



Guideline for Self-insured Employer Actuary Reports and Financial Guarantees



~~October 2017~~TBC, Version 1.1



Purpose

The purpose of this guideline is to provide an employer and/or actuary with information on the preparation and submission of the actuary reports and financial guarantees required by Schedule 3 of the Return to Work Regulations 2015 (Regulations).

This guideline has been developed for the purpose of Clause 1.6 (b) of the Code of conduct for self-insured employers which states,

- A self-insured employer must submit an actuarial report within three months of the end of the self-insured employer's financial year.
- The actuarial report must be prepared by an actuary, following ReturnToWorkSA's actuarial guidelines for self-insured employers, as published on the ReturnToWorkSA Website.

Background

ReturnToWorkSA is the insurer of last resort for the liabilities incurred by a self-insured employer.

This means ReturnToWorkSA must undertake the liabilities of a self-insured employer who becomes insolvent, or fails to make provision that ReturnToWorkSA considers adequate for dealing with claims, and meeting liabilities and responsibilities related to work injuries, during the period of the employer's registration as a self-insured employer.

Being the insurer of last resort exposes the Return to Work Scheme to financial risk. The exposure to financial risk is controlled through three primary mechanisms. These are:

- The ongoing assessment of a self-insured employer's likely ability to continue to meet its liabilities
- Contribution by a self-insured employer to a Self-insured Insolvency Contribution Accumulation (SIICA); and
- The provision of an unconditional and irrevocable financial guarantee.

Further information can be found on this topic in:

- Section 167 of the *Return to Work Act 2014 (Act)*
- Schedule 3 of the *Return to Work Regulations 2015*
- Code of conduct for self-insured employers

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Part A: Actuary's Report

Information required in the actuary's report

The actuary's report prepared for the calculation of a financial guarantee, in accordance with Regulation 8 of Schedule 3 of the Return to Work Regulations 2015, should comply with the following requirements:

1. The valuation must be on a central estimate basis.
2. The valuation of the employer's outstanding liability should be undertaken based on available historical data, suitably adjusted for any transient features in the data and any likely future changes that can be supported by objective evidence.
3. The actuarial estimate of the value of the current and contingent liabilities of the employer under the Act, at the time of the determination (whether or not claims have been made in respect of those injuries) must be on a discounted basis. In addition, the actuarial estimate of liabilities of the employer as a self-insured employer under the Act in respect of work injuries attributable to traumas expected to arise from employment by the employer over the ensuing period of 12 months must be on a discounted basis.
4. The estimate of the employer's outstanding liability must include a reasonable allowance for claims incurred but not yet reported (IBNR), with this allowance being based on the employer's historical claims reporting pattern. The actuary should factor into the estimate any recent changes to claims experience, which may affect the reporting patterns. It must also include a reasonable allowance for claims that arise gradually (e.g. hearing loss), as well as for claims that are re-opened after the valuation date. The manner in which these allowances are made must be consistent with the actuary's valuation methodology, i.e. they may be explicit (when an individual claim approach is adopted) or implicit (for aggregate models).
5. Reasonable allowances should be made for economic loss and non-economic loss lump sums that are outstanding, as well as IBNR claims, as at the valuation date. This also applies when estimating the cost of the claims that arise from injuries incurred in the year after the determination date. The manner in which these allowances are made must be consistent with the actuary's valuation methodology, i.e. they may be explicit (when an individual claim approach is adopted) or implicit (for aggregate models).
6. The estimate of the outstanding liability as at the valuation date, as well as the estimate of the value of the claims incurred over the year immediately following the valuation date, must not include an allowance for the cost to administer the relevant cohort of claims.

7. All outstanding liability estimates that are determined by way of an aggregate actuarial model should ~~be have their adequacy~~ validated by the results that the actuary derives from a physical review of a sample of the employer's claims (the sample is selected in accordance with the requirements of paragraph 8).
8. If paragraph 7 applies, then, in respect of each of the relevant injury years, the actuary must undertake a physical review of claims in each of the following categories. The estimated incurred costs referred to below are as at the valuation date.
 - 8.1. All claims that have been, or the actuary believes are likely to be, determined to be serious injuries. The actuary's report must include information on these claims, ~~in a format similar to that as~~ set out in Table 1;
 - 8.2. All open claims where the estimated incurred cost is at least \$100,000;
 - 8.3. A sufficient number of claims where the estimated incurred cost is less than \$100,000, necessary for the actuary to establish or validate, in conjunction with the results for the claims referred to in paragraphs 8.1 and 8.2 above, the actuarial estimate of the outstanding liability for the relevant injury year;
 - 8.4. Such proportion, as the actuary deems proper, of claims that are closed as at the valuation date, with a view to identifying which of these claims may be reopened after the valuation date and, if they were to be reopened, the additional claim payments that they are likely to bring about.
9. Irrespective of whether the actuary has adopted an aggregate or an individual file estimation approach, to estimate the outstanding liability, the report should state the number of claims reviewed. This disclosure must be on an injury year basis, further subdivided by the categories that are referred to in paragraph 8 above (irrespective of whether paragraph 8 applies to the actuary's results).
10. The report should list the estimated outstanding liability for each injury year, in aggregate, as assessed by the actuary, and as assessed by the self-insured employer. This should be included as set out in Table 3.
11. The actuary should state which actuarial methodology was adopted to value the outstanding liability, together with the reason(s) for doing so. If the actuary is relying on case estimates set by the employer, the actuary should provide information on the process by which they assessed the appropriateness of the case estimates for use in the modelling. If paragraph 8 above is relevant, then, based on the review of the sample of claims, as well as the extent of the sample, the actuary should state which aggregate method(s) were adopted to value the outstanding liability, together with the reason(s) for doing so.
12. The actuary's report must include a statement of the overall workers compensation payments processed during the period under review, regardless of the injury years from

Commented [AM1]: Update as per a number of Points - proscribing the format of the information provided.

Commented [AM2]: Clarification on methodology & reasoning used by Actuary

which these payments arose. Should the valuation be undertaken at a time when the full period’s information is not available, then the payments for the part period should be stated, as well as the total of the payments that the actuary expects for the balance of the period. This information should be ~~in a format similar to that as~~ set out in Table 3.

13. The report must include a “claims paid” development table, including all injury years for which a workers compensation payment was processed during the period under review. This information should be ~~in a format similar to that as~~ set out in Table 2.
14. The report must show the latest and the previous estimates of the incurred cost for each injury year, including the latest and the nine preceding injury years. This information should be in a format ~~similar to that as~~ set out in Table 3.
15. The report must contain a summary table in the format set out in Table 4.

- ~~16. Recoveries should be treated in the following way for the purpose of financial guarantee calculation:~~
- ~~• Potential recoveries may be taken into account in determining the employer’s workers compensation liabilities in the following circumstance:~~
 - ~~• ReturnToWorkSA is satisfied that sufficient evidence has been provided by the self-insured employer to the Technical Lead, Self-Insured Performance & Assurance, that ReturnToWorkSA is listed as a beneficiary on its Excess of Loss insurance policy; and~~
 - ~~• The claim/s in question must be covered by the policy for which ReturnToWorkSA is a beneficiary.~~

~~Only if the above circumstance is met, the actuary’s valuation of outstanding claims liabilities may be made after allowance for recoveries for the claims that meet this criteria.~~

- ~~16. Unless agreed otherwise by ReturnToWorkSA, potential recoveries shall not be taken into account in determining the employer’s workers compensation liabilities. The actuary’s valuation of outstanding claims liabilities must be before any allowance for recoveries.~~

- ~~17. Outside of the above stated circumstances, ReturnToWorkSA may consider on a case-by-case basis an employer’s written submission for a potential recovery to be taken into account when determining the employer’s workers compensation liabilities. The requirements for the submission are outlined in this Guideline in the “Recoveries For The Purpose of Financial Guarantee Calculation” section.~~

- ~~18. ReturnToWorkSA may seek a copy of, or information relating to, any Excess of Loss Insurance policy under which it is named as a beneficiary, from the issuer of that policy.~~

- ~~17-19.~~ Any allowance for discounting or inflation must be stated in such a way as both the rate and the total dollar amount of the discount or inflation allowance is readily identifiable.

Commented [AM3]: This change will allow “net amount” of Financial Guarantee valuation, rather than “gross amount”

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~~20.~~ The employer has an obligation to advise the actuary, and the actuary must enquire, and the report must state, whether the actuary is aware if the employer operates any program, whether it is recorded and described or is simply a practice, whereby any service or benefit is offered and/or provided without a claim for compensation having been or needing to be lodged, or else provided by the employer in such a way that costs are not recorded in the available claims data. The actuary must state in the report whether the injuries associated with the payments under this program would have had a material impact on the valuation result, if all injuries, and all costs, whether or not explicitly identified as non-work related injuries, had brought about a claim.

Commented [AM4]: Clarification regarding the need to provide information on Early Intervention programs

~~21.~~ The report must contain a summary section, outlining the changes in liability from the previous year, and advising whether and how this differs from what was estimated last year. Where results differ from what was estimated last year, this section must provide a summary of why this occurred. This information should be as set out in Table 5.

Commented [AM5]: Further information on the types of treatment/ programs to be included are outlined in the supporting Explanatory Note

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Commented [AM6]: New Table, which will provide a summary of information that would already be within the valuation report.

~~18-22.~~ Along with the actuary's valuation report, an excel spreadsheet containing the data Appendices and Prescribed tabled, must be provided in the "Actuarial Valuation Appendices" template (Form XXX).

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~~19-23.~~ The actuary's valuation report should be compliant with Professional Standard 3029 of the Actuaries Institute Australia, to the extent that this standard is pertinent with these guidelines. This compliance must be explicitly stated in the report.

Commented [AM7]: Formal name and number of excel template to be entered

Commented [AM8]: Updated to current Actuarial Professional Standard

~~20-24.~~ The actuary's valuation and report must also comply with the requirements of the Actuaries Institute Practice Guideline 1 General Actuarial Practice.

~~21-25.~~ The employer bears the responsibility for all costs associated with the actuarial valuation unless otherwise specified by ReturnToWorkSA. Accounts for actuarial services should be rendered directly to the employer.

~~22-26.~~ The report must also:

~~26.1.~~ Comment on the consistency, or lack thereof between the self-insured employer's general ledger payments for workers compensation claims and the claims data used for the actuarial analysis. The report must include details of any variation, as well as the self-insured employer's explanation of the variation. Commentary on consistency may be based on the latest available reconciliation of data prepared by the employer for the period covered by the valuation, provided it is within three months of the valuation date.

~~22.1-26.2.~~ State whether all costs related to workers compensation claims are included in the claims data, and if not then to explain how such costs have been considered in the actuarial analysis.

Commented [AM9]: Clarification around requirement to explain disparities between General Ledger & Claims Data

[22.2.26.3.](#) Comment on whether the first two weeks of income support is recorded on the claims administration system.

[22.3.26.4.](#) Be carried out without any allowance for GST on the total value of the claim portfolio.

Table 1: Serious Injuries

Claim Number	Worker Age	Date of Injury	WPI % (actual or estimated)	Lump Sum (s58)		Income		Treatment and Care		Other		Medical Redemption		S56A (income) or redemption payment		Redemption*
				Paid	O/S	Paid	O/S	Paid	O/S	Paid	O/S	Income Paid	O/S	Paid	O/S	Income
XXXXXX/XX	XX	XX/XX/XXXX	X%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	

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Commented [AM10]: Additional breakdown in table to split medical & income/redemption payments, where possible

*The final column on the right side (Redemption) is ONLY completed IF the Actuary is UNABLE to split the costs as per the “Medical Redemption” & “S56A” columns. If these 2 columns are completed, the “Redemption” column can be left blank.

Guidance on completing Table 1: Where possible redemption payments and estimates to be split by income/ s56A and medical costs.

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Table 2: Claims Paid Development

Injury year	Payment period 1	Payment period 2	Payment period 3	Payment period 4	Payment period 5	Payment period 6	Total payments
1	X	XX	XXX	XXXX	XXXXX	XXXXXX	Total
2	X	XX	XXX	XXXX	XXXXX		Total
3	X	XX	XXX	XXXX			Total
4	X	XX	XXX				Total
5	X	XX					Total
6	X						Total

Guidance on completing Table 2: This table should include ALL injury years for which the self-insurer has a self-insurance licence.

Table 3: Paid and Outstanding

Valuation Period Ended		dd/mm/yyyy	(A)					
Actual payments made during the period, regardless of incurred year			\$					
If above is based on data for a part period and the full period was estimated, please show			Actual Period (dd/mm/yyyy to dd/mm/yyyy)	\$	Forecast Period (dd/mm/yyyy to dd/mm/yyyy)	\$		
Injury year*	Paid to date (Actual)	Outstanding at (A) (as estimated by the actuary) (Undiscounted)	Latest estimate of incurred cost (Undiscounted)	Estimate of incurred cost from previous valuation (Undiscounted)	If <u>incurred</u> variation is > 10%, provide brief explanation*	Outstanding at (A) (as estimated by the actuary) (Discounted)	Total paid in the inter-valuation period (Undiscounted)	<u>Case Estimates</u> <u>(outstanding</u> <u>liability as</u> <u>assessed by the</u> <u>self-insured</u> <u>employer)</u>
1	P	O	P+O					
2	P	O	P+O					
3	P	O	P+O					
4	P	O	P+O					

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*If the incurred variation is >10% the information provided should support RTWSA’s understanding of the reason for movement in the incurred cost.

Guidance on completing Table 3: Not less than 10 years should be shown, unless period of self-insurance is shorter. If for any period older than 10 years either both of (1) outstanding claims are still estimates, and (2) actual payments were made in the last 2 years, then these older periods must also be included in the table.

Table 4: Summary Table

	Amount	
Value of the outstanding liability at the valuation date	\$	
Estimate of the liabilities expected to arise over the ensuing period of 12 months	\$	
Estimate of the amounts expected to be paid out by the employer under the Act over the ensuing period of 12 months	\$	Actual payments during the current year Note: Figure enables comparison of actual v's estimated payments from previous valuation.
New Financial Guarantee Level	\$	

Table 5: Movement in results – Net Provision (including CHE)

	Total Amount	Amount – Serious Injury Claims	Amount – Rest
Value of the outstanding liability at the previous valuation date	\$	\$	\$
Expected value of outstanding liability at the valuation date	\$	\$	\$
Attribution of change in the outstanding claims liability as a result of:	\$	\$	\$
- Change in claims experience			

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<u>and related valuation assumptions</u>			
- <u>Change due to economic assumption changes</u>	\$	\$	\$
<u>Value of outstanding liability at the valuation date (current liability)</u>	\$	\$	\$

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Guidance on completing Table 5: Information provided should support RTWSA’s understanding of the reason(s) for movement in the outstanding claims liability. The actuary’s judgement informs what features should be identified in this table. Examples which may explain movements could include: change in exposure (employer workforce), change in valuation assumptions, changes as a result of legislative or legal experience, etc.

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Recoveries for the purpose of Financial Guarantee calculation

Part A Clause 16 of this guideline states,

“Recoveries should be treated in the following way for the purpose of financial guarantee calculation:

- *Potential recoveries may be taken into account in determining the employer’s workers compensation liabilities in the following circumstance:*
- *ReturnToWorkSA is satisfied that sufficient evidence has been provided by the self-insured employer to the Technical Lead, Self-Insured Performance & Assurance, that ReturnToWorkSA is listed as a beneficiary on its Excess of Loss insurance policy; and*
- *The claim/s in question must be covered by the policy for which ReturnToWorkSA is a beneficiary.*

Only if the above circumstance is met, the actuary’s valuation of outstanding claims liabilities may be made after allowance for recoveries for the claims that meet this criteria”.

“Unless agreed otherwise by ReturnToWorkSA, potential recoveries will not be taken into account in determining the employer’s workers compensation liabilities. The actuary’s valuation of outstanding claims liabilities must be before any allowance for recoveries”.

Outside of the above stated circumstances, ReturnToWorkSA ~~will~~ may consider on a case-by-case basis an employer’s written submission for a potential recovery to be taken into account when determining the employer’s workers compensation liabilities.

Any such submission should cover the following matters and provide evidence wherever possible:

- Has the recovery action commenced
- Is the recovery action likely to be finalised within the next reporting period
- Has the actuary undertaking the valuation sighted legal advice supporting a reasonable prospect of success in the recovery action
- Has the actuary undertaking the valuation provided in writing details on how the value of the potential recovery has been estimated, including the impact of potential recovery on the value of the employer’s outstanding claims liability
- The actuaries estimate of the potential recovery
- Note that potential recoveries under any excess of loss or other insurance maintained by the employer will not be taken into account in determining the employer’s workers compensation liabilities.

Submitting the actuary’s report

The actuary’s report must be submitted within 3 months of the end of the employer’s financial year. The report is to be submitted to the Technical Lead, Self-Insured Performance

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~~& Assurance (selfinsured@rtwsa.com, 0448 803 253), Insurer Performance Analyst (Self-Insured@rtwsa.com, (00) 8233 2467).~~

On receipt of the actuary's report, the ~~Insurer Performance Analyst~~ Technical Lead, Self-Insured Performance & Assurance will review the report to ensure it complies with the Part A requirements of this standard and calculate the value of the financial guarantee required.

If the report is not complete or compliant, or warrants further review, ReturnToWorkSA will request further information from the actuary and/or have the actuary's report peer reviewed.

A letter will then be sent to the self-insured employer requesting the provision of a financial guarantee, at the level calculated by ReturnToWorkSA.

Part B: Calculating a liability transfer payment, payable by or to ReturnToWorkSA

Assumption of Liabilities

Commencing self-insurance

On becoming self-insured, an employer will become liable to make all outstanding payments of compensation to which a person is entitled in consequence of the occurrence of a work injury arising from employment by the employer that occurred before the employer became a self-insured employer.

In connection with the assumption of this liability to make outstanding payments of compensation, ReturnToWorkSA must, in accordance with the Code of conduct for self-insured employers determine whether—

- a) the Corporation is required to make a payment to the self-insured employer; or
- b) the self-insured employer is required to make a payment to the Corporation, and the amount of any such payment.

In order to determine the amount payable to or by ReturnToWorkSA, a valuation of outstanding claims liabilities is required.

ReturnToWorkSA will appoint or approve an actuary to undertake the valuation of outstanding claims liabilities. This may include where a self-insured employer, or group of self-insured employers apply to bring a related body into a group self-insured employer.

ReturnToWorkSA will write to the self-insured employer confirming the appointment or approval of an actuary.

On confirmation of the engagement of the approved actuary, a claims data extract will be provided to the actuary by ReturnToWorkSA.

The actuary will need to provide ReturnToWorkSA with a list of claim files they consider necessary to review in order to complete the valuation. On receipt of this list, ReturnToWorkSA will provide the actuary with electronic copies of relevant claims documentation. This will not include documents subject to legal privilege.

In undertaking the valuation, the approved actuary may consult with ReturnToWorkSA's claims agent. The claims agent will be entitled to charge the applicant for these services.

The valuation and actuary's report must comply with the attached requirements of Part A of this guideline.

Where the actuary is unable to comply with all of Part A of this guideline, the actuary's report must state the clauses that are not complied with and the reasons for not doing so.

The valuation must include:

- The value of the likely liabilities that may be incurred on a monthly basis from the date of the extract
- A table detailing all claims whereby an amount is likely to be recovered, including the amount reasonably expected to be recovered.

Where a claim is not a serious injury claim, but is likely to be assessed as a serious injury claim, the actuary must provide an estimate of the outstanding liability for the claim:

- on the basis of the claim being a non-serious injury claim, and
- on the basis of the claim being a serious injury claim.

At the conclusion of the valuation, a report must be provided to ReturnToWorkSA.

The Employer is responsible for all costs in relation to the preparation of the report.

ReturnToWorkSA may elect to have the actuary's report peer reviewed.

Ceasing self-insurance

If a self-insured employer has ceased to be registered as a self-insured employer under the Act, ReturnToWorkSA may, in its discretion, undertake, in whole or part, liabilities related to work injuries arising from employment during the period of self-insurance registration.

ReturnToWorkSA must undertake the liabilities of a private self-insured employer who becomes insolvent, or fails to make provision that ReturnToWorkSA considers adequate for dealing with claims, and meeting liabilities and responsibilities related to work injuries, during the period of the employer's registration as a self-insured employer.

ReturnToWorkSA will appoint or approve an actuary to undertake the valuation of outstanding claims liabilities. This may include where a group of self-insured employers apply to have a related body corporate removed from the group.

ReturnToWorkSA will write to the self-insured employer confirming the appointment or approval of an actuary.

The valuation and actuary's report must comply with the attached requirements of Part A of this guideline.

Where the actuary is unable to comply with all of Part A of this guideline, the actuary's report must state the clauses that are not complied with and the reasons for not doing so.

The valuation must include:

- A table containing details of any claim where the whole person impairment is currently being assessed, or has been assessed and is yet to be determined. The table must contain the claim number, date of injury, estimate of the percentage of whole person impairment, estimated value of economic and non-economic loss payments.
- A table detailing all claims whereby an amount is likely to be recovered, including the amount reasonably expected to be recovered.

Where a claim is not a serious injury claim, but is likely to be assessed as a serious injury claim, the actuary must provide an estimate of the outstanding liability for the claim:

- on the basis of the claim being a non-serious injury claim, and
- on the basis of the claim being a serious injury claim.

At the conclusion of the valuation, a report must be provided to ReturnToWorkSA.

The Employer is responsible for all costs in relation to the preparation of the report.

ReturnToWorkSA may elect to have the actuary's report peer reviewed.

Confidentiality

The information provided to the actuary for the purpose of undertaking the valuation of outstanding claims liabilities relevant to an application for registration as a self-insured employer, is confidential.

Provision of any claims information will be contingent on the execution of a confidentiality agreement by the actuary. An original document, signed by the actuary, must be returned to ReturnToWorkSA. Emailed copies cannot be accepted.

A copy of the executed confidentiality agreement will be provided to the Actuary.

Calculation of a liability transfer payment

ReturnToWorkSA will review the actuary's report, provided for the purpose of valuing a liability transfer payment, to determine whether it accepts the information contained within the report.

Where ReturnToWorkSA disagrees with the actuary's report conclusions and recommendations, it will provide the employer with details of the areas of disagreement.

ReturnToWorkSA will provide an employer with an initial calculation of the liability transfer payment. Where possible, all areas of disagreement will be resolved prior to this calculation being provided.

The calculation of the liability transfer payment will be completed in accordance with the Valuation of Liability Transfer Payment Guideline published on the ReturnToWorkSA website.

The liability transfer payment will be adjusted to the date of commencement or cessation of registration as a self-insured employer.

When calculating the liability transfer payment, payable on the commencement of registration as a self-insured employer, the adjustments will take into account the likely liabilities incurred and payments made since the effective date of the actuary's valuation.

Part C: Financial Guarantees

Submitting a financial guarantee

Bank guarantees and insurance bonds are important documents. Handling of these documents is controlled to avoid potential loss or damage.

Guarantees and bonds are to be provided in accordance with a set format and content. The standard format and content is attached to this standard.

We recommend a copy of the guarantee be provided prior to the physical exchange. This allows for the content of the guarantee to be verified and minimises the potential for the exchange of guarantee to be delayed.

An original and a copy of the original guarantee/bond must be provided at the time of exchange.

On exchange of a guarantee, any previous similar documents will be returned to the representative of the self-insured employer. This process is usually completed with a representative from the guarantee issuer.

A financial guarantee from one financial institution will not be returned to the representatives of another financial institution without prior consent of the self-insured employer.

To arrange a time to submit or exchange a document contact [the Technical Lead, Self-Insured Performance & Assurance \(selfinsured@rtwsa.com, 0448 803 253\)](mailto:the.technical.lead@rtwsa.com), ~~Kit Mitchell, Insurer Performance Analyst on (08) 8233 2467 or Kit.Mitchell@rtwsa.com.~~

Attachment A: Standard Bank Guarantee Format

Financial Undertaking

The Financial Institution specified in Item 1 of Schedule 1 (Bank) has agreed at the request of the party specified in Item 4 (Guaranteed Party) to issue this financial undertaking in favour of the party specified in Item 5 (Beneficiary).

The Bank agrees with the Beneficiary as follows:

Operative Part

- 1

In consideration of the Beneficiary accepting this instrument from the Bank in connection with the Guaranteed Party's application for registration as a self-insured employer, the

The Bank unconditionally and irrevocably undertakes to pay the Beneficiary upon receipt from the Beneficiary of a written demand any amount or amounts to a maximum aggregate amount as specified in Item 6 of the Schedule (Maximum Amount).
- 2

To make demand under this instrument the Beneficiary must deliver a demand in writing purporting to be signed by or on behalf of the Beneficiary and substantially in the form specified in Schedule 2 to the Bank at the address specified in Item 2 for the attention of the office specified in Item 3.
- 3

The Bank will make payment to the Beneficiary upon receiving the demand referred to in paragraph 2 above without reference to the Guaranteed Party and notwithstanding any contrary direction or notice by the Guaranteed Party.
- 4

The liability of the Bank under this instrument will continue until:

(a)

written notice has been given to the Bank by the Beneficiary that the instrument is no longer required; or

(b)

the Bank makes payment to the Beneficiary of the whole of the Maximum Amount in one payment; or

(c)

the time at which the total of all payments of such amounts as the Beneficiary may demand from time to time when aggregated, equal the Maximum Amount; or

(d)

this undertaking is returned to the Bank.

Commented [AM14]: Minor updated wording to clarify purpose of Guarantee

- 5
- The Beneficiary will, upon request by the Bank, following the first occurrence of any of the events specified in Clause 4 above, return the original of this instrument promptly to the Bank for cancellation.
- 6
- The Bank may terminate its liability under this instrument at any time by paying to the Beneficiary the balance of the Maximum Amount outstanding.
- 7
- Unless the Bank's liability has terminated pursuant to Clauses 4 or 6 above, the liability of the Bank under this instrument will not be affected, discharged, or released for any reason, including the fact that the Guaranteed Party ceases to be an approved self-insurer under any legislation governing the operation of workers compensation.
- 8
- The Bank warrants that this undertaking has been executed in accordance with the laws of the place specified in Item 7. The Bank agrees that, in respect of any dispute relating to this instrument, the Bank submits to the jurisdiction of the courts of the place specified in Item 7.
- 9
- If this instrument is executed by an attorney of the Bank, the attorney warrants by their execution of this instrument that their power of attorney confers the power to execute this instrument and the appointment has not been revoked.
- 10
- Neither the Beneficiary nor the Bank may transfer or assign its right or interest under this instrument except that a statutory successor of the Beneficiary will have the same rights as the Beneficiary specified in this undertaking.

Signed by the attorney of [] under power of attorney registered Book [] No [], and who has received no notice of the revocation of the power, in the presence of:

.....

Signature of witness

.....

Signature of attorney

.....

Name of witness (print)

.....

Name of attorney (print)

Signed [place of execution]

Dated this day of 20



Schedule 1

- Item 1: [] ABN ## of the address specified in Item 2
- Item 2: [insert details of office from which undertaking issued]
- Item 3: [insert office of person upon whom demand must be served or an equivalent position - e.g. Chief Legal Officer or any substitute for Chief Legal Officer]
- Item 4: [insert details of Guaranteed Party - full name + ABN + address]
- Item 5: Return to Work Corporation of South Australia, 400 King William Street Adelaide SA 5000, ABN 83 687 563 395
- Item 6: [Maximum Amount - in words, for example (Five million dollars) and figures (\$5,000,000)]
- Item 7: South Australia.

.....

Initialed by signatory

Schedule 2

(form of demand - clause 2 of undertaking)

TO: [Bank]

This is a demand under the Financial Undertaking specified in Item 1 issued by you on the date specified in item 2 below. Please pay to the party specified in item 3 below in immediately available funds the amount specified in item 4 below to the account specified in item 5 below.

The person signing this demand confirms that they are authorised and empowered to issue this demand.

Item 1: [Bank guarantee reference number]

Item 2: [date of demand]

Item 3: [identity of Beneficiary]

Item 4: [amount of demand - not to exceed Maximum Amount]

Item 5: [Account BSB and Account Number]

Dated this day of 20

Signed for and on behalf of **[Beneficiary]** in
the presence of:

.....
Signature of witness

.....
Signature of authorised person

.....
Name of witness (print)

.....
Name of authorised person (print)

Attachment B: Standard Insurance Bond Format

Financial Undertaking

Bond Number: XX XXXXX XXX XXXX

The Financial Institution specified in Item 1 of Schedule 1 (The Financial Institution) has agreed at the request of the party specified in Item 4 (Guaranteed Party) to issue this financial undertaking in favour of the party specified in Item 5 (Beneficiary).

The Financial Institution agrees with the Beneficiary as follows:

Operative Part

- 1.1 In consideration of the Beneficiary accepting this instrument from the Financial Institution in connection with the Guaranteed Party's application for registration as a self-insured employer, the Financial Institution unconditionally and irrevocably undertakes to pay the Beneficiary upon receipt from the Beneficiary of a written demand any amount or amounts to a maximum aggregate amount as specified in Item 6 of the Schedule (Maximum Amount).
- 1.2 To make demand under this instrument the Beneficiary must deliver a demand in writing purporting to be signed by or on behalf of the Beneficiary and substantially in the form specified in Schedule 2 to the Financial Institution at the address specified in Item 2 for the attention of the office specified in Item 3.
- 1.3 The Financial Institution will make payment to the Beneficiary upon receiving the demand referred to in paragraph 2 above without reference to the Guaranteed Party and notwithstanding any contrary direction or notice by the Guaranteed Party.
- 1.4 The liability of the Financial Institution under this instrument will continue until:
- (e) written notice has been given to the Financial Institution by the Beneficiary that the instrument is no longer required; or
 - (f) the Financial Institution makes payment to the Beneficiary of the whole of the Maximum Amount in one payment; or
 - (g) the time at which the total of all payments of such amounts as the Beneficiary may demand from time to time when aggregated, equal the Maximum Amount; or
 - (h) this undertaking is returned to the Financial Institution.
- 5 The Beneficiary will, upon request by the Financial Institution, following the first occurrence of any of the events specified in Clause 4 above, return the original of this instrument promptly to the Financial Institution for cancellation.

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Bond Number: XX XXXXX XXX XXXX

456 The Financial Institution may terminate its liability under this instrument at any time by paying to the Beneficiary the balance of the Maximum Amount outstanding.

~~167~~ Unless the Financial Institution's liability has terminated pursuant to Clauses 4 or 6 above, the liability of the Financial Institution under this instrument will not be affected, discharged or released for any reason, including the fact that the Guaranteed Party ceases to be an approved self insurer under any legislation governing the operation of workers compensation.

178 The Financial Institution warrants that this undertaking has been executed in accordance with the laws of the place specified in Item 7. The Financial Institution agrees that, in respect of any dispute relating to this instrument, the Financial Institution submits to the jurisdiction of the courts of the place specified in Item 7.

~~189~~ If this instrument is executed by an attorney of the Financial Institution, the attorney warrants by their execution of this instrument that their power of attorney confers the power to execute this instrument and the appointment has not been revoked.

4910 Neither the Beneficiary nor the Financial Institution may transfer or assign its right or interest under this instrument except that a statutory successor of the Beneficiary will have the same rights as the Beneficiary specified in this undertaking.

Signed by the attorney of [] under power of attorney registered Book [] No [], and who has received no notice of the revocation of the power, in the presence of:

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Signature of witness

Signature of attorney

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Name of witness (print) _____ Name of attorney (print) _____

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Signed [place of execution]

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Dated this day of 20

Schedule 1

- Item 1: [] ABN ## of the address specified in Item 2
- Item 2: [insert details of office from which undertaking issued]
- Item 3: [insert office of person upon whom demand must be served or an equivalent position - eg Chief Legal Officer or any substitute for Chief Legal Officer]
- Item 4: [insert details of Guaranteed Party - full name + ABN + address]
- Item 5: Return to Work Corporation of South Australia, 400 King William Street Adelaide SA 5000, ABN 83 687 563 395
- Item 6: [Maximum Amount - in words, for example (Five million dollars) and figures (\$5,000,000)]
- Item 7: South Australia.

.....

Initialed by signatory

Schedule 2

(form of demand - clause 2 of undertaking)

TO: [Financial Institution]

This is a demand under the Financial Undertaking specified in Item 1 issued by you on the date specified in item 2 below. Please pay to the party specified in item 3 below in immediately available funds the amount specified in item 4 below to the account specified in item 5 below.

The person signing this demand confirms that they are authorised and empowered to issue this demand.

Item 1: [Financial Institution guarantee reference number]

Item 2: [date of demand]

Item 3: [identity of Beneficiary]

Item 4: [amount of demand - not to exceed Maximum Amount]

Item 5: [Account BSB and Account Number]

Dated this day of 20

Signed for and on behalf of **[Beneficiary]** in
the presence of:

.....
Signature of witness

.....
Signature of authorised person

.....
Name of witness (print)

.....
Name of authorised person (print)



www.ReturntoWork.com

General enquiries: 13 18 55
ABN: 83 687 563 395

ReturnToWorkSA Corporation of South Australia
400 King William St, Adelaide South Australia 5000
GPO Box 2668 Adelaide South Australia 5001

