

## Questions & Answers

### **Extension of the Accredited Employers' Programme**

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#### **1. What is the Accredited Employers' Programme?**

The Accident Compensation Act 2001 provides for the accreditation of employers to self manage and fund work injury claims arising out of their workplace. It was established by the previous Labour Government. The objectives of the Accredited Employers' Programme are to:

- promote injury prevention and rehabilitation;
- reduce work-related personal injury claim costs and levies;
- provide benchmarks against which the extent and management of work-related personal injuries can be measured.

By allowing accredited employers to provide, at their own cost, entitlements in relation to work-related personal injuries suffered by their employees during a claim management period.

There are currently two cover options to choose from under the AEP:

- a. the Partnership Discount Plan. Under the Partnership Discount Plan employers accept injury management and financial responsibility for employees who suffer a work-related injury for a selected management period. The discount received on the Work Levy is of the order of 50-60%, dependent on the management period selected and the claims profile of the industry.
- b. the 'Full Self-Cover Plan'. If employers join the Full Self-Cover Plan, they assume full financial and injury management responsibility, with an average discount on the Work Levy of approximately 90%, for
  - work-related injuries for a selected management period
  - continuing financial liability for the life of the claim or to a pre-selected limit.

#### **2. What has the Government decided on the Accredited Employers' Programme?**

The Government has decided to consult in the New Year on a proposal to change the requirements of the Accredited Employers' Programme so that more of New Zealand's larger employers are able to join it.

Following public consultation on the proposal, the Government will decide in 2011 on the changes to extend the Accredited Employers' Programme.

### **3. Why does Government want to make changes to the Accredited Employers' Programme?**

Because:

- the Accredited Employers' Programme currently gives a small number of large employers (136 employing approximately 21% of all employees) choice as to how their Work Account claims are managed
- research commissioned by the Stocktake Group concluded that participation in the Programme results in very strong incentives on employers to better manage workplace health and safety and to actively support the rehabilitation and return to work of their injured employees
- increased employer choice in the management of claims will keep pressure on the ACC to better manage all claims
- the findings of the Stocktake Group show that employer participation in the Accredited Employers' Programme results in better outcomes for both workers and employers.

### **4. What are the changes to extend the Accredited Employers' Programme?**

- Reducing the compliance costs faced by employers in entering and remaining in the programme by:
  - streamlining the application process
  - ensuring the entry requirements are reasonable
  - allowing third party agents to assist smaller employers join the programme
- Reducing barriers to participation by providing a greater range of risk-sharing arrangements
  - creating a greater variety of claims and cover periods
  - allowing smaller stop-loss levels
  - allowing proportional reinsurance
- Allowing participating companies to purchase high-cost claims cover from private insurers.