

Self insurer levy rate

Calculation method and considerations

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What is the self insurer levy?

- The Workers' Compensation Regulator is funded entirely from insurer contributions
- WorkCover Queensland pays a contribution based on the proportion of the scheme they cover
- A self-insurer pays an annual levy in accordance with the Regulation

What does the self insurer levy pay for?

- Queensland Ambulance Service
- Workplace Health & Safety grant
- Services provided by the Regulator
 - Review of insurer decisions
 - Appeal of review decisions
 - Medical Assessment Tribunals
 - Education

How is it different to premium rate?

- A premium is an amount paid to the **insurer** by the **employer** for covering their risk of workplace injury
- An employers premium is effected by:
 - Claims performance
 - The industry's claims performance
 - The size of the employer relative to their industry

How is the contribution calculated?

- As specified in s17 of the Regulation:

$$\text{Contribution} = (\text{insurer ECL} \times \text{levy rate}) + \$10,000$$

How is the levy rate calculated?

levy rate =

(total funds required for regulator – admin fees)

$$\frac{\text{-----}}{\text{combined estimated claims liability of all self insurers}} \times 100$$

Factors which effect the levy rate

- Two main drivers:

1. Total ECL for all self insurers

- Number of self insurers
- Changes in members
- Legislation changes
- Claims performance

2. Operational expenses of the regulator

Examples

	Example 1	Example 2	Example 3
Operational expenses	\$2,000,000		
Total SI ECL	\$100,000,000		
Levy rate	2.0%		
Self insurer ECL	\$1,000,000		
Contribution	\$20,000		

Examples

	Example 1	Example 2	Example 3
Operational expenses	\$2,000,000	\$2,000,000	
Total SI ECL	\$100,000,000	\$50,000,000	
Levy rate	2.0%	4.0%	
Self insurer ECL	\$1,000,000	\$1,000,000	
Contribution	\$20,000	\$40,000	

Examples

	Example 1	Example 2	Example 3
Operational expenses	\$2,000,000	\$2,000,000	\$2,000,000
Total SI ECL	\$100,000,000	\$50,000,000	\$50,000,000
Levy rate	2.0%	4.0%	4.0%
Self insurer ECL	\$1,000,000	\$1,000,000	\$500,000
Contribution	\$20,000	\$40,000	\$20,000

Examples

	Example 1	Example 2	Example 3
Operational expenses	\$2,000,000	\$2,000,000	\$2,000,000
Total SI ECL	\$100,000,000	\$50,000,000	\$50,000,000
Levy rate	2.0%	4.0%	4.0%
Self insurer ECL	\$1,000,000	\$1,000,000	\$500,000
Contribution	\$20,000	\$40,000	\$20,000

In summary

- The **levy rate** is not a good indicator of how much you can expect to pay
- As shown in the example, the levy rate can double and you can still end up paying the same contribution
- The main driver to you paying more or less for your annual levy is what proportion your ECL is to the total of all self insurers' ECL