

Enriching Life Beyond Finance



We are a MAS-licensed Financial Advisory Firm providing financial advice on life insurance, collective investment schemes and general insurance as an exempt insurance broker. In addition, we are capable to advise on products and services not regulated under the Financial Advisers Act such as home loan planning, wills & trusts and alternative investments on a referral basis.

Our Services

Personal:

- Comprehensive Financial Planning
- Insurance & Investment
- Mortgage Planning
- Estate Planning
- Wills & Trusts
- Property Investment
- General Insurance

Corporate:

- Corporate Risk Management
- Employee Benefits
- Corporate Pension Funds
- Business Loan
- Investment Planning
- Property Investment
- Director & Officer Liability

480 Lorong 6 Toa Payoh HDB Hub
East Wing #09-01/A2 Singapore 310480
Tel: **6397 6678** Fax: **6397 6728** | Email: enquiry@singcapital.com.sg
www.singcapital.com.sg

SINGCAPITAL
ENRICHING LIFE BEYOND FINANCE

Do Not Be Caught Off Guard – Work Injury Compensation Act (WICA)

With effect from 1 April 2008, all employees in general who are engaged under a contract of service or of apprenticeship, regardless of their level of earnings and suffers an injury by accident arising out of and in the course of employment, **the EMPLOYER is liable to compensate regardless of who is at fault.** This is an expansion to include desk bound workers not covered in the past with monthly pay \$1,600 and above.

Injuries sustained in the office seem lesser risk but may not be true. Tripping over a poorly maintained carpet, back problems caused by prolonged working over computer, workplace stress quarrels resulting in physical fights, etc. can result in claims.

In one case study an employer had to pay more than nine thousands dollars to its administrative clerk who sprained her ankle on her way to the office. The employer disputed that she was not on official duty but was rejected by MOM.

I applaud the initiative taken by MOM for the welfare of workers in general. Employers therefore have to treat this increased risk seriously as the compensations for one case may amount to thousands of dollars because worker opting for esthetics medical treatment can inflate hospitalization claims.

Highlighting Some Important Changes That May Increase Claims

1. Reiterating all workers will be included under WICA
2. The enhanced compensation levels are as shown:
 - Death:**
 - Minimum from \$37,000 to \$47,000
 - Maximum from to \$111,000to \$140,000
 - Permanent Incapacity**
 - Minimum from \$49,000 to \$60,000
 - Maximum from \$147,000 to \$180,000
3. Buying of Workmen Compensation insurance for the new group is not mandatory but employer is liable for the claims. Employers are still required by law to buy insurance for existing workers defined under WICA.

The Changes that will help Employers limit their losses

1. WICA allows employers to recover damages from a tortfeasor subject to rules of contribution.
2. A section that spells out Commissioner’s power to determine claims and conduct pre-hearing conference. This is to help remove lengthy and costly procedures and to deter fraudulent claims by tortfeasor.

Enhanced Penalties and New Penalties

The benefits payable have been enhanced as follows which is in line with inflation as follows:

1. Failure of employer to report, a fine up to \$2,000 is increased to first Offence \$5,000 and second offence \$10,000 and /or 6 months jail
2. Failure to attend or produce document a fine up to \$2,000 and /or 3 months jail is increased to \$5,000 and /or jail 6 months
3. Illegal deduction of salary to defray insurance cost a fine up to \$2,000 and /or jail 3 months is increased to \$5,000 and /or jail 6 months

New offences to ensure employer pay the claim accordingly and also to deter fraudulent claims.

| New Offences | Penalties |
|--|---------------------------------------|
| Failure of employer/insurer to pay compensation or interest | \$10,000 and/or jail 12 months |
| Willfully obstructing or delaying the Commissioner or investigator in exercising his power or duties | \$5,000 an/or jail 6 months |
| Making of fraudulent claims | \$15,000 and/or jail 12 months |
| Abetment | Same penalty as offence being abetted |

What can employers do?

Firstly you should obtain a copy of WICA write-up at www.mom.gov.sg, understand it and invite your insurance adviser for a discussion. This is more urgent for employers who in the past do not have any workers defined under the Act and have not bought such insurance before.

Basic Risk management

Risk management helps organization to realize the opportunities and avert the threats associated with risk. Risk control and generating funds to pay for losses is difficult as injuries may be due to workers’ negligence and extent of losses is hard to ascertain. So that leaves transferring the risk to insurance companies the logical way to limit losses.

Insurance companies have been underwriting Workmen Compensation Insurance at a loss and they treat this as part of their corporation and contribution to the Nations’ effort to provide welfare to workers. Therefore the premium will not be too exorbitant for employers with lesser or no workers defined under WICA.

In Conclusion

When workers are more aware of the Act and witness successful claims from minor injuries, there may be unnecessary increased number of claims that will eat up revenues and profits. The worst case will be worker taking the claims further and sues the Directors and Officers for not fulfilling their duties to ensure safety of the workers and claim hundreds of thousands of dollars of compensations.

Employers must therefore not be complacent, let your guard down and ignore the impact of claims and penalties where any failure to comply will result in fines or jailing of the director. Study it carefully, consult the professionals and take the necessary actions to curb these losses.



This article is contributed by:
Kenny Low, CLU, ChFC,
General Manager, SingCapital Pte Ltd,
MAS licenced Financial Adviser.

DISCLAIMER

This guide is necessarily general in content and intended to give an overview of certain aspects of the Work Injury Compensation Act. It should not be relied on as legal advice or definitive statement of the Act. For such advice, an applicant, insured or other reader should consult his own legal counsel or adviser.