



### What are the key benefits to the policyholder

- Lower incidence of claims being made
- Lower cost of formal claims that are made
- Creates goodwill between employer and injured employee
- Rehabilitation consultants automatically used for longer absence periods without cost to Policyholder
- Workforce perceive better welfare benefits
- If the policyholder already pays wages during absence this product will effectively negate much of their current spend for this as well as allowing the Policyholder to match the payments made against their likely liability.

Syndicate 2525

# RE-WAGE

NEW FROM SYNDICATE 2525

### What is RE-WAGE ?

It is an Extension to the Employers Liability Policy that indemnifies the Policyholder in respect of wage payments made to employees during periods of absence caused by accidents at work.

### How does RE-WAGE work?

The policyholder undertakes to continue paying wages to an injured employee who has sustained an accident at work which is RIDDOR reportable. Syndicate 2525 will undertake liability investigations and advise the policyholder how much of the ongoing wage payments will be met by Re-Wage. This is determined by the extent to which our investigations suggest the Policyholder would attract a liability in the event that the injured employee chose to make a formal claim. For longer periods of absence, Syndicate 2525 will provide rehabilitation services to the injured party at no cost to the Policyholder and in order to promote early return to work . . . . .



## Product Overview

Every Policyholder knows that Employers Liability Insurance is an expensive commodity. Simply, it is expensive because of the number of claims made as a consequence of accidents at work. But accidents do happen, despite taking reasonable risk management measures.

Syndicate 2525 is committed to the principle that individual policyholders should be rewarded when their own claims history improves. Our last innovation was the introduction of Pre-renewal Surveys for risks which appear to be under performing. This assists the Underwriter in setting a renewal premium reflecting the risks associated with the business of the Policyholder, rather than reflecting the risks associated with the class of business into which the Policyholder falls.

**Our new innovation is RE-WAGE, a product to reduce the incidence of claims being made by injured employees.**

Current Health & Safety Executive statistics suggest that the cost to employers of accidents at work exceeds £1 billion annually and all employers should wish to minimise their contribution to this figure. Only by reducing the frequency and cost of claims can the Policyholder expect lower premiums.

Re-Wage should be seen as a 'Claim Deterrent', and to understand how claims may be deterred we need to consider what causes an injured employee to bring a claim in the first place.

The theory is simple. If, following an accident at work, the claimant's on-going financial needs are met because wages continue to be paid, then the likelihood of a formal claim following is significantly diminished.

Although we can't actually prevent a formal claim being made, if the injured employee has continued to receive an income during his period of incapacity then the actual amount of a claim would be that much less and the potential costs risk to a claimant may increase.

This is a partnership product where the Policyholder undertakes to continue to pay Gross Wages to the injured employee for the first 4 weeks of absence and, where the injured employee's absence exceeds 4 weeks, the syndicate will refund to the policyholder the net amount of all wages paid from the date of injury. Subject to our liability investigations, all further payments made to the injured employee will be made net of Income Tax and National Insurance as compensatory damages.

Under Re-Wage, we will also commonly employ the use of a rehabilitation consultant where the injured employee continues to be absent for more than 8 weeks in order to ensure the application of appropriate medical services to encourage an early return to work.

This product will be provided as an extension to the Employers Liability section of the policy and information is provided overleaf.



### Which Policyholders will want RE-WAGE and how much does it cost?

All Employers Liability Policyholders may be eligible for Re-Wage to be added to their policy, from next renewal, at no additional premium cost.

### Why is RE-WAGE good for the injured employee?

The law typically expects that an injured employee goes home from work in the same physical and mental condition as when he arrived. Although employers sometimes feel that the injury was the employee's own fault, it is rare that the Courts will accept such a proposition. So, as a rule of thumb, if the employee is injured at work, his employer is likely to be liable, at least in part, for those injuries.

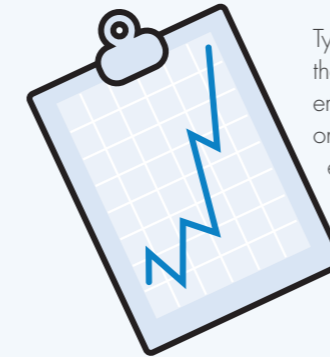
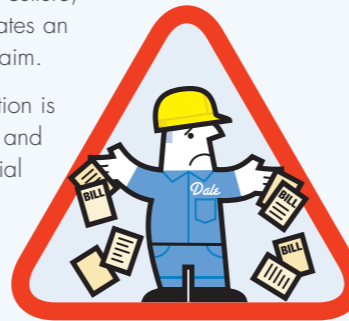
It is now a fact of life that agencies exist which encourage employees to make liability claims. To counter this culture, employers should consider what motivates an injured employee to make a liability claim.

Our evidence suggests that the motivation is typically and simply the loss of wages and the consequent inability to meet financial obligations.

Re-Wage allows the injured employee to continue to meet financial needs, at least to the extent that the employer is likely to be liable for the injuries. This may also create some measure of goodwill between the parties.

Further, if Rehabilitation consultants are utilised to assist in steering the injured employee back to good health quickly and thus back to work, this demonstrates the measure of the employers concern for the welfare of the workforce.

Despite this, should the injured employee go on to pursue a formal claim, this is not without some risk and certainly the amounts claimable will be less and thus associated costs proportionately less.



### What about Rehabilitation?

Typically, a Rehabilitation consultant will be instructed where the period of absence exceeds 8 weeks and when the injured employee's medical prognosis is unclear, subject to our views on liability. It is in all parties' interests to ensure that the injured employee recovers as quickly as possible and can return to gainful employment.

Upon completion of our liability investigations and when the Re-Wage Amount is confirmed, we will also ask the Policyholder to seek the injured employees consent for access to relevant medical records and agreement to submitting to a rehabilitation assessment.

### Does RE-WAGE refund the Gross Wages of the injured employee?

**No.** Liability investigations will determine whether the Policyholder would be held fully liable for the injuries to the employee, partly liable or if liability is significantly at issue and this, in turn, determines the Re-Wage Amount.

If our liability investigations determine that the Policyholder would attract a liability for the injuries sustained by the employee, they should then inform the employee that liability is conceded in full or in part and that future payments will be adjusted accordingly. All further payments made by the Policyholder should be for the Re-Wage Amount and should be categorised as Damages (To concede liability in whole or in part and make further payments as Damages exempts them from attracting either Income Tax or National Insurance.) We provide pro forma correspondence for the Insured to use when corresponding with the injured employee.

If liability were significantly at issue we would recommend the Policyholder cease making further payments to the injured employee as Re-Wage would cease refunding same.



### What is the maximum amount refundable under RE-WAGE?

The maximum amount refundable is 52 weeks of Re-Wage payments, although this may be extended at our sole discretion. Nothing in Re-Wage compromises the policyholder's entitlement to an indemnity under the Employers Liability Section of the policy subject to its terms and conditions nor the statutory rights of the injured employee.

In addition, Re-Wage will refund overtime/bonuses where it can be demonstrated that the injured employee would be entitled to these.

### Is there an Excess which applies separately to RE-WAGE?

**No.** but Re-Wage reimburses only net wages and until our liability investigations confirm that further wages can be paid net as compensatory damages, the policyholder will be required to meet the difference between gross and net wages. Typically, this would be for a period of about 4 weeks.

### Is there a separate policy wording for RE-WAGE?

Re-Wage is an extension to the Employer's Liability Policy and does have a wording that is available on request.

It is important to note that this document is intended for guidance and does not form part of nor is intended to compromise the actual policy wording that should be referred to as the true contract of insurance.



...help is at hand with