

icare to pay out \$38 million to 53,000 injured workers

Today icare announced that it will proactively pay \$38 million in total to 53,000 injured workers affected by historic pre-injury average weekly earnings (PIAWE) calculation errors to accelerate the remediation program and get benefits back to the people who need them most.

Since 2020 icare has written to 280,000 injured workers, conducted a state-wide awareness campaign and reviewed over 16,000 of the potentially highest impacted claim files to address possible miscalculation errors in PIAWE between 2012 and 2019.

To date 3.5% per cent of files reviewed have been identified as having received underpayments, with the underpayment averaging less than \$26 per week. It was also discovered 2.3% of files received overpayments of similar value, which will not be recouped.

The icare Board and the cross-government steering committee consisting of icare, NSW Treasury and the State Insurance Regulatory Authority (SIRA) have considered this approach and endorsed the proactive payment option following an independent review by Deloitte ([link to report](#)).

“I would like to offer my sincere apology to any injured worker who has been affected by this calculation error. icare is working closely with the NSW government, SIRA and employers to ensure it doesn’t happen again,” icare CEO, Richard Harding said.

“We have pro-actively reviewed those that were the most vulnerable and likely to have had a financial impact. Our focus has been on remediating these people as a quickly as possible.

“I am pleased that we are now in a position to make this right and get these payments to the injured workers who need them,” he said.

The payment will come in the form of an adjustment of weekly benefits for the weeks already paid to workers and will be based on an individual worker’s claim characteristics. This will include individual worker factors such as weeks off work, amounts already received in weekly entitlements and the nature of their injury.

We will now begin contacting all workers identified as suitable to receive the proactive payment so that payments can be processed in the near future.

This accelerated payment approach does not limit injured workers from requesting a further review and they can do this by lodging a request through our [PIAWE assessment form page](#) or contacting their case manager.

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What is pre-injury average weekly earnings (PIAWE)?

PIAWE is the weekly average of a worker's gross earnings over the 52 weeks prior to their date of injury. The determination of PIAWE is used to calculate the amount of weekly payments made to a person for a work-related injury while they are unable to work, as part of their workers compensation claim in NSW.

The introduction of PIAWE in 2012 was intended to provide a method of calculation based on what a worker had actually been earning prior to their injury. It included specified allowances which is intended to result in fairer payments to injured workers by using gross earnings from the 52-week period prior to the injury.

What is the problem with weekly workers compensation payments after 2012?

Some workers may not have been paid their correct weekly payments as a result of the volume of information required and the complex process to determine PIAWE for these entitlements.

Employers found it difficult to provide insurers with the required data and information to determine an injured worker's weekly workers compensation payments, and insurers were only able to pay an injured worker's weekly payments based on the information provided to them by employers.

In addition, under the legislation insurers must assess and commence provisional weekly payments within seven days of being notified of an injury. Because of this short timeframe, initial payments were often based on incomplete information.

The numbers:

We have pro-actively reviewed those that were the most vulnerable and likely to have had a financial impact. Those greater than 130 weeks of benefits and deceased workers have all been pro-actively reviewed totalling approximately 7500 claims. We have also completed approximately 9,000 reactive reviews as a result of the mailout and communications campaign.

To date 3.5% per cent of files reviewed have been identified as having received underpayments, with the underpayment averaging less than \$26 per week.

Those who will receive a proactive payment are those outside of the reviews already completed that are the next cohort of workers most likely to have potentially suffered a financial loss.

We have excluded from the proactive payments anyone who had received equal to or less than 7 weeks of benefits as it is unlikely that they would have suffered a financial loss that is greater than \$100. Any injured worker can still request a further review by lodging a request through our [PIAWE assessment form page](#) or contact their case manager.

This approach has been endorsed by the cross-government steering committee consisting of icare, NSW Treasury and the State Insurance Regulatory Authority following an independent review by Deloitte ([link to report](#)).