

POLICY AND PREMIUM

Who must insure with CMI?

Pursuant to Section 31 of the Coal Industry Act 2001, CMI may require any employer in the NSW coal industry to effect workers' compensation insurance through CMI in respect of an employer's employees in the NSW coal mining industry.

Businesses requiring workers' compensation insurance with CMI would include underground and open cut mines, mining engineers and surveyors, labour hire companies with employees in the coal mining industries, coal preparation plants, specialised mining contractors, coal loaders and industries substantially concerned with the removal of coal from the pit and its transport.

CMI does not provide cover for employers involved with the subsequent treatment of coal, whether turning it into some other commodity or product, or otherwise.

Procedure for applying for insurance with CMI

If you employ staff in the NSW Coal Mining Industry, the first step is to contact CMI on (02) 8270 3200 and request for a Cover Note to be issued.

CMI will send you a proposal form and your business will be allocated a premium category rate based on the information provided on your proposal form.

The premium rates are set by CMI and are not subject to the NSW WorkCover Insurance Premiums Order.

Period of Insurance

CMI's policy year runs from 4 pm on 30 June to 4 pm on 30 June each year. If you take out a new policy it will be termed to 30 June and renewed each year on that date. Policy premiums can be paid monthly, quarterly or annually depending on premium size.

Policy Categories

Each policy is allocated to a category and your new policy premium will depend on which category your business falls into. Your premium rate will be the CMI category rate for the first three years unless your company has three years previous insurance history.

After a policy has been in force with CMI for three years it is rated based on a combination of total incurred claims experience and assessable wages.

The Category description & definition is as follows:

Category	Description	Definitions
1	Operator - Open Cut Mine	Mine Owner, Leaseholder or contactor, who undertake the whole operation of an Open Mine in NSW
2	Operator – Underground Mine	Mine owner, leaseholder or contractor who undertakes the whole operation of an Underground Coal Mine in NSW
3	Contractor	Employer who contract their services to various employers in the NSW Coal Industry. This includes on and off site transport.
4	Consultant	Employer who provides technical advice on a consultancy basis to employers to the NSW Coal Industry.
5	Labour Hire	Company whose activity is to provide labour to employers in the NSW Coal Industry.
6	Coal Preparation Plants/Loader	Owner or Operator who undertake the whole operation of a coal preparation plant (washery) or coal loader in NSW.
7	Administration	Mine administration staff and clerical personnel based in an office either on or off the mines lease. Includes unions and mines rescue stations.

The categories and category rates are revised by CMI each year on 30 June and are subject to change.

Premiums

The premium amount payable for a new policy is obtained by multiplying the category rate by the amount of assessable wages paid to your employees during the policy period (please refer to the *Definition of Wages Manual. Available on the Coal Services Website*). GST is also payable on the premium.

If the premium is paid monthly, CMI require a wages statement to be submitted on the 15 of each month declaring the actual amount of wages paid in the previous month. The premium may vary from month to month if the wages paid to staff vary.

The premium rate itself will not be changed by CMI mid-term unless there is a change in risk which may change the category to which your policy is allocated.

If premiums are paid yearly or quarterly, an estimated wages declaration is submitted at the start of each policy period and the deposit premium is based on estimated wages.

An actual wages declaration is completed by policyholders at the end of each policy year and an adjustment is made by credit or extra premium chargeable if actual wages are lower or higher than estimated wages. Interest can be charged by CMI in instances where estimated wages have been substantially under declared.

Definition of a worker

The *Workplace Injury Management and Workers Compensation Act 1998* defines a worker to be:

“any person who works under a contract or services or apprenticeship with an employer, whether by way of manual labour, clerical work or otherwise, and whether the contract is expressed or implied, or is oral or in writing...”

Contractors

For the purposes of workers' compensation insurance, certain categories of contractors may be deemed workers and are also entitled to workers compensation benefits if injured.

As far as the principal of a contract is concerned they should ensure that all subcontractors, unless corporations, have a policy of insurance. Where a person is employed under a contract or sub-contract and the contractor or sub-contractor does not have a policy, the principal is liable to pay workers' compensation benefits.

When is a contractor deemed to be a worker?

A contractor may be deemed to be a worker employed by the person or company who made the contract with the contractor when:

- The contractor does not employ workers
- The contractor does not sub-let part or all of the contracted work
- The work is not part of a business or trade regularly carried out by the contractor in his/her own name or under a business name

In this situation the owner of the business or principal of the business who engages the contractor *has a similar level of control over the contractor as that over a direct employee*. The owner or business principal should take out workers compensation cover in these circumstances.

Important points to note:

- A person may be a contractor but still be a worker for the purpose of workers compensation

- The status of a person for tax purposes bears no direct relationship to that person's status as a worker for workers compensation purposes

Certificate of currency

At times third parties may request you to provide evidence of your workers' compensation policy. If this is required please contact our office during business hours on (02) 8270 3200 to arrange for CMI to issue you a certificate of currency.