Licence to Insure

Licence Conditions

Licensed Insurer:

Licence Number:

Date of issue of Licence:

Document Acceptance and Release Notice

This document is entitled *Licence Conditions - Version 4 – October 2013* of the Licence to Insure - Licence Conditions.

This document replaces"

Licence Conditions 2010 - Version 3, January 2011

The document is a managed document. For identification of amendments each page contains a release number and a page number. Changes will only be issued as a complete replacement document. Recipients should remove superseded versions from circulation. This document is authorised for release following receipt of Notice to Vary.

PREPARED: Date: - -

(for acceptance) Brad Parker
Assistant Director, Rehabilitation & Compensation
Business Owner

ACCEPTED: Date: - -

(for release) WorkCover Tasmania Board

This document takes effect from midnight 30 September 2013.

This document consists of the following parts:

- Part 1: Interpretation;
- Part 2: Background information; and
- Part 3: Licence conditions

Part 1: Interpretation

In this document (including the licence conditions in Part 3), unless the contrary intention appears:

- expressions defined in the Act have the same meanings when used in this document;
- **Act** means the *Workers Rehabilitation and Compensation Act 1988* (Tas);
- **Board** means the WorkCover Tasmania Board;
- **Business Day** means a day when banks are generally open for business in Hobart but does not include a Saturday, Sunday or public holiday;
- **Corporations Act** means the *Corporations Act 2001* (Cwlth);
- **licence** means the licence issued to the licensed insurer under section 101 of the Act;
- **licence conditions** means the licence conditions in Part 3 of this document imposed by the Board on the licence issued to the licensed insurer;
- **licensed insurer** means [*insert name of the licensed insurer*];
- **prescribed person** has the meaning in the *Insurance Act 1973* (Cwlth);
- **related body corporate** has the meaning in the *Corporations Act 2001* (Cwlth);
- **Tasmanian Return to Work and Injury Management Model** means the model from time to time published by the Board for the return to work and injury management of injured workers.

The licence conditions in Part 3 are in addition to the licensed insurer's obligations under the Act.

If there is any inconsistency between the licence conditions and the Act, the Act prevails to the extent of the inconsistency.

Part 2: Background information

The licence conditions are imposed on the licence pursuant to section 102(1) of the Act.

The licence conditions are subject to any variation made by the Board in accordance with section 102(3) of the Act.

A breach of the licence conditions may constitute an offence against the Act. The licence may be revoked or suspended by the Board in accordance with section 111 of the Act if the licensed insurer is convicted of an offence against the Act.

Part 3: Licence conditions

Pursuant to section 102 of the Act, the Board imposes the licence conditions set out below on the licence issued to the licensed insurer:

Item A	General Requirements
	Solvency and APRA requirements
A1(i)	At all times during the continuation of the licence the licensed insurer must be authorised under section 12 of the *Insurance Act 1973* (Cwlth) to carry on insurance business in Australia, including the business of insuring against the liabilities referred to in section 97 of the Act.
A1(ii)	The licensed insurer must immediately notify the Board in writing if the Australian Prudential Regulation Authority (APRA): a) revokes the licensed insurer's authorisation under section 12 of the *Insurance Act 1973* (Cwlth); b) imposes, or threatens to impose, any conditions, or additional conditions, on the authorisation; c) varies or revokes, or threatens to vary or revoke, any conditions imposed on the authorisation; d) takes, or threatens to take, any action in relation to the authorisation; or e) commences or conducts any investigation in relation to: the licensed insurer; any related body corporate of the licensed insurer; or any person who is a prescribed person in relation to the licensed insurer or any related body corporate of the licensed insurer. The notice in respect of each of the above matters must be given to the Board not later than 24 hours after the licensed insurer becomes aware of the matter.
	Annual financial statements
A2(i)	The licensed insurer must give to the Board a copy of the licensed insurer's annual financial statements for each financial year, or for any part of a financial year, during which the licensed insurer holds the licence. The statements must be given to the Board not later than 5 months after the end of the financial year.

	Notification of corporate changes
A3(i)	The licensed insurer must, as soon as practicable, notify the Board in writing if any of the following things occur: a) any change, or any proposal to change, the licensed insurer's name; b) any change to the licensed insurer's status under the Corporations Act, or any proposal to make such a change; c) any change in the directors or secretary of the licensed insurer; d) the licensed insurer becoming a subsidiary (as defined in the Corporations Act) of another body corporate (as defined in the Corporations Act); e) the licensed insurer ceasing to be a subsidiary of another body corporate; f) any change in the control (as defined in the Corporations Act) of the licensed insurer; g) any change in the management personnel responsible for the management of the licensed insurer's Tasmanian business; h) any other change that affects the ability of the licensed insuer to perform its obligations as a licensed insurer. In addition, wherever practicable, the licensed insurer must give at least 30 days prior notice of the change.
	Provision of information
A4(i)	The licensed insurer must establish and maintain systems to ensure that the information it provides to employers, workers and the Board is current, accurate and up to date. The systems must be established and maintained in accordance with any guidelines issued by the Board.
A4(ii)	The licensed insurer must provide information to the employers it indemnifies and their workers in accordance with the requirements set out in Schedule 1 or as directed by the Board from time to time.
A4(iii)	The licensed insurer must, as directed by the Board, provide information on any changes to the Act to: a) the employers it indemnifies; and b) workers of such employers.

A4(iv)	The licensed insurer must provide to employers it indemnifies any information the Board directs from time to time.
	Records management
A5(i)	The licensed insurer must establish and maintain documented policies and procedures for the management of records relating to the licensed insurer's activities as a licensed insurer for the purposes of the Act. The policies and procedures must be established and maintained in accordance with any guidelines issued by the Board.
	Distribution of claim forms
A6(i)	The licensed insurer must provide an approved workers compensation claim form to a worker who requests a form if the employer of that worker is indemnified by the insurer and that employer: a) no longer exists; b) cannot be found; or c) has refused to provide a claim form. The claim form must be provided not later than 3 Business Days after the request.

Item B	Injury management
	Return to Work and Injury Management Model
B1(i)	The licensed insurer must comply with the principles of the Tasmanian Return to Work and Injury Management Model.
B1(ii)	The licensed insurer must apply the following priority when assisting an injured worker to return to work: a) first priority: the return of the injured worker to the job held by that worker before the injury, or a modified job, with the worker's employer at the time of the injury; b) second priority: the return of the injured worker to work in a different job to that held by the worker before the injury but with worker's employer at the time of the injury; c) third priority: the return of the injured worker to work in a similar job to that held by the injured worker before the injury but with a new employer; and d) fourth priority: the return of the injured worker to work in a different job to that held by the injured worker before the injury but with a new employer.
	Injury management programs
B2(i)	The licensed insurer must provide reports, in accordance with guidelines issued by the Board, setting out details of: a) injury management programs approved by the licensed insurer; and b) any amendments made to an injury management program approved by the licensed insurer.

Item C	**Claims management**
	Management of claims
C1(i)	The licensed insurer must establish and maintain documented policies and procedures for the management of claims. The policies and procedures must be established and maintained in accordance with guidelines issued by the Board.
	Changes in entitlements
C2(i)	The licensed insurer must provide a written explanation to employers and claimants when step down provisions are applied to weekly payments. The explanation must be provided at least 14 days prior to the change occurring.
	Lump sum settlements
C3(i)	The licensed insurer must establish and maintain documented policies and procedures to manage the settlement of claims. The policies and procedures must be established and maintained in accordance with any guidelines issued by the Board.
Item D	**Disputes**
	Dispute handling
D1(i)	The licensed insurer must establish and maintain documented policies and procedures for the management of disputes. The policies and procedures must be established and maintained in accordance with any guidelines issued by the Board.
Item E	**Premium setting**
E1(i)	The licensed insurer must set premiums that reflect the employer's: a) industry risk rating; b) claims experience; c) commitment to occupational health and safety; d) commitment to provide alternative duties; and e) size of business.
E1(ii)	The licensed insurer must inform the employer of the extent to which the criteria detailed in E1(i) was incorporated into the policy premium. The information must be provided at time of providing a policy quote.

E1 (iii)	The licensed insurer must issue a certificate of currency to each employer it indemnifies at the following times: a) at the time when the employer purchases the policy; and b) at the time when an existing policy is renewed.
E1 (iv)	The certificate of currency is to be in the form approved by the Board.
Item F	**Exit provisions**
F1(i)	The licensed insurer must apply to the Board to cease being a licensed insurer. An application to cease being a licensed insurer must: a) be made in accordance with any guidelines issued by the Board; and b) be received by the Board no later than 90 days prior to date by which the licensed insurer wishes to cease being a licensed insurer.
F1(ii)	Before ceasing to be a licensed insurer, a licensed insurer must enter into a deed, in a form and substance satisfactory to the Board, pursuant to which the licensed insurer enters into obligations regarding: a) ongoing claims management; and b) ongoing provision of workers compensation data for existing claims and future claims.

Item G	Data Reporting Requirements
G1(i)	The licensed insurer must engage an independent auditor annually to certify the accuracy of the financial information provided to the Board for the purposes of A2(i) and any other financial information the Board reasonably requires. The audit must undertaken by the independent auditor following the end of the licensed insurer's financial year or as determined by the Board.
G1(ii)	The licensed insurer must forward to the Board, a signed audit certificate in a form approved by the Board. The audit certificate must be received by the Board no later than 31 August in each year or as determined by the Board.
G1(iii)	If any financial information provided to the Board is incorrect, corrupt or deficient, the licensed insurer must immediately notify the Board. The notice must be given to the Board within 3 Business Days of the error being identified.
G1 (iv)	The licensed insurer must take measures to rectify any errors or omissions identified in any financial information provided to the Board.
G1(v)	If the auditor does not certify the accuracy of all of the financial information, then the licensed insurer must give the Board revised financial information and obtain and forward a revised audit certificate. The revised financial information and the revised audit certificate must be received by the Board within 14 days following identification of any errors in financial information previously provided to the Board.
G1(vi)	Where new Policy, Coverage or Claims data is provided that relates to a claim received by the Board prior to 1 July 2012 the Data Condition Modifier as specified in Schedule 2 shall apply to the National Insurer Data Specification (NIDS - Version 8).
Item H	**Audit requirements**
	Audit of management systems
H1(i)	The licensed insurer must perform annual self-audits of its management systems for the purposes of verifying compliance with these conditions and with the Act. The annual self-audits are to be conducted within 2 months either side of the relevant anniversary of the date on which the licence was issued or renewed.
H1(ii)	The annual self-audits of the management systems must be conducted by a competent person who must be able to demonstrate independence of the system being audited.

H1(iii)	The licensed insurer must forward the results of the annual self-audit of the licensed insurer's management systems to the Board. The results must be forwarded to the Board within 30 days following completion of audit but no later than 9 weeks after the relevant anniversary of the date on which licence was issued or renewed. The results must be submitted in a form approved by the Board.
H1(iv)	The licensed insurer's self audit report is to be signed by the licensed insurer's chief executive officer or authorised senior manager.
H1(v)	The licensed insurer must submit to, and facilitate, an audit conducted by the Board's auditors. Audits by the Board's auditors may be conducted annually or at such other times as determined by the Board.
H1(vi)	Where opportunities for improvement in the licensed insurer's management systems are identified by the Board's auditors, the licensed insurer must: a) modify its systems to satisfy the improvement identified by the Board's auditors within 60 days of the licensed insurer being notified of the improvement; or b) advise the Board within 14 days of being notified of the improvement that the improvement will not be implemented and the reasons for not doing so.
Item I	**Wage audits**
I1(i)	The licensed insurer must develop a policy for the undertaking of wage audits of the employers it indemnifies. The policy must be provided to the Board no later than 30 days after the grant or renewal of the licence. The licensed insurer must notify the Board in writing of any proposed material modification of the policy at least 30 days before modification is implemented.
	Reporting of Wage Audit Finding
I2(i)	The licensed insurer must forward the results of any wage audits it conducts to the Board. The results must be forwarded to the Board in accordance with guidelines issued by the Board and, in any event, no later than 30 days following the completion of each audit.

Item J	Matters relating to the Act
	Action to ensure compliance with the Act
J1(i)	If the licensed insurer becomes aware of any substantial breach of the Act by any person, the licensed insurer must: a) bring the breach to the attention of that person; and b) if the breach continues or is not rectified, notify the Board in writing of the breach.
	Injury management co-ordinator
J2(i)	The licensed insurer must not impede, obstruct or prevent an appointed injury management co-ordinator from performing his or her functions under the Act.
J2(ii)	The licensed insurer must develop and implement an internal dispute management procedure to manage internal disputes concerning the work or recommendations made by an injury management co-ordinator. Such procedures must be available and communicated to an injury management co-ordinator assigned to a worker of an employer indemnified by the licensed insurer.
	Clarification of obligations
J3(i)	Where the Act imposes an obligation on both the insurer and the employer, the licensed insurer must identify who will be responsible for satisfying the required obligation and communicate this to the employer.
	Accredited service providers
J4(i)	The licensed insurer must not engage any person or organisation to perform prescribed service unless such person or organisation is accredited in accordance with the Act.

Schedule 1

Information to be provided at:	Information requirements:	Recipient of Information	Document ID:
Policy Inception / Acceptance	Insurers are to provide details of the following to policy holders: • Insurer IM Program Requirements • Employer IM Program Requirements • Workers Compensation Handbook: The Basics	Employers	Insurer developed information. Insurer developed information. Insurer developed information. GB010
Policy Renewal*	• Workers Compensation Handbook: The Basics	Employers	GB010
On receipt of a claim	• Workplace Culture (Injury Management – Making it Work) • Workers Compensation Handbook: The Basics • The Benefits or Returning to Work	Claimants Claimants Claimants	GB197 GB010 IS083

***Licensed insurers are to determine the frequency of the distribution of this information to EMPLOYERS (not workers) based on the following:**

- **the claims history of the employer; and**
- **whether the information has been reviewed and updated since it was last distributed.**
- **The date the publication was last forwarded to the policy holder.**