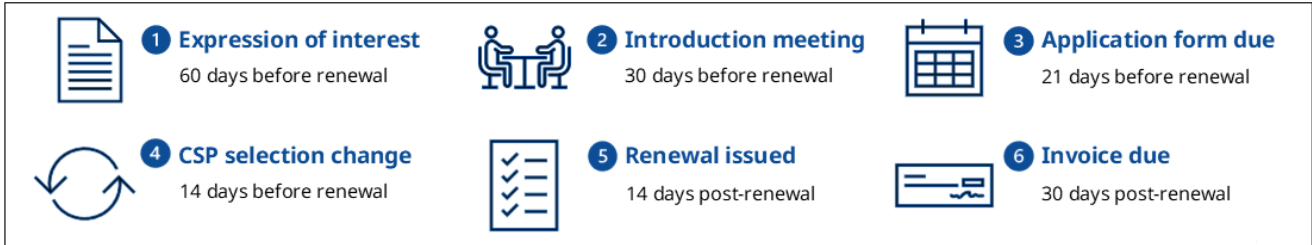
If an employer would like to consider the LPR Plus premium model they must first submit an Expression of Interest (EOI) form to icare. The EOI must be submitted at least 60 days prior to the renewal date, otherwise an application may not be lodged. The form is on icare’s website [EOI form](#) or contact [CIS@icare.nsw.gov.au](mailto:CIS@icare.nsw.gov.au) or a dedicated Insurance Specialist at icare to obtain the further details.

Once an EOI has been submitted, one of icare’s Insurance Specialists will get in touch to set up a meeting with key stakeholders (at least 30 days prior to the renewal date). This meeting is to discuss the LPR Plus premium model, highlight risk and expectations, and provide an opportunity for any questions to be asked or points to be clarified.

Next, an application and renewal form should be provided to icare 21 days before the renewal date.

Any delay in the above steps can result in the rejection of the LPR Plus application.

### 4.2 Policy Milestone for LPR New Entrants



### 4.3 Existing Participants

Will be sent an application and renewal form approximately 60 days before the renewal date.

The application and renewal form must be submitted to icare 21 days before the renewal date. The LPR Plus premium model is optional by application for each policy period. If the application and renewal form is not submitted, the policy will default to a renewal under the conventional premium model.

### 4.4 Application and Renewal Form

The application and renewal form combines both the application to enter the LPR Plus premium model and the declaration of estimated wages in one form.

It includes a written commitment to ensure the most senior decision-makers in each organisation understand the commitment required to participate effectively in LPR Plus premium model, and make improving workplace safety, injury management and RTW an organisational priority.

Further details can be obtained by emailing act [CIS@icare.nsw.gov.au](mailto:CIS@icare.nsw.gov.au) or contacting an Insurance Specialist..

## **4.5 Can icare decline an application to enter the LPR Plus model?**

icare reserves the right to decline an employer's application to enter or remain within the LPR Plus arrangements.

## 5 LPR Plus Premium Calculation

Each period of insurance is calculated independently.

A base premium is calculated upon the policy inception/renewal, which is based directly on the Workers Compensation Industry Classification (WIC) rate and the wages paid to an employer's workers.

There are 4 subsequent periodic premium adjustments that are based upon the development of an employer's cost of claims with a date of injury with that period of insurance.

The LPR Plus method of premium calculation consists of the following components, all of which contribute to the pricing of the premium.

### 5.1 Workers Compensation Industry Classification Rate

The Workers Compensation Industry Classification (WIC) rate(s) applicable to a business is determined in conjunction with the Workers Compensation Industry Classification System for the Period of Insurance.

icare's WIC System and premium rates are updated each year, and can be found on icare's website here: [WICs and premium rates](#)

The WIC rates are determined by icare's actuaries each year and are based on the performance of all the employers within that industry and the performance of the scheme.

It is the employer's responsibility to ensure correct and accurate information is provided to icare about the nature of the business so that the correct WIC is applied, as the wrong WIC may adversely impact the premium. It is essential that sufficient information is always provided with the LPR Plus application and renewal form, and declaration of actual wages form, to appropriately review and allocate a WIC. If insufficient information is provided, icare will be required to determine the most applicable WIC based on the limited information provided. This may result in a higher WIC rate being applied and may affect the premium calculation.

It is the employer's responsibility to advise icare of a change in business operation. This includes notifying icare of any acquisitions or divestments as soon as possible, as they may impact the classification(s) applied and therefore the premium calculation.

### 5.2 Wages

Wages or remuneration form the basis of calculating an employer's Average Performance Premium (APP); where, remuneration includes (but is not limited to): salary, overtime, bonuses, commissions, payments to working directors, superannuation, sick leave, and any other payment in contract of service.

The Wages Definition Manual ([Link to manual](#)) provides a comprehensive guide on remuneration that needs to be taken into account when declaring wages.

An employer must maintain records for at least five years, and these records may be Audited. For further information on the wage audit process please refer to the website: [Wage audit process](#)

## 5.3 Average Performance Premium (APP)

The APP is the basis for the calculation of the base premium and LPR Plus minimum premium.

If an employer has multiple separate and distinct business activities, the APP is calculated separately for each business activity and then added together to produce the total APP.

The APP is calculated with the following formula:

$$APP = (Wa \times Ra) + (Wb \times Rb) + \dots (Wn \times Rn)$$

where:

**Wa, Wb...Wn** are the wages for each WIC an employer may have.

**Ra, Rb...Rn** are the percentage rates for each WIC an employer may have.

### 5.3.1 Group Average Performance Premium (GAPP)

**GAPP** is calculated by adding together the APP for all the members of the group.

**GAPP** is the basis for the group base premium and group LPR Plus minimum premium.

## 5.4 Short-term policy periods

The entry eligibility amount of \$3,000,000 **APP** is based on an annualised **APP**.

Where a policy is less than 12 months and the APP is below the APP threshold of \$3,000,000, the APP for the short-term period will be prorated to check whether an employer would have met the threshold if the policy period had been for a full year. On adjustment if the APP falls below the threshold APP, then the threshold APP is prorated to the policy period for the basis of the LPR Plus minimum premium.

### Notes:

- 1) If the policy period is short termed, the adjustments will still be calculated at 12, 24, 36, and 48 months from the policy commencement date.
- 2) If a new member joins a group midterm, such as with the establishment of a new venture, the adjustments will be based on the group's commencement date.

## 6 Base Premium

At the commencement of a period of insurance, an employer is required to pay a base premium.

The base premium is 30% of the **APP** or **GAPP**.

The minimum **APP** or **GAPP** for a 12 month period of insurance is \$3,000,000.

### 6.1 How is the Base Premium calculated?

Premium Component	Employer Premium
<b>Base Premium*</b>	= <b>APP x 30%</b>
<b>Levies and Incentives</b> (refer to section 9)	+ <b>Q + D + M - A</b>
<b>Payment Options</b>	Upfront or monthly

\* The Base Premium is limited by the LPR Plus Minimum Premium

### 6.2 How is the Base Premium calculated for a member of a group?

If an employer is a member of a group, the premium is calculated using the **GAPP**, which is the sum of the **APP** for all members of the group.

The LPR Plus premium is calculated at group level and then distributed amongst the individual members in alignment with their individual size (an individual member's **APP** is compared to the **GAPP**).

Premium Component	Group Premium
<b>Group Base Premium (GBP)*</b>	= <b>GAPP x 30%</b>
<b>Base Premium for a member of a group</b>	= <b>GBP x (APP/GAPP)</b>
<b>Levies and Incentives</b> (applied to each employer's premium, refer to section 9)	+ <b>Q + D + M - A</b>
<b>Payment Options</b>	Upfront or monthly

\*The Group Base Premium is limited by the LPR Plus Minimum Premium

### 6.3 LPR Plus Minimum Premium

The LPR Plus minimum premium is the lower bound limit of each of the adjustment premium and varies dependent on which of the adjustment premiums is being calculated.

For groups, where there may be a policy with minimal wages, the conventional minimum premium overrides the LPR Plus minimum premium if that is less.

#### 6.3.1 How is the LPR Plus Minimum Premium Calculated?

The LPR Plus minimum premiums is calculated using the APP

Premium Component	Formula
<b>LPR Plus Minimum Premium (MinP)</b> (at 12, 24, and 36 months)	= APP x 30%
<b>LPR Plus Minimum Premium (MinP)</b> (at 48 months)	= APP x 20%
<b>Minimum Premium</b>	\$240 from 30 June 2025

#### 6.3.2 How is the Group LPR Plus Minimum Premium calculated?

The Group LPR minimum premiums is calculated using the **GAPP**.

If the group claims adjusted premiums is below the Group LPR Plus Minimum Premium, then the Group LPR Plus Minimum Premium is applied instead.

The LPR Plus Minimum Premium is calculated at group level and then distributed amongst members.

Premium Component	Formula
<b>Group LPR Minimum Premium (GMinP)</b> (at 12, 24, and 36 months)	= GAPP x 30%
<b>Group LPR Minimum Premium (GMinP)</b> (at 48 months)	= GAPP x 20%
<b>Minimum Premium (per policy)*</b>	\$240 from 30 June 2025

\*The Minimum Premium (per policy) overrides the portion of the distributed Group Premium if it falls below this amount

## 7 Cost of Claims (C)

The Cost of Claims is the sum of all the individual claim costs that have a date of injury within the period of insurance as at the scheduled adjustment date. Claims that are reported late will be included with the premium calculation at the next adjustment date.

The cost of an individual claim is limited by the Large Claim Limit and reduced by any Recoveries received.

icare may audit the cost of claims at any of the adjustment dates to ensure that the claims have been appropriately costed by the claims service provider.

### 7.1 What is the Large Claim Limit?

The Large Claim Limit is \$750,000

This is the maximum amount that an individual claim will contribute towards the total incurred claim costs used in an adjustment premium calculation.

### 7.2 What is included in the Cost of Claims?

Included	Excluded
Weekly wage benefits	Away from work recess claims.
Medical and hospital expenses	Interpreter expenses
Service provider costs	Medical Services Panel costs.
Recoveries received from other parties	Claims Excess ( <a href="#">What is the Claims excess?</a> )
Lump sum benefits	Journey claims (not work-related)
Investigation costs	New Employment assistance payments
Legal costs	Education and employment assistance payments
Estimated costs for future payments	Estimated Recoveries (See section 7.4)
	Not at fault CTP claims, where a police report is provided
	Costs above the large claim limit
	Covid 19 (contracted in the workplace)

## 7.2.1 What happens if there is a single incident that results in multiple claims?

Clause 143 (1) of the Workers Compensation Regulation 2016 provides that, in any case where a single event leads to 3 or more individual claims, the total costs of all those claims in relation to that event are not to exceed the amount that is twice the relevant large claim limit for the policy.

## 7.3 What is the Claims excess?

The cost of an individual claim is reduced by the claims excess.

- if there has been no payment of weekly benefits, such as medical only claims where there has been no time lost from work, the excess is \$500 (if the cost of the claim is less than \$500, then the excess is the lesser cost).
- if there is time lost and the worker is entitled to and has received weekly compensation, the excess is the amount that the injured worker received in the first week of weekly compensation under the claim, up to one full week of weekly compensation.

Late reported claims will be invoiced the claims excess by the claims service provider.

## 7.4 How are recoveries applied to the cost of an individual claim?

Recoveries are only applied if they have been received or have been confirmed legally recoverable from a third party. icare will need to site the agreement to pay to consider applying the recovery if not received.

The Recovery percentage (**R%**) is the amount recovered, or confirmed legally recoverable by a third party, as a percentage of the total cost of an individual claim. The recovery percentage is calculated using the following formula:

$$R\% = \frac{R}{TCC} * 100/1$$

where:

**R** is the sum of amounts recovered by the Claims Service Provider, or confirmed legally recoverable from a third party

- a) does not exceed TCC, and
- b) does not include the excess recovered under section 160 of the Act.

**TCC** is the total cost of an individual claim. The total cost of the claims is not restricted by the large claim limit.

The cost of an individual claim, reduced by the recovery percentage, is calculated with the following formula:

$$C = (CC \times (1 - R\%))$$

where:

**C** is the cost of the individual claim.

**CC** is the cost of the individual claim prior to reduction of the recovery amount.

## 7.5 Retrospective application of recoveries

icare will generally only alter the total for claims within the most recent final adjustment calculation. For any policy periods prior to these, alterations to costs in applying a recovery will be assessed on a case-by-case basis.

Claims subject to a recovery from a third party under CTP insurance, where a police report has been provided confirming the injured worker is not at fault, full recovery of all costs can be applied.

## 8 Adjustment Premium

The adjustment premiums are calculated using actual wages and the claims costs that have a date of injury within the period of insurance.

Each policy period has 4 adjustments at set intervals from the renewal date - 12 months, 24 months, 36 months, and 48 months.

The actual wages need to be submitted within 4 months of expiry of the policy term; however, the adjustment process will not be delayed if the actual wages have not been provided on time. Where actual wages have not been submitted the adjustments will be processed using the estimated wages and other considerations may adversely impact the premium.

### 8.1 How is the Adjustment Premium calculated?

The adjustment premium is the sum of three components: the open claims (OC) multiplied by an open claim development factor (OCDF), the closed claims (CLC) multiplied by a closed claim development factor (CLCDF), and the sum of both open and closed claims multiplied by an expense loading (EL).

Refer to the table in section 8.3 for the development factors and expense loading. Each policy period has its own set of adjustment factors which are set each year.

The adjustment may result in a premium increase or a premium decrease dependent upon the development of claims in between the adjustment dates.

Premium Component	Formula
Adjustment Premium (Prem)	$= (C \times EL) + (CLC \times CLCDF) + (OC \times OCDF)$
Levies and Incentives	$+ Q + D + M - A$

Where:

**C** is the sum of all the premium impacting cost of claims

**EL** is the Expense Loading

**CLC** is the closed claims

**CLCDF** is the Closed Claims Development Factor

**OC** is the open claims

**OCDF** is the Open Claims Development Factor

The Adjustment Premium (Prem) is lower bounded by the LPR Plus Minimum Premium (MinP).

The Total Premium Payable is the adjustment premium plus the levies and incentive.

**Q**, refer to section 9.1

**D**, refer to section 0

**M**, refer to section 9.3

**A**, refer to section 9.4

## 8.2 How is the Adjustment Premium calculated for a member of a group?

The Group adjustment premium (**GPrem**) is calculated at a group level and then distributed amongst the individual members based upon their individual size (determined by APP) and their individual contribution to the total group cost of claims.

**Gprem** the sum of three components: the open claims (OC) for all members of the group multiplied by an open claim development factor (OCDF), the closed claims (CLC) for all members of the group multiplied by a closed claim development factor (CLCDF), and the sum of both open and closed claims for all members of the group multiplied by an expense loading (EL).

Premium Component	Formula
Group Adjustment Premium (GPrem)	$= (GC \times EL) + (GCLC \times CLCDF) + (GOC \times OCDF)$
Premium for employer within a group	$= GPrem \times \frac{(APP + C)}{(GAPP + GC)}$
Levies and Incentives (applied to each employer's premium)	$+ Q + D + M - A$

Where:

**GC** is the sum of all the premium impacting cost of claims for all members of the group

**EL** is the Expense Loading

**GCLC** is sum of all the closed claim costs for all members of the group

**CLCDF** is the Closed Claims Development Factor

**GOC** is the sum of all the open claim costs for all members of the group

**OCDF** is the Open Claims Development Factor

**GPrem** is lower bounded by the Group LPR Plus Minimum Premium (**GMinP**)

The levies and incentive are added to the individual employer's portion of distributed premium.

**Q**, refer to section 9.1

**D**, refer to section 0

**M**, refer to section 9.3

**A**, refer to section 9.4

## 8.3 What are the development factors and Expense Loading?

**Table: adjustment factors (for 30 June 2025 onwards)**

Adjustment Date	Development Factor		Expense Loading (EL)
	Open Claims	Closed Claims	
	(OCDF)	(CLCDF)	
12 months after policy commencement	1	1	0.28
24 months after policy commencement	1	1	0.28
36 months after policy commencement	1	1	0.28
48 months after policy commencement	3	1	0.28

## 8.4 Multiple concurrent Adjustments

Each policy period is independent from other periods of insurance and will experience multiple adjustments over a 4-year claim development timeframe.

The 4-year claim development timeframe for adjustments results in overlapping active policy periods.

An employer must be prepared to receive adjustment notices (premium increases and/or refunds) and a new base premium for multiple concurrent policy periods all occurring at the same time.

Year 0	Year 1	Year 2	Year 3	Year 4
First Year Base Premium	First Year 12 month adjustment	First Year 24 month adjustment	First Year 36 month adjustment	First Year 48 month adjustment
	Second Year Base Premium	Second Year 12 month adjustment	Second Year 24 month adjustment	Second Year 36 month adjustment
		Third Year Base Premium	Third Year 12 month adjustment	Third Year 24 month adjustment
			Fourth Year Base Premium	Fourth Year 12 month adjustment
				Fifth Year Base Premium

If an employer exits the LPR Plus premium model they will continue to receive LPR Plus adjustment notices until the policy period has experienced its 4<sup>th</sup> (48 month) adjustment.

## 9 Incentives, Charges, and penalties

### 9.1 Premiums adjustment contribution (Q)

The premium adjustment contribution (Q) is an additional premium amount that is set by SIRA, if required, in the regulations.

### 9.2 Dust diseases contribution (D)

This is a requirement of Section 6.6 of SIRA's Market Practice and Premiums Guidelines.

The dust diseases contribution (**D**) is calculated with the following formula:

$$D = (Wa \times DDa) + (Wb \times DDb) + \dots (Wn \times DDn)$$

where:

**Wa, Wb...Wn** are the wages for each WIC an employer may have

**DDa, DDb...DDn** are the dust diseases percentage rates for each WIC.

These rates are published by the State Insurance Regulatory Authority (SIRA), icare's rates include GST.

#### 9.2.1 Asbestos Wages

If an employer is engaged in handling asbestos, then a higher dust diseases contribution for the associated wages is applied in the calculation.

The dust diseases contribution (**D**) for asbestos related wages are calculated as follows:

$$D = W \times DD$$

where:

**W** is the total wages payable to workers handling asbestos during the period of insurance

**DD** is 4.4% (including GST)

**Note:**

The asbestos wages are excluded from the standard dust diseases contribution calculation.

## 9.3 Mine Safety Fund premium adjustment (M)

This is a requirement of Section 6.5 of SIRA's Market Practice and Premiums Guidelines.

The Mine Safety contribution is applicable to wages that are attributable to an industry classification in Division B of the Workers Compensation Industry Classification System (WIC codes 120000 to 152000).

The Mine Safety Fund premium adjustment (**M**) is calculated with the following formula:

$$\mathbf{M} = \mathbf{Wages} \times \mathbf{R_{MSF}}$$

where:

**R<sub>MSF</sub>** is 0.5949% (including GST) for policies commencing 30 June 2025

## 9.4 Apprentice incentive scheme (A)

If an apprentice is employed, an employer is entitled to a premium reduction based on the wages paid to the apprentice.

The Apprentice Incentive Scheme only applies to apprentices in recognised trade vocations as designated by the Commissioner for vocational training under the *Apprenticeship and Traineeship Act 2001*.

The National Code for the apprenticeship must be provided to icare to qualify for the discount. Please refer to: [Training Services](#)

If the National Code is not provided with the estimated wages the discount will not be applied to the base premium, and an employer will need to wait until the adjustment premium for the discount to be applied.

The apprentice incentive discount is calculated by multiplying the apprentice's wages by the WIC rate(s).

The Apprentice Incentive (A) is calculated with the following formula:

$$\mathbf{A} = (\mathbf{Wa} \times \mathbf{Ra}) + (\mathbf{Wb} \times \mathbf{Rb}) + \dots (\mathbf{Wn} \times \mathbf{Rn})$$

where:

**Wa, Wb...Wn** are the wages for each WIC an employer may have.

**Ra, Rb...Rn** are the percentage rates for each WIC an employer may have.

Notes:

- 1) Apprentice wages are used in the calculation of the employer's **APP**.
- 2) The apprentice incentive discount cannot reduce the premium to below the minimum premium.

- 3) If an adjustment is issued based on estimated wages, due to the actual wages not being submitted, the apprentice discount will not be applied. The apprentice discount will be applied once the actual wages have been submitted.

### 9.4.1 Does the Apprentice incentive apply to Training Services NSW recognised traineeships?

No.

The Apprentice Incentive Scheme is only for apprenticeships in recognised trade vocations as designated by the Commissioner for vocational training under the Apprenticeship and Traineeship Act 2001 (AT Act)

## 9.5 Recovery of excess from employer

If an employer does not notify their claims service provider (CSP) of an injury within 5 days of the injury occurring they may be subject to the payment of a **prescribed excess amount**.

Section 6.3 of the Market Practice and Premiums Guidelines (**MPPG**) has the following specified for the prescribed excess amount:

1. \$0 – if an employer notifies the relevant licensed insurer of an injury that led to the weekly compensation claim within five days of becoming aware of it
2. in all other cases—the lesser of the following:
  - a. the amount that is the weekly payment of compensation to which the worker is entitled as determined by [section 36](#) of the 1987 Act
  - b. the amount as per Annexure B for the applicable policy year.

**Note:** Under [section 160\(2\) of the 1987 Act](#), an employer is required to repay the prescribed excess amount to the insurer under an insurance policy in respect of each weekly compensation claim that the insurer has paid under the policy. However, if the amount that the insurer has paid in respect of any such claim is less than the prescribed excess amount, the amount the employer must repay is that lesser paid amount.

## 10 Acquisitions and divestments

### 10.1 What happens if we sell part of our business?

If an employer divest/sell a part of their business (during or after the completion of an LPR policy period) they are still liable for the premium associated with the cost of claims that were incurred when they owned that part of the business. Any claims from existing LPR policy years will be included in the adjustment premium calculations until each policy period has its final adjustment.

It is therefore in an employer's interest that as part of the sale contract they should consider the possible premium impact associated with the development of claims (including late reported claims) for the part of the business sold. While an employer may no longer have control over the claims within the parts of the business that have been sold, these claims will still be included in the total cost of claims for the future adjustments of the relevant policy periods. If the new owner does not manage a claim (with a date of injury pre-acquisition date) it may negatively impact the seller's premium.

If an employer's APP or GAPP drops below \$3,000,000 then the minimum Threshold APP will be applied.

### 10.2 What happens if we sell a member of the group?

If an employer's group divests/sells a member of the group (the legal entity not just the business activity), then the claims and APP (for the member of the group that has been sold) will continue to be included within the group's adjustment calculations of any past period of insurance – they will still be invoiced separately. The claims and APP (for the member of the group that has been sold) will not be included in the adjustment for the current policy period.

A member of a group that has been sold exits the group from the commencement date of the current policy period. Their policy is not short termed to the date of sale. Their eligibility for the LPR Plus premium model will be reviewed and the current period of insurance may need to be recalculated under the conventional premium model instead.

The group will continue under the LPR Plus premium model; however, if the GAPP drops below \$3,000,000 then the minimum Threshold APP will be applied.

### 10.3 What happens if we acquire a business?

The impact to the LPR Plus policy / LPR Plus group depends upon whether the employer has acquired a legal entity or just the business operations (not the legal entity) and what they then intend to do with the acquisition.

If an employer acquires a legal entity, then the acquired business will already have its own policy. If the employer intends to keep that policy, then that policy must be short termed to the next common renewal date for the group. An acquired entity cannot generally join an LPR group until the next common renewal date.

It is an employer's responsibility to notify icare of any acquisition, and if they intend to maintain the legal entity then they will need to register for grouping within 2 weeks of the acquisition occurring. icare will not include the new member in a group until it has been registered for grouping.

If a new legal entity is set up, and the business activity is transferred to it, then the new venture will need to be registered for grouping and will be included in the group from its commencement date.

If an employer intends to merge the business with an existing LPR policy, then the wages for the transferred staff will just need to be included from the date of acquisition within the declaration of actual wages for the existing policy. The policy for the preexisting entity will need to be cancelled as it is no longer an employer.

If an employer buys a legal entity, they are responsible for any premium related to any prior policy period.

## 11 Exiting the LPR Plus premium model

### 11.1 What happens if an employer exits the LPR Plus premium model?

If an employer exits the LPR Plus premium arrangements, then they will be subject to the following conditions:

- i) An employer is required to pay the adjustment premiums associated with any existing LPR Plus policy year until each policy period has experienced a 48-month adjustment calculation.
- ii) An employer cannot re-enter LPR Plus premium arrangements until all previous policy periods have been finalised.

*Note:*

This includes exiting to Self or Specialised Insurance.

## 11.2 What happens if an employer moves from LPR Plus to the Conventional Premium model?

### 11.2.1 Moving to the Experience Rated Premium model

The experience rated renewal premium may be subject to capping based on a projected LPR Plus 12-month adjustment premium for the immediate preceding policy period.

This 12-month projection will use a special 12-month adjustment factor instead of the development factors and Expenses Loading.

Refer to the rate table for relevant adjustment factor [13](#)

This 12-month adjustment factor will only be applied in a premium projection and no premium notice will be issued related to this projection. The standard 12-month LPR Plus adjustment will be issued.

**Note:**

A capped premium cannot be below the minimum CPA premium nor above the maximum CPA premium for the employer category.

### 11.2.2 Moving to the Small Employer Premium model

The renewal premium will not be subject to capping.

## 12 Premium payment

### 12.1 Base Premium Payment

The base premium can be paid Lump sum (annual) within one month of invoicing or in monthly instalments (distributed over the current policy term).

There is no discount available for the lump sum payment of the LPR Plus base premium in advance.

### 12.2 Adjustment Premium Payment

Adjustment premiums are payable in full no later than one month after the adjustment is invoiced.

An instalment option is not available for the payment of adjustment premiums. It is expected that all LPR Plus participants are fully aware of their claims performance and have appropriately accrued funds for any upcoming adjustment premium.

If a participant in the LPR Plus premium model does not pay their premiums by the due date they cease to be eligible for participating in the LPR Plus premium model in future policy periods.

The credit from one policy period's adjustment may be allocated to the debit of another policy period.

### 12.3 Late payment prescribed rates

A penalty is payable on overdue amounts, and for nonpayment of premium an employer may be excluded from participating in both the LPR and LPR Plus premium models from their next renewal date.

An employer will receive correspondence when late payment fees have been charged. Late payment fees will be itemised on their Statement of Account.

The prescribed rate is in accordance with [Annexure C of the current Workers Compensation Market Practice and Premium Guidelines \(MPPG\)\(external link\)](#).

### 12.4 Collection of overdue premiums

In line with whole of government solutions, icare is partnered with Revenue NSW to collect premiums that become more than 30 days overdue.

Revenue NSW offers debt collection services under the new State Debt Recovery Act 2018 (**SDR Act 2018**)

## 13 Rate Tables

**Table: LPR plus 12-month adjustment factors**

Policy Year	12 Month Adjustment Factor
30 June 2024	4.98
30 June 2025 onwards	4.98

## 14 Glossary and premium component abbreviations

The abbreviations appearing throughout this document have the following meaning;

Abbreviation	Name	Description
<b>A</b>	Apprentice incentive amount	The apprentice incentive amount
<b>APP</b>	Average Performance Premium	The Average Performance Premium is calculated by multiplying the employer's wages by the Workers Compensation Industry Classification (WIC) rate
<b>Base</b>	Base Premium	The premium an employer pays at the start of the policy period
<b>C</b>	Claim Costs	The total of the cost of claims for the employer in respect of the period of Insurance, not including the cost of any claims under sections 10 (Journey claims) and 11 (Recess claims) of the Workers Compensation Act 1987).
<b>CLC</b>	Closed Claims	An individual employers claim costs for closed claims
<b>CLCDF</b>	Closed Claims Development Factor	Multiplication factor applied against claims costs for closed claims
<b>D</b>	Dust diseases contribution	The dust diseases contribution
<b>EL</b>	Expense Loading	Multiplication factor applied against all claim costs
<b>GAPP</b>	Group Average Performance Premium	This is the sum of the APP for all members of the group
<b>GBP</b>	Group Base Premium	The group premium is divided amongst the group members in proportion to the individual employer's APP compared to the group APP.
<b>GC</b>	Group Claim Costs	The total claim costs of all the members of a group
<b>GCLC</b>	Group Closed Claims	sum of all the closed claim costs for all members of the group

<b>GMinP</b>	Group LPR Minimum Premium	The minimum premium payable by a group
<b>GOC</b>	Group Open Claims	the sum of all the open claim costs for all members of the group
<b>GPrem</b>	Group Premium	The total cost of claims of all members of the group multiplied by the appropriate runoff adjustment factor
<b>M</b>	Mine Safety Fund	The Mine Safety Fund premium adjustment
<b>MinP</b>	LPR Plus Minimum Premium	The minimum premium payable by an individual employer
<b>OC</b>	open claims	An individual employers claim costs for open claims
<b>OCDF</b>	Open Claims Development Factor	Multiplication factor applied against claims costs for open claims
<b>Prem</b>	Employer Premium	The employer's cost of claims multiplied by the appropriate runoff adjustment factor
<b>Q</b>	Premiums adjustment contribution	The premiums adjustment contribution set by SIRA
<b>WIC</b>	Workers Compensation Industry Classification	The system used by icare to classify the employer/industry risk