



**THE ACCIDENT REHABILITATION AND COMPENSATION  
INSURANCE (EXPERIENCE RATING) REGULATIONS 1993,  
AMENDMENT NO. 1**

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CATHERINE A. TIZARD, Governor-General

**ORDER IN COUNCIL**

At Wellington this 5th day of December 1994

Present:

THE HON. DOUG KIDD PRESIDING IN COUNCIL

PURSUANT to sections 104, 104A, and 167 of the Accident Rehabilitation and Compensation Insurance Act 1992, Her Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

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**REGULATIONS**

**1. Title and commencement**—(1) These regulations may be cited as the Accident Rehabilitation and Compensation Insurance (Experience Rating) Regulations 1993, Amendment No. 1, and shall be read together with and deemed part of the Accident Rehabilitation and Compensation Insurance (Experience Rating) Regulations 1993\* (hereinafter referred to as the principal regulations).

(2) These regulations shall come into force on the 28th day after the date of their notification in the *Gazette*, and shall apply to any experience rating calculation after that date on basic premium payable on or after the 1st day of April 1994.

**2. Application of experience rating**—The principal regulations are hereby amended by revoking regulations 4 and 5, and substituting the following regulations:

**“4. Small employers**—(1) Every small employer shall be entitled to a premium discount in respect of the basic premium payable by the small employer for any premium liability year if the Corporation has not made any qualifying payments pursuant to any qualifying claims attributable, or deemed to be attributable, to the small employer in the premium liability year.

“(2) The amount of the premium discount referred to in subclause (1) of this regulation shall be calculated in accordance with the following formula:

$$a \times [b - (c \times b) - (d \times e)]$$

where—

- a is 15 percent or such other percentage as may be specified by Order in Council as the size factor for the small employer for the purposes of this regulation; and
- b is the basic premium payable by the small employer for the premium liability year; and
- c is 15 percent or such other percentage as may be specified by Order in Council as the reserve premium factor for the small employer for the purposes of this regulation; and
- d is 0.65/100 or such other figure as may be specified by Order in Council as the non-work injury factor for the purposes of this regulation; and
- e is the total amount of earnings as an employee paid or provided by the small employer in the premium liability year by reference to which the basic premium payable by the small employer for that year has been calculated.

**“5. Large employers**—(1) Subject to subclauses (4) and (5) of this regulation, each premium liability year every large employer shall, in respect of the basic premium paid or payable by that large employer for that premium liability year, be liable to pay a premium loading or be entitled to a premium discount, calculated in accordance with the following formula:

$$a \times [b - (c \times b) - (d \times e) - (f \times g)]$$

where—

- a is the particular employer size factor for the large employer for the premium liability year determined in accordance with subclause (3) of this regulation; and
- b is the basic premium payable by the large employer for the premium liability year; and
- c is 15 percent or such other percentage as may be specified by Order in Council as the reserve premium factor for the large employer for the purposes of this regulation; and
- d is 0.65/100 or such other figure as may be specified by Order in Council as the non-work injury factor for the purposes of this regulation; and

- e is the total amount of earnings as an employee paid or provided by the large employer in the premium liability year by reference to which the basic premium payable by the large employer for that year has been calculated; and
- f is 1.5 or such other figure as may be specified by Order in Council as the claims adjustment factor for the purposes of this regulation; and
- g is all, or such portion as the Corporation in its discretion may determine, of the qualifying payments (if any) made by the Corporation in the premium liability year pursuant to the qualifying claims (if any) attributable, or deemed to be attributable, to the large employer in the premium liability year.

“(2) If the amount calculated pursuant to subclause (1) of this regulation—

- (a) Is a positive amount, such amount shall be a premium discount; or
- (b) Is a negative amount, such amount shall be a premium loading.

“(3) For the purposes of item a of the formula in subclause (1) of this regulation, the particular employer size factor for a large employer for any premium liability year shall be an amount equal to the smaller of the following amounts:

- “(a) An amount, rounded down to 3 decimal places, calculated in accordance with the following formula:

$$\frac{(0.65 \times a) + 10,000}{a + 100,000}$$

where—

- a is the basic premium payable for the premium liability year by the large employer; or

“(b) 0.6 or such other figure as may be specified by Order in Council as the maximum size factor for the purposes of this regulation.

“(4) If the basic premium payable by a large employer for a premium liability year is or exceeds \$10,000 but does not exceed \$30,000, and the large employer is liable to pay a premium loading for that year, the amount of the premium loading shall not exceed an amount calculated in accordance with the following formula:

$$a \times (b - c)$$

where—

- a is 1.5; and
- b is the basic premium payable by the large employer for the premium liability year; and
- c is \$10,000.

“(5) If the basic premium payable by a large employer for a premium liability year exceeds \$30,000, and the large employer is liable to pay a premium loading for that year, the amount of the premium loading shall not exceed an amount equal to the basic premium payable by the large employer for that year.”

**3. Saving**—Notwithstanding the revocation of regulations 4 and 5 of the Accident Rehabilitation and Compensation Insurance (Experience Rating)

Regulations 1993\* by regulation 2 of these regulations, those regulations shall continue to have effect in relation to any experience rating calculation on basic premiums payable before the 1st day of April 1994.

MARIE SHROFF,  
Clerk of the Executive Council.

\*S.R. 1993/310

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EXPLANATORY NOTE

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

These regulations change the experience rating formulas for both small employers and large employers under the experience rating system for premiums payable on or after 1 April 1994. The experience rating system adjusts the amount of the basic premium payable by employers pursuant to the Accident Rehabilitation and Compensation Insurance Act 1992, to reflect the accident experience of employers.

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Issued under the authority of the Acts and Regulations Publication Act 1989.  
Date of notification in *Gazette*: 8 December 1994.

These regulations are administered in the Accident Rehabilitation and Compensation Insurance Corporation.