



**ACCIDENT INSURANCE (PAYMENT OF BASE PREMIUMS)
REGULATIONS 1999**

SIAN ELIAS, Administrator of the Government

ORDER IN COUNCIL

At Wellington this 14th day of June 1999

Present:

HER EXCELLENCY THE ADMINISTRATOR OF THE GOVERNMENT IN COUNCIL

PURSUANT to sections 412 and 477 of the Accident Insurance Act 1998, Her Excellency the Administrator of the Government, acting by and with the advice and consent of the Executive Council, makes the following regulations.

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REGULATIONS

1. Title and commencement—(1) These regulations may be cited as the Accident Insurance (Payment of Base Premiums) Regulations 1999.

(2) These regulations come into force on 30 June 1999.

2. Interpretation—(1) In these regulations, unless the context otherwise requires,—

“The Act” means the Accident Insurance Act 1998:

“Base 3-month premium” means—

(a) In relation to a first scheme employer and a later schemes employer, the base 3-month premium that the employer is liable to pay the Corporation under section 467 (2) of the Act:

(b) In relation to a first scheme self-employed person and later schemes self-employed person, each of the base 3-month premiums that the self-employed person is liable to pay the Corporation under section 470 (2) of the Act:

“Base premium for the 1998/99 premium year”, or “1998/99 base premium”, means—

(a) In relation to a later schemes employer, the base premium that the employer is liable to pay the Corporation under section 466 (2) of the Act:

(b) In relation to a later schemes self-employed person, the base premium that the self-employed person is liable to pay the Corporation under section 468 (2) of the Act:

(c) In relation to a later schemes self-employed person and a first scheme self-employed person, the base premium that each of those self-employed persons is liable to pay the Corporation under section 469 (2) of the Act:

“Discount payment date”, in relation to the payment by a person of the total amount of 1998/99 base premium owing by the person, means the 30th day following the date of the invoice sent by the Corporation to the person under regulation 6 (3) or otherwise:

“Due date”, in relation to the payment by a person of a base premium, means—

(a) In the case of a 1998/99 base premium of \$250 or less, the 30th day following the date of the invoice for the premium:

(b) In the case of a 1998/99 base premium of more than \$250, 30 June 2000:

(c) In the case of a base 3-month premium, the 30th day following the date of the invoice for the premium:

“Irregular payment employee” has the same meaning as in the Accident Insurance (Premium Payment Procedures) Regulations 1999*:

“Monthly instalment plan” means a plan containing the requirements set out in regulation 7 (and includes such a plan where instalments at periods other than a month are agreed on under section 477 (3) of the Act).

(2) The terms “1998/99 premium year”, “3-month premium”, “first scheme employer”, “first scheme self-employed person”, “later schemes employer”, and “later schemes self-employed person” have the meanings given by section 464 of the Act.

Payment of Base Premiums

3. Payment of base premium for 1998/99 premium year—(1) This regulation applies to every later schemes employer, every first scheme self-employed person, and every later schemes self-employed person who, as at 1 July 1999, owes any amount of 1998/99 base premium.

(2) Every such person must pay to the Corporation the total amount of every 1998/99 base premium owed by that person, together with any amount of interest required to be paid under regulation 8, in accordance with subclauses (3) and (4).

(3) If the total amount of 1998/99 base premium owing by a person is \$250 or less, the person must pay to the Corporation 95% of that total amount on or by the discount payment date, in which case the payment satisfies the total amount owing in respect of the 1998/99 base premium.

(4) If the total amount of 1998/99 base premium owing by a person is more than \$250, the person must pay it to the Corporation in one of the following ways:

(a) Pay 95% of the total amount owing by the discount payment date, in which case the payment satisfies that total amount owing:

(b) Pay the full total amount owing by the close of 30 June 2000, in which case the person is not liable to pay interest on the amount:

(c) If the total amount owing is \$2,000 or more, and the person has before 30 April 2000 given the Corporation written notice of acceptance of the requirements of a monthly instalment plan in the form provided by the Corporation, pay the full total amount (including interest), in compliance with the instalment plan, in which case—

(i) Payments may be spread in accordance with the plan up to 30 June 2002; and

(ii) Interest calculated under regulation 8 is payable in respect of amounts owing during the period 1 July 2000 to 30 June 2002.

(5) A person who fails to comply with the requirements of subclauses (2) to (4) is liable to pay to the Corporation a penalty calculated in accordance with regulation 9.

4. Payment of base 3-month premium—(1) Every employer and every self-employed person who owes any amount of base 3-month premium as at 1 July 1999 must pay that amount to the Corporation by the due date.

(2) A person who does not comply with subclause (1) is liable to pay a penalty calculated in accordance with regulation 9.

5. Calculation of employer base 3-month premium—(1) This regulation applies to a first scheme employer or a later schemes employer who—

(a) Is liable to pay to the Corporation a base 3-month premium; and

(b) Was not in business for the whole of the 1998/99 premium year; and

- (c) Employed in that year an employee who would have had earnings in excess of the specified maximum for the 1998/99 premium year if the employer had been in business for the whole of the year.
- (2) In calculating the applicable base 3-month premium of a person to whom this regulation applies, the Corporation must, where satisfied that the person employed an employee to whom subclause (1)(c) relates, reduce appropriately the earnings of the employee for the period that the employer was in business, so that the employer does not pay a base 3-month premium in relation to any employee on an amount of earnings in excess of the appropriate proportion (for that period of the year that the employer was in business) of the specified maximum.

Provision of Invoices and Statements by Corporation

6. Corporation must provide invoice for base premiums—(1) The Corporation must give an invoice to every person that the Corporation has reason to believe owes any base premium. The invoice (or an accompanying document) must set out—

- (a) The amount of the base premium which the Corporation believes is owing by the person; and
- (b) The due date for payment of the base premium; and
- (c) If appropriate, the discount payment date; and
- (d) If appropriate, the options for payment available to a person to whom regulation 3 (4) applies, and a form of acceptance of the monthly instalment option.
- (2) The Corporation must give an invoice to every person who informs the Corporation that it wishes to pay the person's 1998/99 base premium in accordance with regulation 3 (4) (a).

Monthly Instalment Plans

7. Requirements of monthly instalment plans for payment of base premiums for 1998/99 premium year—(1) The requirements of a monthly instalment plan are as follows:

- (a) The payment to the Corporation by the person, on or before 30 June 2000, of at least one-third of the total amount of 1998/99 base premium that was payable by the person as at 1 July 1999:
- (b) For so long as any amount of 1998/99 base premium owing to the Corporation plus any amount of interest on that amount calculated under regulation 8 is unpaid, the payment to the Corporation on such day of every calendar month subsequent to 1 July 2000 as is advised by the Corporation (or on such other instalment dates as may be agreed under section 477 (3) of the Act) of—
- (i) An instalment amount of no less than \$250 (or the equivalent of \$250 per month, where different instalment dates have been agreed) of the total amount of every base premium owing for the 1998/99 premium year (except as provided in subclause (2)); and
- (ii) An amount, calculated under regulation 8, of interest on any amount of 1998/99 base premium remaining unpaid by the person on the relevant instalment date, taking account of the payment under subparagraph (i):

(c) The payments under paragraphs (a) and (b) must be made to the Corporation in a manner notified by the Corporation to the person from time to time.

(2) If the outstanding total amount of 1998/99 base premium unpaid by the required day of payment is less than \$250, that lesser amount is payable under subclause (1)(b)(i).

(3) A person who has accepted a monthly instalment plan may at any time after 30 April 2000, and before the completion of the instalments the person accepted under the plan, pay the Corporation in a single lump sum the total amount of 1998/99 base premium owing by that person if—

(a) The person gives the Corporation a notice of the person's intention to do so on a specified date; and

(b) The lump sum payment comprises—

(i) The total amount of 1998/99 base premium unpaid as at that specified date; and

(ii) Any interest calculated by the Corporation under regulation 8 as owing by that person as at the specified date.

(4) Where a person who has accepted a monthly instalment plan fails to make the payment required by subclause (1)(a) on or before 30 June 2000,—

(a) The Corporation may cancel the monthly instalment plan, and must notify the person accordingly; and

(b) Regulation 3(4)(b) then applies to the person.

(5) Where a person who has accepted a monthly instalment plan fails to make a payment required by subclause (1)(b),—

(a) The Corporation may cancel the monthly instalment plan, and must notify the person accordingly; and

(b) All outstanding amounts are then payable immediately on notification, and attract the appropriate penalty notified under regulation 9.

Interest

8. Interest on unpaid 1998/99 base premium under instalment plans—The interest payable under regulation 7(1)(b)(ii) is calculated on a daily basis, for every full day in respect of which an amount of base premium for the 1998/99 premium year remains unpaid, at the annual rate of 10% on any amount outstanding. The interest is to be applied on the relevant instalment date, and is non-compounding.

Penalties

9. Penalties for non-payment—(1) The penalty for a person to whom regulation 3(5) or regulation 4(2) applies, or a person who fails to pay any instalment (including interest) due under regulation 7(1)(b), is as follows:

(a) An initial penalty amount of 2% of the amount of unpaid base premium, or instalment (including interest), determined as at the day after the due date, or instalment date, for the relevant base premium or instalment:

(b) At successive monthly intervals, a further penalty amount of 2% of the aggregate of—

(i) The amount of base premium or instalment (including interest) still remaining unpaid at the end of the monthly interval; and

(ii) Any penalty amount or amounts payable under paragraph (a) or this paragraph that remain unpaid at the end of the monthly interval.

(2) For the purposes of subclause (1)(b), if the penalty amount would, but for this subclause, fall to be determined on a day that does not exist in a month, it is to be determined on the last day of the month.

(3) The Corporation, in its discretion, may waive any penalty under this regulation if it is satisfied that a failure to pay by the due date or relevant instalment date was due to exceptional circumstances outside the person's control, or for other good reason.

Miscellaneous

10. Goods and services tax—(1) The monetary amounts referred to in regulations 3 (3), 3 (4), and 7 (1) (b) (i) are exclusive of goods and services tax.

(2) The calculations under regulations 8 and 9 are to be determined inclusive of goods and services tax.

11. Giving of notices—Section 368 of the Act applies to notices given by the Corporation under these regulations.

12. Corporation's power to agree to alternative manner and period of payment not limited—These regulations do not limit section 477 (3) of the Act.

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 30 June 1999, provide for—

- (a) The payment of the base 3-month premium payable by employers and self-employed persons in respect of the period 1 April 1999 to 30 June 1999, with payment being required within 30 days of invoicing by the ACC; and
- (b) The payment by employers and self-employed persons of the base premium for the 1998/99 premium year. Here payments of amounts owing are required as follows:
 - (i) Within 30 days of invoicing for total amounts of \$250 or less. Payments on time attract a 5% discount;
 - (ii) For total amounts of more than \$250 but less than \$2,000, either within 30 days of invoicing (which attracts a 5% discount), or by 30 June 2000 (in which case no discount is applied but no interest is payable);
 - (iii) For total amounts of \$2,000 or more, the person has a choice of either of the options under (ii) above, or may instead accept the instalment plan described in regulation 7, which allows spreading over the period 1 July 2000 to 30 June 2002 but subject to the payment of interest for amounts owing during that period.

Regulation 2 interprets various terms used in the regulations. Many of the terms used are already defined in section 464 of the Accident Insurance Act 1998.

Regulation 3 sets out the procedures for payment of base premiums for the 1998/99 premium year, which are basically as described in paragraph (b) above and depend on whether the total amount owing is less than, equal to, or more than the \$250 and \$2,000 thresholds.

A person who fails to comply with the relevant payment requirements is liable to pay the appropriate penalty prescribed in *regulation 9*.

Regulation 4 requires the payment of the base 3-month premium within 30 days of when it is invoiced by the ACC.

A person who fails to do so is liable to the appropriate penalty prescribed in *regulation 9*.

Regulation 5 provides for an appropriate proportionate reduction of the base 3-month penalty payable by employers who were not in business for the whole of the 1998/99 premium year and who employed employees who would have had earnings in excess of the specified maximum if they had been employed for the whole year.

Regulation 6 requires the ACC to issue invoices to persons required to pay base premiums, setting out the amount believed owing, the date on which it is due, and, if appropriate, the discount payment date and the various options for payment.

Regulation 7 sets out the requirements of instalment plans. These require payment of an initial instalment, which must be at least a third of the total base premium due, by 1 July 2000, and subsequent instalments on such day of every subsequent month as is advised by the ACC (or such other instalments as may be agreed between the person and the Corporation). Instalment amounts must be of at least \$250 (or the equivalent of \$250 per month) plus the appropriate interest amount (except where the total amount outstanding is less than \$250).

Amounts outstanding can be paid early in a single lump sum, if the person notifies the ACC of their intention to do so on a specified day (which allows the ACC to calculate the exact amount of interest to be included in the lump sum).

The Corporation may cancel an instalment plan if there is a failure to pay the initial instalment or any subsequent instalment.

Regulation 8 provides the interest calculation for amounts outstanding after 30 June 2000 pursuant to the instalment spreading option. The interest rate is 10% per annum.

Regulation 9 provides the penalties for non-payment of the base premiums in the manner (or one of the appropriate manners) provided for in *regulations 3 and 4*. The penalties are an initial 2% penalty, plus a further 2% at monthly intervals on amounts still outstanding.

Regulation 10 provides that the \$250 and \$2,000 thresholds in *regulation 3* and the minimum \$250 instalment in *regulation 7* are exclusive of goods and services tax. The calculation of interest and penalties under *regulations 8 and 9* are inclusive of goods and services tax.

Regulation 11 relates to the giving of notices.

Regulation 12 provides that the regulations do not limit the ACC's power to agree to an alternative manner and period of payment under section 477 (3) of the Accident Insurance Act 1998.

Issued under the authority of the Acts and Regulations Publication Act 1989.
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These regulations are administered in the Department of Labour.