



# Re-Wage

## What is Re-Wage?

It is an Extension to the Employers Liability Policy that indemnifies the Policyholder in respect of wage payments made 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 that is RIDDOR reportable.

Based on liability investigations, Syndicate 2525 will refund to the Policyholder wage payments of an amount which reflects the Policyholders likely liability, that is, the amount that would be recoverable by the claimant, as damages, should a formal claim be pursued. We recommend that the Policyholder reduce the wage payments made to the injured party should our investigations suggest they would attract a partial liability and, therefore, to match the amount payable under Re-Wage.

For longer periods of absence, Syndicate 2525 will provide rehabilitation services to the injured employee at no cost to the Policyholder and in order to promote early return to work.

## Why is Re-Wage good for the Policyholder?

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, often despite taking reasonable risk management measures. 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 will the Policyholder's premium reduce.

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.

Prospective claimants may be lured by the ill-conceived belief at the heart of our 'Compensation Culture' that there is money to be made from claims. But, looking at the typical make-up of an injury compensation claim, the largest proportion of a settlement is wage loss.

Re-Wage is designed to deter lower and mid-value claims by meeting the immediate financial needs of the injured employee following an accident through continuing to pay wages.

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

Any reduction in the incidence or cost of claims will lead to a reduction in the premiums charged for Employers Liability Insurance.



## 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 at least partially liable 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 ones financial obligations.

Re-Wage allows the injured employee to continue to have his financial needs met, at least to the extent that his employers were 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.

## Does Re-Wage refund all the wages paid to the injured employee?

The Policyholder should continue to pay Gross Wages following the accident and immediately notify us that they are doing so. We will investigate liability and advise the Re-Wage amount that will be refunded to the Insured. We will pay this amount against all further payments made by the Policyholder plus any prior payments made.

Re-Wage operates only for absences exceeding four weeks.

Once we have confirmed the Re-Wage amount, the Policyholder should write to the injured employee, conceding liability if appropriate, and advising that payments of this amount will be made as Compensatory Damages.

We will provide suitable pro forma correspondence for communicating this to the injured employee.

## What is the maximum amount payable under Re-Wage?

The maximum amount refundable is 52 weeks of Re-Wage payments but 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.

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

## What is Rehabilitation and how is it used under Re-Wage?

Rehabilitation Consultants contact the injured employee after a number of weeks of absence to ascertain their current medical condition, the treatment being received and whether anything further is required by the injured employee to aid them on the road to recovery and, thus, hasten their return to work. It will also be established whether the injured employee has any long-term sequelae that may, for example, prevent return to pre-accident employment.

Re-Wage will instruct a Rehabilitation consultant whenever the injured employee's medical prognosis is unclear. It is in all parties' interests to ensure that the injured employee recovers as quickly as possible and can return to gainful employment.

## How much does Re-Wage cost?

Although Syndicate 2525 will incur additional costs associated with providing Re-Wage to Policyholders, we are so confident that Re-Wage will result in a reduction in the number of employers liability claims that if possible Re-Wage will be added to your Employers Liability Policy with no additional cost to you. Please ask your broker to enquire.

## Is there a separate policy wording for Re-Wage?

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

It is important to note that the above 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.