

How do MERIT REBATES and LOADINGS work?

1. Compensation for Occupational Injuries and Diseases Act

Section 85 (Variation of tariff of assessment) of the Compensation for Occupational Injuries and Diseases Act (COIDA) states:

Merit Rebates

If the accident record of an employer during a particular period is, in the opinion of the Director-General or FEM, more favourable than those of employers in comparable businesses, the Director-General or FEM may give such employer a rebate on any assessment paid or payable by him. Merit Rebates are paid each year at the discretion of FEM's board in accordance with the FEM's articles of association and are not guaranteed.

Increased Assessment Rates / Loadings

If the accident record of an employer during a particular period is, in the opinion of the Director-General or FEM, less favourable than those employers in comparable businesses and the Director-General or FEM is of the opinion that such state of affairs will probably continue, the Director-General or FEM may assess such employer at a higher rate of assessment than the tariff of assessment for employers in like businesses.

2. Calculations

The loading or rebate is applied to 2 years retrospective. FEM, as per the Compensation Fund, uses a 2-year retrospective period to allow for a reasonable time for *all* the claims costs to be reflected. This period has shown through claims history and experience, as being the most reasonable period to apply.

In 2010 the calculations are based on the ACTUAL PREMIUMS for 2008 and the CLAIMS COSTS *incurred* in 2008 (not necessarily the year the claim was registered or the date of the accident). FEM calculates the rebate (or loading) based on a single year's actual premium and claims costs incurred. An employer can therefore qualify for a merit rebate in one year and be penalised via a loading in the next (and visa-versa)

The ratio of claims costs for the period in question to premiums paid for the same period will determine the loss ratio. A favourable loss ratio could result in a merit rebate (subject to conditions) and an unfavourable loss ratio could result in a loading (increase) of the standard rate.

A favourable loss ratio is between 0% and 62%. To qualify for a 50% merit rebate the loss ratio must be between 0% and 10%. Between 63% and 64% there is no effect on rebates or loadings. From 65% and up the loadings are applied.

Diagram 1 shows a graphic application of the Merit Rebates and Loadings.
 (Please note that all percentages and figures may be subject to change without notice)

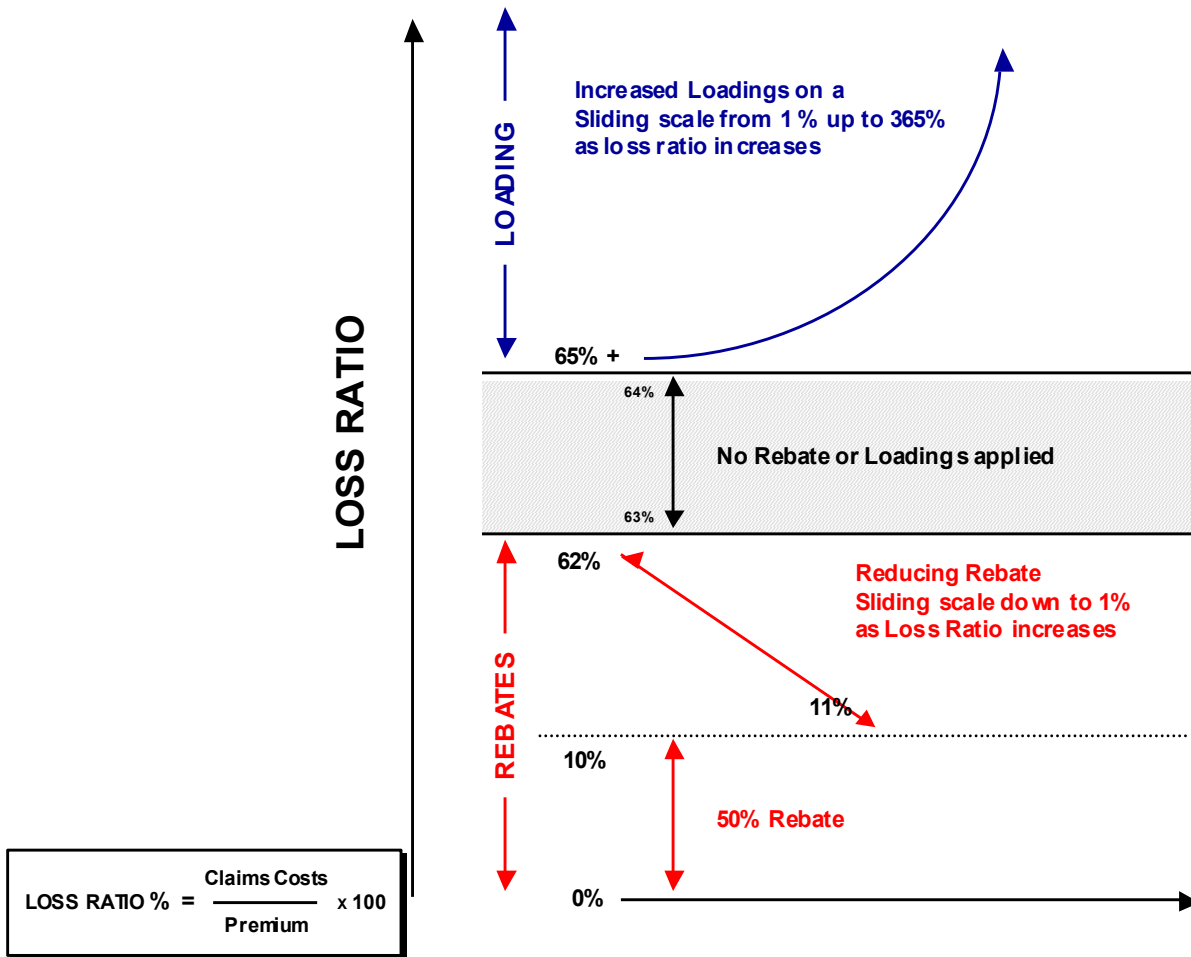


Diagram 2 shows the Merit Rebate and Loading table currently in use.

(Please note that all percentages and figures may be subject to change without notice)

<u>Loss Ratio</u>	<u>Rebate %</u>	<u>Loss Ratio</u>	<u>Loading %</u>
10 and less	50	65	1
11	49	66	2
12	48	67	3
13	47	68	4
14	46	69	5
15	45	70	6
16	44	71	8
17	43	72	10
18	42	73	12
19	41	74	14
20	40	75	16
21	39	76	18
22	38	78	20
23	37	80	25
24	36	82	30
25	35	84	35
26	34	86	40
27	33	88	45
28	32	90	50
29	31	92	55
30	30	94	60
31	29	96	65
32	28	98	70
33	27	100	75
34	26	110	85
35	25	120	95
36	24	130	105
37	23	140	115
38	22	150	125
39	21	160	135
40	20	170	145
41	19	180	155
42	18	190	165
43	17	200	175
44	16	225	190
45	15	250	205
46	14	275	220
47	13	300	235
48	12	400	250
49	11	500	265
50	10	600	285
51	9	700	305
52	8	800	325
53	7	900	345
54	6	999 and greater	365
55	5		
56	4		
57	3		
58	2		
59	1		
60	1		
61	1		
62	1		

The Annual Health and Safety Awards

The Annual Health and Safety Awards are not related to the Merit Rebates and Loadings, and the criteria are different to those used to calculate loading and rebates although the period under review is the same. The criteria for the national and regional awards are also different.

Diagram 3 shows the current National Annual Health and Safety Awards criteria.

(Please note that all percentages and figures may be subject to change without notice)

Annual Health and Safety Awards Risk Categories				Annual Health and Safety Awards Size Categories	
Group	Subclass	Description	Rate	Group	Description
1 High Risk	A03	TUNNELLING, ROCK DRILLING / BLASTING	8.26	Small Employer	Less than 100 Employees
	M02	WATER BORING AND OTHER DRILLING ACTIVITIES	5.41	Medium Employer	>= 100 and < 500 Employees
	A12	ERECTION/DISMANTLING OF STEEL STRUCTURES / INDUSTRIAL PLANTS, INCL CONSTRUCTIONAL STEEL ENGINEERING	4.63	Large Employer	>= 500 Employees
	R 32	ERECTION / DISMANTLING OF SCAFFOLD / SHUTTERING	4.63		
	A04	BUILDING CONTRACTOR - OVER 12M	2.8		
2 Medium Risk	A02	CIVIL ENGINEERING	2.42		
	A08	STEEL REINFORCING OPERATIONS	2.42		
	R 23	EARTH MOVING	2.42		
	R 24	ROAD MARKING	2.42		
	R 27	SEWER CONSTRUCTION	2.42		
	R 29	RAILWAY CONSTRUCTION	2.42		
	R 39	CRANE HIRE	2.42		
	A01	BUILDING CONTRACTOR - UNDER 12M	2.24		
	E03	ELECTRICAL CONTRACTOR	2.24		
	R 1	ROOFING CONTRACTOR	2.24		
	R 2	PAINTING AND PLASTERING	2.24		
	R 4	CONSTRUCTION AND MAINTENANCE OF SWIMMING POOLS	2.24		
	R 5	DEMOLITION WORK	2.24		
3 Low Risk	C01	WOODWORKING CONTRACTOR	2.04		
	C02	GLASS MERCHANTS	1.79		
	A09	LIFTS AND AIRCONDITIONING	1.75		
	R 34	HEATING	1.75		
	R 35	VENTILATION AND/OR FENCE ERECTION	1.75		
	R 36	WINDMILL AND/OR FENCE ERECTION	1.75		
	R 37	ERECTION OF ELECTRIFIED FENCING	1.75		
	R 38	INSTALLATION OF DOORS	1.75		
	D01	BRICK / TILE MANUFACTURER	1.62		
	A10	PLUMBING CONTRACTOR	1.59		
	R 6	CEILING CONTRACTORS	1.59		
	R 7	INSTALLATION OF COMPOSIT FLOORS	1.59		
	R 8	WOODEN FLOOR SURFACING AND LAYING	1.59		
	R 10	DOMESTIC DRAIN LAYING	1.59		
	R 11	FLOOR AND WALL TILING	1.59		
	R 12	SPORTS GROUND CONSTRUCTION	1.59		
	R 13	ASPHALT CONSTRUCTION	1.59		
	R 14	INSTALLATION OF FIRE PROTECTION DEVICES	1.59		
	R 15	LANDSCAPE GARDENING	1.59		
	R 16	GARDENING SERVICES	1.59		
	R 17	PAVEMENT CONSTRUCTION	1.59		
	R 19	WINDOW CLEANING	1.59		
	R 20	SIGN ERECTION INCLUDING SIGN WRITING ON BUILDINGS	1.59		
	R 41	INDUSTRIAL CLEANING	1.59		
	E01	METAL / ENGINEERING WORKS	1.38		
S01	STARCH & GLUCOSE	0.86			
M01	MAINTENANCE AND OPERATION OF WATER WORKS / IRRIGATION WORKS	0.81			
I01	INDUSTRIAL COUNCIL / TRADE UNION	0.4			
I03	INSURANCE	0.12			

The factor is composed of loss ratio, accident frequency and number of employees.

The factor must be below 40 to be considered for an award.