

Webinar 147 – 17 May 2023

ACC Update: Cover for self-employed sole traders and shareholders
Follow-up Q & A with Philip Southgate, Relationship Manager, ACC

In follow-up to the Q&A session in this webinar last week, Philip Southgate from ACC has provided the following answers to your questions on:

- 1. Superannuation and compensation**
- 2. At what point is a person deemed full-time and their weekly compensation would cease**
- 3. Unpaid parental leave**

Philip is happy to discuss this further with advisers individually, as it can get very technical and claim specific. If you are Wellington based and would like Philip to contact you, or you would like to be connected with an ACC relationship manager in your area, please complete this [ACC Contact Request Form](#) and we'll get you connected.

1. Regarding Superannuation and Compensation

It largely depends on the length of time a person has been on a claim. If they were on weekly compensation for two years prior to turning 65, once they turn 65 their weekly compensation would cease. If they were to be injured just prior to turning 65 or after, they are entitled to 2 years weekly compensation. Important to note, it's not a guaranteed two years of entitlement.

Please refer to the section below as per the Accident Compensation Act 2001 (the Act) that addresses this.

Per the Act, The 'Effect of New Zealand superannuation'

Schedule 1, Clause 52 of the of the Act. Relationship between weekly compensation and New Zealand superannuation

- (1) Subclause (2) applies to a claimant who—
 - (a) first becomes entitled to weekly compensation before reaching New Zealand superannuation qualification age; and
 - (b) has been entitled to it for 24 months or longer before reaching that age.
- (2) The claimant loses entitlement to weekly compensation on reaching that age.
- (3) Subclause (4) applies to a claimant who first becomes entitled to weekly compensation—
 - (a) less than 24 months before reaching New Zealand superannuation qualification age; or
 - (b) on or after reaching New Zealand superannuation qualification age.
- (4) The claimant is entitled to weekly compensation for 24 months from the date of entitlement to the compensation.
- (5) Nothing in this clause entitles a claimant to weekly compensation if the claimant is not otherwise entitled to it under this Act.

2. At what point is a person deemed full time and their weekly compensation would cease?

ACC doesn't use a set number of hours or % but looks at 'the test of incapacity' as per Section 103 of the Act. Essentially, we look at the job/role they held at date of injury and make a determination if they are able to perform those duties. ACC makes the determination based on the medical assessment.

3. Unpaid parental leave

The unpaid parental leave policy is one that only applies for employees, not for self-employed people. For your information, however, the calculation to determine the weekly compensation goes back to what the earnings were when the person went on unpaid parental. For payment purposes, the weekly compensation would commence from the date the person was originally scheduled to return to work. This is outlined in Schedule 1, Clause 44 of the Act.

If the person is on CPX, ACC looks at whether there is an active policy in place and cover would start 7 days after the date of incapacity. It's important to note, if the CPX policy holder is going to be on extended leave i.e., not actively working as a self-employed person, they need to let us know to ensure they are still eligible for the product – general eligibility being; earnings over the minimum or working 30 hours or more an average per week over the course of a year.