

May 23, 2012

Insurance Council calls on UnionsNSW to withdraw misleading WorkCover ads

The Insurance Council of Australia (ICA) today urged UnionsNSW to withdraw an advertising campaign that misleads the public about the role of insurance companies in the NSW WorkCover scheme.

The ads, which were launched this week, claim that insurance companies will be the only beneficiaries of reforms to the NSW WorkCover scheme.

ICA Chief Executive Rob Whelan said he feared the UnionsNSW campaign would confuse the community into believing ICA members were insurers for the scheme.

He said the only role ICA members played in the current WorkCover scheme was as scheme agents for an entity known as the Nominal Insurer¹.

Mr Whelan said it was premature and misleading for UnionsNSW to predict the outcomes of the inquiry and wrong to make unsubstantiated claims about insurers.

“I urge UnionsNSW to avoid misrepresenting the role that insurance companies play in the WorkCover scheme,” he said.

“I call on Mark Lennon, Secretary of UnionsNSW, to withdraw the ad or correct the misrepresentation. Campaigns that oversimplify the issues and drive a biased point of view - without recourse to the facts - are at best unhelpful in the debate, and at worst can be misleading and promote scaremongering.

“The public hearings and review process implemented by the NSW Government are a genuine attempt at reforming a scheme that is unsustainable in its present form. All parties should support the process and provide constructive and informed input to the reform process.”

Mr Whelan said the ICA had prepared a submission to the NSW Joint Parliamentary Committee in response to a Government issues paper.

He said:

- Insurers issue and administer policies on behalf of WorkCover, and premiums are calculated according to a formula determined by WorkCover

¹ Source: NSW Parliamentary Research Service e-brief 10/2012 Workers Compensation: An Update

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- Claims are managed in accordance with guidelines set down by WorkCover and compensation was paid to injured workers based on benefits prescribed under legislation
- Scheme agents receive fees for the services they provide to the scheme in accordance with contracts entered into with WorkCover
- Insurers do not underwrite the NSW Workers Compensation Scheme. They do not set premiums and do not manage the funds.

Mr Whelan said: “The ICA will give evidence to the Joint Parliamentary Committee on Friday May 25, 2012, to canvas views of our members in relation to specific matters raised in the NSW Government’s issues paper.”

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