



# Accident Insurance (Premium Payment Procedures) Amendment Regulations 2000

Michael Hardie Boys, Governor-General

## Order in Council

At Wellington this 17th day of July 2000

Present:

The Right Hon Helen Clark presiding in Council

Pursuant to sections 281B, 407, and 412 of the Accident Insurance Act 1998, His Excellency the Governor-General, acting on the advice and with the consent of the Executive Council, makes the following regulations.

### Contents

<p>1 Title</p> <p>2 Commencement</p> <p>3 Interpretation</p> <p>4 New regulation 5 substituted</p> <p style="padding-left: 20px;">5 Private domestic workers</p> <p>5 New heading and regulations 6A to 6J inserted</p> <p style="padding-left: 40px;"><i>Employer premium</i></p> <p>6A Period in respect of which regulations 6B to 6J apply</p> <p>6B Payment of employer premium</p> <p>6C How relevant employee earnings generally determined</p> <p>6D Accredited employers</p> <p>6E Estimated premium</p>	<p>6F Manager to determine estimate of earnings</p> <p>6G Employer may provide estimate of earnings</p> <p>6H New employer may provide estimate of earnings</p> <p>6I Calculation of actual premium after estimated premium charged</p> <p>6J Employer premium not payable on earnings over specified maximum</p>	<p>6 Self-employed persons who have no accident insurance contract, or have contract for part-year only</p>
---	---	---

7	Self-Employed Work Account premium	11	Payments hierarchy, etc
8	Payment of Residual Claims levy by employers	12	New regulations 28 and 29 added
9	New regulation 19 substituted	28	Premiums payable in respect of period 1 July 1999 to 31 March 2000
19	Resident Claims levy and employer premium payable by employers on disposal or cessation of business	29	Premiums payable in respect of period 1 April 2000 to 31 March 2001
10	Proportionate premiums and levies only are payable		

## Regulations

### 1 Title

- (1) These regulations are the Accident Insurance (Premium Payment Procedures) Amendment Regulations 2000.
- (2) In these regulations, the Accident Insurance (Premium Payment Procedures) Regulations 1999<sup>1</sup> are called “the principal regulations”.

<sup>1</sup> SR 1999/196

### 2 Commencement

These regulations come into force on the day after the date of their notification in the *Gazette*.

### 3 Interpretation

- (1) Regulation 3(1) of the principal regulations is amended by inserting, in their appropriate alphabetical order, the following definitions:

“**employer premium** means the premium payable under section 281B of the Act to fund the Employers’ Account

“**Labour Cost Index** means the *Labour Cost Index All (Industry or Occupation) Groups Combined, All Sectors Combined, Total Wage and Salary Rates* published by Statistics New Zealand

“**relevant employee earnings**, in relation to an employer, means the total amount of earnings as an employee paid by the employer to its employees, including irregular payment employees as defined in regulation 16(1)”.

- (2) Regulation 3(2) of the principal regulations is revoked.

**4 New regulation 5 substituted**

Regulation 5 of the principal regulations is revoked and the following regulation substituted:

**“5 Private domestic workers**

For the purposes of regulations 14, 18, and 20, and also for the purposes of regulations 28 and 29 in relation to Self-Employed Work Account premiums—

“(a) references to self-employed persons include references to private domestic workers; and

“(b) references to earnings as a self-employed person include, in relation to a private domestic worker, references to the private domestic worker’s earnings as a private domestic worker.”

**5 New heading and regulations 6A to 6J inserted**

The principal regulations are amended by inserting at the beginning of Part 2, immediately before the heading “*Earners’ premium and Earners’ Account levy*”, the following heading and regulations:

*“Employer premium***“6A Period in respect of which regulations 6B to 6J apply**

Regulations 6B to 6J apply in respect of any period commencing on or after 1 April 2000 for which an employer premium is payable by an employer.

**“6B Payment of employer premium**

“(1) This regulation applies to the following employers:

“(a) employers to whom section NC 2(1) of the Income Tax Act 1994 applies;

“(b) shearing contractors to whom regulation 12(b) of the Income Tax (Withholding Payments) Regulations 1979 applies;

“(c) persons who make a payment of an amount to which section OB 2(2) of the Income Tax Act 1994 applies.

“(2) Every employer referred to in subclause (1) must pay to the manager on or before the due date an employer premium in respect of an income year or part income year that is calculated on the employer’s relevant employee earnings for the

whole of that income year (with that premium being apportioned if appropriate, under whichever is relevant of regulations 19, 28, and 29 and section 308 of the Act).

**“6C How relevant employee earnings generally determined**

- “(1) This regulation does not apply to accredited employers.
- “(2) Subject always to section 314 of the Act, the manager must determine the amount of an employer’s relevant employee earnings for an income year from the statements made by the employer under regulations 15(2)(a) and 16(1)(a) for that income year.
- “(3) The manager may charge a premium in respect of earnings determined from statements under regulations 15(2)(a) and 16(1)(a) either separately or together.

**“6D Accredited employers**

- “(1) An employer who has entered into an accreditation agreement under Part 10A of the Act must notify the manager of the employer’s relevant employee earnings for the immediately preceding income year—
- “(a) at the time the employer enters into the agreement; and
- “(b) by 31 May of every following year.
- “(2) Subject always to section 314 of the Act, the manager must determine the amount of an accredited employer’s relevant employee earnings for an income year from the notification given by the employer under subclause (1).

**“6E Estimated premium**

If the manager requires an employer to pay an employer premium in respect of an income year before the manager has received a statement under regulation 15(2)(a) or regulation 16(1)(a) or a notification under regulation 6D(1) in respect of that income year, then the manager must calculate and charge the employer premium based on a reasonable estimate of the relevant employee earnings for that income year.

**“6F Manager to determine estimate of earnings**

- “(1) Except as provided in subclause (4), if the manager requires an employer to pay an estimated premium under regulation

6E, the manager must estimate the relevant employee earnings based on,—

- “(a) where applicable, the earnings figure in the notification given by the employer under regulation 6D(1) for the immediately preceding income year adjusted in accordance with the formula set out in subclause (3); or
- “(b) in any other case, the earnings figures in the statements made by the employer under regulations 15(2)(a) and 16(1)(a) for the immediately preceding income year adjusted in accordance with the formula set out in subclause (3).

“(2) The manager may charge an estimated premium based on earnings from statements under regulations 15(2)(a) and 16(1)(a) either separately or together.

“(3) The formula is—

$$a \times \frac{b}{c}$$

where—

- a is the amount of earnings on which the estimate is based under subclause (1)
- b is the Labour Cost Index for the March quarter of the current calendar year
- c is the Labour Cost Index for the March quarter preceding that referred to in item b.

“(4) If an employer has provided the manager with an estimate under regulation 6G or regulation 6H, then the manager may, in the manager’s discretion, estimate the relevant employee earnings in accordance with the employer’s estimate.

“6G **Employer may provide estimate of earnings**

“(1) An employer who, during an income year, reasonably believes that there will be an increase or decrease in the relevant employee earnings for that income year from the relevant employee earnings for the immediately preceding income year,—

“(a) must, if the increase or decrease is 20% or more; and

“(b) may, in any other case,—

notify the manager of the employer’s estimate of the relevant employee earnings for that income year and provide the manager with information to support the estimate.

“(2) The manager may require an employer to provide further information to support the employer’s estimate.

“6H **New employer may provide estimate of earnings**

“(1) An employer who commences business on or after 1 April 2000 may—

“(a) notify the manager of the date the employer commenced business; and

“(b) apply to the manager for an appropriate premium classification for that business in accordance with regulations made for that purpose under section 281C of the Act; and

“(c) provide the manager with an estimate of the relevant employee earnings for that part of the first income year during which the employer is in business; and

“(d) provide the manager with information to support that estimate.

“(2) If the manager is otherwise aware that an employer has commenced business, the manager may require the employer to provide the estimate and information referred to in subclause (1).

“6I **Calculation of actual premium after estimated premium charged**

“(1) If the manager calculates an employer premium for an income year on estimated earnings under regulation 6E, the manager must subsequently calculate the premium on the basis of the actual relevant employee earnings, and comply with section 281F(2) of the Act in respect of any overpayment or underpayment of premium.

“(2) The manager must make any calculation under subclause (1) as soon as practicable after receiving the earnings figures necessary for the manager to calculate the premium.

“6J **Employer premium not payable on earnings over specified maximum**

“(1) Except as provided in subclause (2), nothing in these regulations requires an employer to pay an employer premium on earnings of an employee that exceed the specified maximum.

- “(2) Where a person’s earnings as an employee for an income year are paid by 2 or more employers, and the total of those earnings exceeds the specified maximum,—
- “(a) each employer must pay an employer premium on all earnings paid by the employer up to the specified maximum; but
- “(b) each employer may apply in writing to the manager for a pro rata refund of the excess premium paid, to be calculated according to the proportions of earnings paid to the employee by each employer.
- “(3) An employer is not entitled to a refund under subclause (2)(b) after the expiry of a period of 4 years beginning from the close of the income year in respect of which the relevant employer premium was payable.”

## **6 Self-employed persons who have no accident insurance contract, or have contract for part-year only**

- (1) Regulation 10(2)(b)(i) of the principal regulations is amended by inserting, after the word “premium”, the words “(reduced if appropriate in accordance with regulation 28)”.
- (2) Regulation 10(2)(b)(ii) of the principal regulations is amended by omitting the words “section 308(2) of the Act”, and substituting the words “whichever is relevant of regulations 28 and 29 and section 308(2) or (3) of the Act”.

## **7 Self-Employed Work Account premium**

- (1) Regulation 14(2)(a) of the principal regulations is amended by inserting, after the word “premium”, the words “(reduced if appropriate in accordance with regulation 28)”.
- (2) Regulation 14(2)(b) of the principal regulations is amended by omitting the words “section 308(2) of the Act”, and substituting the words “whichever is relevant of regulations 28 and 29 and section 308(2) or (3) of the Act”.

## **8 Payment of Residual Claims levy by employers**

Regulation 15(2)(a) of the principal regulations is amended by omitting the words “of the employees of the employer”, and substituting the words “paid by the employer to the employer’s employees”.

**9 New regulation 19 substituted**

Regulation 19 of the principal regulations is revoked, and the following regulation substituted:

**“19 Residual Claims levy and employer premium payable by employers on disposal or cessation of business**

- “(1) This regulation applies to every employer who disposes of or otherwise ceases carrying on a business in respect of which the employer is liable to pay a Residual Claims levy or an employer premium.
- “(2) An employer must, by the 15th day of the second month after the month in which the employer disposes of or ceases carrying on the business,—
- “(a) notify the Commissioner of the date of disposal or cessation of the business; and
  - “(b) deliver to the Commissioner the statement referred to in regulation 15 for that part of the last income year during which the employer was in business; and
  - “(c) pay to the Commissioner the Residual Claims levy in respect of the earnings required to be specified in that statement.
- “(3) An employer may—
- “(a) notify the manager of the date of disposal or cessation of the business; and
  - “(b) provide the manager with a statement of the relevant employee earnings for that part of the last income year during which the employer was in business.
- “(4) As soon as practicable after receipt of information regarding an employer’s relevant employee earnings for the last income year, the manager must calculate the employer premium based on the relevant employee earnings actually paid by the employer for the income year and comply with section 281F(2) of the Act in respect of any overpayment or underpayment of premium.”

**10 Proportionate premiums and levies only are payable**

Regulation 21 of the principal regulations is revoked.

**11 Payments hierarchy, etc**

Regulation 22(2) of the principal regulations is revoked, and the following subclauses substituted:



- “(1A) The manager may apply a payment other than in accordance with subclause (1) if the manager is satisfied that to do so would—
- “(a) be administratively appropriate; and
  - “(b) not prejudice the person who made the payment.
- “(2) If the person does not identify the Account or premium to which the payment is to be applied, the manager—
- “(a) may apply the payment to such Account or premium that the manager sees fit; and
  - “(b) must notify the person accordingly.”

## 12 New regulations 28 and 29 added

The principal regulations are amended by adding the following regulations:

### “28 Premiums payable in respect of period 1 July 1999 to 31 March 2000

- “(1) This regulation applies to reduce the following premiums to take account of the fact that, under the Act, premiums are already payable for cover in the period 1 April 1999 to 30 June 1999, and also the fact that self-employed persons may have had an accident insurance contract in force during the period 1 July 1999 to 31 March 2000:
- “(a) earner premiums payable by self-employed persons under regulation 10 in respect of the period 1 July 1999 to 31 March 2000;
  - “(b) Self-Employed Work Account premiums for that period.
- “(2) The reduced premium payable for the period 1 July 1999 to 31 March 2000 is the amount calculated in accordance with the following formula:

$$a \times \frac{b}{365}$$

where—

- a is the premium that would be payable on the relevant earnings as a self-employed person if the full period covered were 1 April 1999 to 31 March 2000
- b is the number of days in the period 1 July 1999 to 31 March 2000 in which the person did not have an accident insurance contract in force.

**“29 Premiums payable in respect of period 1 April 2000 to 31 March 2001**

“(1) This regulation applies to reduce the following premiums to take account of the fact that self-employed persons and employers may have had an accident insurance contract in force during the period 1 April 2000 to 31 March 2001:

“(a) employer premiums in respect of the period 1 April 2000 to 31 March 2001:

“(b) earner premiums payable by self-employed persons under regulation 10 for that period:

“(c) Self-Employed Work Account premiums for that period.

“(2) The reduced premium payable for the period 1 April 2000 to 31 March 2001 is the amount calculated in accordance with the following formula:

$$a \times \frac{b}{365}$$

where—

a is the premium that would be payable for that period on the relevant employee earnings or earnings as a self-employed person if the person did not have an accident insurance contract in force for any of the period

b is the number of days in the period 1 April 2000 to 31 March 2001 in which the person did not have an accident insurance contract in force.”

Marie Shroff,  
Clerk of the Executive Council.

---

**Explanatory note**

*This note is not part of the regulations, but is intended to indicate their general effect.*

These regulations, which come into force on the day after the date of their notification in the *Gazette*, amend the Accident Insurance (Premium Payment Procedures) Regulations 1999 to—

- include procedures for payment of employer premiums

- provide for other miscellaneous matters (including transitional provisions in respect of premiums payable for the years commencing 1 April 1999 and 1 April 2000).

Employer premiums fund the new Employers' Account, which was established by the Accident Insurance Amendment Act 2000 to provide non-competitive accident insurance to employees for work-related personal injuries.

The regulations provide that premiums are payable to the Accident Compensation Corporation (ACC) by the date specified in the invoice for the premium. They also provide for—

- procedures whereby ACC is advised of the amount of earnings in respect of which an employer premium is payable:
- matters relating to premiums based on estimated earnings:
- where an employer has been charged a premium based on estimated earnings, the procedures for calculating a premium based on earnings actually paid and refunding or charging for the difference:
- accredited employers to notify ACC of amounts of earnings of their employees:
- procedures where an employee has 2 or more employers and earnings in excess of the specified maximum:
- procedures where an employer ceases or disposes of a business.

---

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 20 July 2000.

These regulations are administered in the Department of Labour.

---