

Return on Employees' Compensation Insurance Statistics (Quarterly) by Trade Occupation Explanatory Note on Reporting of Annual Wage and Contract Value

We have found recently that different reporting bases are used by different insurers in completing their Returns on Employees' Compensation Insurance (Direct) Business to the Insurance Authority ("IA"). To enhance the accuracy and reliability of the statistics for Employees' Compensation ("EC") business, this Explanatory Note sets out the standard basis to be adopted by insurers in reporting the Annual Wage and Contract Value in their Returns. Insurers wishing to adopt bases different from the standard basis set out below are requested to inform the IA promptly of their preferred bases together with justifications.

Reporting of Annual Wage

For most trade occupations whose premium rate is based on wageroll, the amount of Annual Wage reported for a particular period (disregarding the length of the relevant period of insurance) should be commensurate with that of Gross Premium. In this regard, the Annual Wage in respect of a new policy should be based on the estimated employees' earnings as declared by the insured prior to the commencement of the relevant period of insurance. Upon expiry or termination of a policy in the following reporting period, there may be adjustment of premium or premium refund to be reported based on the declaration of the actual employees' earnings. In these circumstances, the Annual Wage to be reported in the Return for that following period should be the difference between the estimated earnings and actual earnings.

Reporting of Contract Value for Construction EC Business

Where the premium rate for Construction EC business is based on Contract Value (i.e. Trade Occupation 5c), the amount of Contract Value reported for a particular period should similarly be commensurate with that of Gross Premium. Where in the following reporting period adjustment premium is charged and reported upon policy endorsement arising from a change in the contract value, the Contract Value to be reported in that following reporting period should be the difference between the original contract value and the revised contract value. For additional premium charged for an extension of the contract period or maintenance period where the relevant contract value remains unchanged, no Contract Value in respect thereof should be reported.