

# ACC CoverPlus Extra

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DATE: 20 March 2024



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He Whakaora.**  
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# Agenda

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- Cover Products
- Default Cover vs CoverPlus Extra
- Incapacity, Entitlement and Earner Status
- Fatal Claims
- Applying for CoverPlus Extra Online
- Questions



# OUR COVER PRODUCTS

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# UNDERSTANDING ACC'S PRODUCTS

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For self-employed:

- ACC CoverPlus – standard product
- ACC CoverPlus Extra – optional product

For non-PAYE shareholder employees:

- ACC WorkPlace Cover – standard product
- ACC CoverPlus Extra – optional product



# COVERPLUS AND WORKPLACE COVER

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- ACC's standard cover products
- 24/7 cover for personal injuries
- Access to a full range of medical and rehabilitation benefits
- Weekly compensation:
  - Based on up to 80% of the previous tax year's earnings or previous 52 week's liable earnings
  - Maximum compensation is \$111,507 p.a. (adjusted annually)\*
  - Levies charged on 100% of liable earnings (up to the maximum at a rate based on your industry risk)
  - Weekly compensation is abated if you return to work part-time

\*These amounts are valid from 1 April 2023 to 31 March 2024 and are gross (before tax).



# AGREED LEVEL OF COVER WITH CPX

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- Available to self-employed and non-PAYE shareholder employees on application
- Your client must earn above \$34,679\*, OR work more than 30 hours a week to be eligible
- The level of cover cannot be less than \$34,679 OR greater than \$111,507\*  
*(These amounts are adjusted annually)*
- Cover level may be subject to financial underwriting
- CoverPlus Extra does not apply to pre-existing conditions or injuries

*\*These amounts are valid from 1 April 2023 to 31 March 2024 and are gross (before tax).*



# KEY BENEFITS OF CPX

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- Pre-agreed level of cover if your client is injured and is unfit for work
- Proof of earnings are not required at claim time
- Weekly compensation is 100% of the agreed cover while returning to work gradually or if the business continues to generate an income (on standard product)
- Lower levels of weekly compensation is an option where the applicant can choose to forgo the non-abatement benefit of CoverPlus Extra Standard, for a reduced levy

*[acc.co.nz](http://acc.co.nz) – search 'ACC4575' for product comparison*



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# CPX – COVERPLUS EXTRA

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When to consider CPX	Who should be considered for CPX
Client income fluctuates each year	The business owner
New to business and no income history	Non-PAYE shareholder employees
Taxable income is not representative of actual earnings	Self-employed
Income loss cannot be proven	Partnerships
Personal duties not true reflection of main business activity	New to business



# CPX Minimum and Maximum

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## New CPX Min and Max cover for the 2024/25 year

New minimum cover is \$35,400 – Current CPX customers on the min do automatically increase to the new min

New maximum cover is \$113,826 – Current CPX customers on the max don't automatically increase.

These minimum and maximum levels are for the year 1 April 2024 to 31 March 2025.

Please note, anyone can apply for cover between these levels however certain amounts may require approval.

Generally, we have automatic approval for cover up-to \$80,000.



# COMPARING COVERPLUS AND CPX

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# SOLE TRADER EXAMPLE

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John – Builder (CU 42420), Self-employed since 2002

Average taxable income last 3 years - \$80,000

	CoverPlus	CoverPlus Extra (Standard)	CoverPlus Extra (LLWC)*
Level of Cover	\$64,000	\$64,000	\$64,000
Total Levy (incl. GST)	\$2,990	\$3,116	\$3,020

\*LLWC = Lower Levels of Weekly Compensation. This option is where the applicant can choose to forgo the non-abatement benefit of ACC CoverPlus Extra Standard, for a reduced levy.

\*CU = 42420 Carpentry Services

\*2023/2024 levy rates

\*Doesn't include the Working Safer Levy.



# AN EXTRA \$126 FOR CPX GIVES JOHN....

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- No need to prove loss of earnings
- 100% of the pre-agreed weekly amount if he can't work because of injury
- 100% of the pre-agreed weekly amount whilst returning to work gradually

If John applies to reduce his ACC CoverPlus Extra to the minimum statutory amount of \$34,679, what do the numbers look like?

# JOHN MAY CHOOSE TO REDUCE HIS LEVEL OF COVER

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	CoverPlus	CoverPlus Extra (Standard)
Level of Cover	\$64,000	\$34,679
Total Levy (incl. GST)	\$2,990	\$1,688

\*All levies quoted are indicative only and include GST.

\*Doesn't include the Working Safer Levy.

**A difference of \$1,302**

**Please note** when reducing the level of cover consideration should be given to the effect on both weekly compensation and on fatal entitlements available to the covered person's spouse, children and dependents.

# NONPAYE SHAREHOLDER EXAMPLE

## Foster's Furniture Removal

- Two non-PAYE shareholders both currently on ACC Workplace Cover under the company classification code of Road Freight Transport (Furniture Removal Service) – 61100
- Average income last 3 years
  - Liz Foster           \$100,000
  - Scott Foster       \$125,000
- Individual shareholder's role within business
  - Liz                   Office Administration
  - Scott               Operations Manager



# COST COMPARISON

## Current Situation with Workplace Cover

	Scot Foster	Liz Foster	Total Levy
Current CU	61100 - Road Freight	61100 - Road Freight	
Current Levy ACC Workplace Cover	\$5,103	\$4,083	\$9,186
Level of Cover (up to)	\$100,000	\$80,000	

## With change in classification code & change to CPX

	Scot Foster	Liz Foster	Total Levy
Current CU	61100 - Road Freight	78540 - Office Admin	
Current Levy ACC Workplace Cover	\$5,307	\$1,893	\$7,200
Level of Cover (up to)	\$100,000	\$80,000	

\*All levies quoted are indicative only, using 2023/24 levy rates and including GST



# COST COMPARISON

Change to CPX, classification code and cover level

	Scot Foster	Liz Foster	Total Levy
New CU	61100 - Road Freight	78540 – Office Admin	
Current Levy ACC CPX*	\$2,711	\$873	\$3,584
Level of Cover (up to)	\$50,000	\$34,679	

\*All levies quoted are indicative only, using 2023/24 levy rates and including GST

***A difference of \$5,602***

In addition to the new classification code, Foster’s Furniture Removal may consider the level of cover required for each individual. Above is an example where Liz’s level of cover is reduced to the statutory minimum of \$34,679 and Scott’s level of cover is reduced to \$50,000.

**Please note** when reducing the level of cover consideration should be given to the effect on both weekly compensation and on fatal entitlements available to the insured’s spouse, children and dependents.



# Incapacity, Entitlement & Earner Status

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# Incapacity and CPX

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- CPX needs to be in place at the dates of Incapacity - Date of First incapacity (DOFI) and Date of Subsequent Incapacity (DOSI)
- Your client can apply for CPX after an accident, however their weekly compensation would be based on standard cover.
- If CPX is already in place, the cover at DOFI will be used at DOSI even if the cover is increased.

# Entitlement and Earner Status

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**Generally speaking, to be entitled to weekly compensation, the client needs to have:**

- Earnings at date of injury/accident and
- Immediately prior to the incapacity.

**New injury and new event that constituted an accident, there is entitlement.**

- In the scenario where an injury occurs in the same site, i.e. knee, shoulder etc, if it's a new injury caused by an accident, it's a new claim.

**Aggravation of a previous injury/underlying condition it is not a new injury. (Including the stirring up of a pre-existing injury)**

- If your client was a non-earner when the injury occurred, they would not receive weekly compensation for any time off work.

# Cover and Entitlement

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**Important to note** – ACC has to take people as we find them. Just because there is degeneration, or a predisposition, this doesn't preclude them from getting cover. (cover opens the door to entitlements)

To re-iterate. A new injury and new event that constituted an accident will be covered and the client may be entitled to weekly compensation.

## **Definition accident includes:**

- External force or a series there of
- Movement to avoid that force
- Twisting and falling



# FATAL CLAIMS

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# WEEKLY COMPENSATION FOR FATAL CLAIMS

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- Accidental death is payable from the date of fatal accident
- Spouse may receive up to 60% of the insured's weekly compensation entitlement

WEEKLY COMPENSATION UNDER **COVERPLUS** AND WORKPLACE COVER IS

**80%**

of the claimant's earnings over the last 52 weeks.

(e.g 80% of earnings in the last 52 weeks / 52).

WEEKLY COMPENSATION UNDER **COVERPLUS** **EXTRA** WOULD BE

**100%**

of the agreed level of cover / 52.

# WEEKLY COMPENSATION FOR FATAL CLAIMS

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- Compensation is up to 5 years for a surviving spouse with no dependent children (some other conditions apply)
- Surviving spouse compensation can continue beyond 5 years if there are dependants
  - Compensation can continue until youngest child or dependant of the deceased turn 18
- Each child or other dependant may receive up to 20% of the weekly compensation entitlement
  - Child must be under 18 or under 21 if in full time study
  - Pro-rata calculation used for 3+ children (spouse compensation reduced)
  - Children receive their entitlement themselves from age 16

# FATAL CLAIM CASE STUDY

John has a spouse and two children, a five-year-old and an eight-year-old. If John died as the result of an accident, his spouse and children would be entitled to the following:

**CoverPlus – last year’s income \$80,000** (cover amount @80% = \$64,000)

	\$per year	\$ over the life of the claim*	
Spouse	\$38,400	\$499,200	Total \$870,400
Eight-year-old	\$12,800	\$166,400	
Five-year-old	\$12,800	\$204,800	

**CoverPlus Extra – agreed cover \$34,679**

	\$per year	\$ over the life of the claim*	
Spouse	\$20,807	\$270,491	Total \$471,635
Eight-year-old	\$6,936	\$90,168	
Five-year-old	\$6,936	\$110,976	

Lifetime entitlement for the family is now reduced by \$398,765

\*If the children were in tertiary education until 21. These figures are an indication and should only be used as a general guide.



# ACCIDENTAL DEATH CAN INCLUDE

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- Motor vehicle accidents
- Work accidents
- Sports accidents
- Drowning
- Treatment injury
- Murder
- Accidents in the home
- Work related gradual process



# ACC COVER & PRIVATE INSURANCE - CONSIDERATIONS

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- Wait period - 1 week vs. 4/8/13 weeks?
- Exclusions (industry based, existing conditions, recreational activities)
- Loss of Death Entitlements
- Duration of cover
- Age related premiums
- Need for Review
- Vocational rehabilitation

# **APPLY FOR CPX USING MYACC FOR BUSINESS**

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# HOW TO APPLY FOR CPX ON BEHALF OF YOUR CLIENT

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- Via your MyACC for Business advisor login (ORG)
- The client will need to be linked to your MyACC for Business account
- ACC1766 Authorisation form
- A banner notification will appear in MyACC for Business under the customers account to show if eligible for CPX
- Instant decision and offer terms in many cases
- Not registered for MyACC for Business? Visit [business.acc.co.nz](https://business.acc.co.nz) to get access



# HOW TO APPLY FOR CPX ON BEHALF OF YOUR CLIENT


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Important point to consider - if your client is new to business as self-employed or non-PAYE shareholder-employee (i.e. first year of trading):


May need to Request an ACC number prior to applying for CPX via MyACC for Business.



After account set up, complete an ACC1766 authorisation form to link the client to your MyACC for Business account.




ACC number creation is processed in 2-3 business days.



Authorisation forms are typically processed same day.

# CPX ONLINE CALCULATOR

**ACC CoverPlus Extra Calculator** 

**Activity/Earnings Details** [ACC contact information](#)

An \* indicates a mandatory field.

Name

Levy Year \*

Client Type \*

Employment Status \*

Employment Start Date \*  dd/mm/yyyy

Actual/Estimated Earnings for 2023/2024 \*

Annual Pre-Agreed Cover Amount for 2023/2024 \*

**ACC CoverPlus Extra Options**

ACC CoverPlus Extra Start Date \*  dd/mm/yyyy

Policy Option \*

Health & Safety Discount \*

WSD/WSMP discounts are subject to eligibility. To learn more go to <https://www.acc.co.nz/for-business/how-your-claims-history-affects-your-levies/> or see Contact ACC

**Liable Earnings by Industry Classification**

If you know your Business Industry Classification (BIC) code or your Classification Unit (CU) code, please enter it below. Alternatively use the [search tool](#).

BIC Code

OR

CU Code \*

CU Description

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Use the [ACC CoverPlus Extra Calculator](#) to look at the cost of different cover options before you apply online

**ILLUSTRATED LEVY CALCULATION (12 Months Levy)**

Name

CU Description

CU Code

Actual/Estimated earnings for 2023/2024

Annual Pre-Agreed Cover for 2023/2024

Levy Comparison for 2023/2024			
	CoverPlus Cover	CoverPlus Extra Standard	CoverPlus Extra LLWC
Nominated Cover Amount	<input type="text" value="\$40,000.00"/>	<input type="text" value="\$50,000.00"/>	<input type="text" value="\$50,000.00"/>
Net Total Work Levy: <input type="button" value="Show Details"/>	<input type="text" value="\$1,795.00"/>	<input type="text" value="\$2,337.64"/>	<input type="text" value="\$2,267.45"/>
+ Total Other Levies: <input type="button" value="Show Details"/>	<input type="text" value="\$40.00"/>	<input type="text" value="\$40.00"/>	<input type="text" value="\$40.00"/>
= Total CoverPlus Levy (excl. GST):	<input type="text" value="\$1,835.00"/>	<input type="text" value="\$2,377.64"/>	<input type="text" value="\$2,307.45"/>
Total Amount payable to ACC (incl. GST):	<input type="text" value="\$2,110.25"/>	<input type="text" value="\$2,734.29"/>	<input type="text" value="\$2,653.57"/>



# HOW TO APPLY FOR CPX ON BEHALF OF YOUR CLIENT

- When you click the “learn more and apply link” on the banner you are taken to the ‘Apply for CoverPlus Extra’ introduction page where you are given an overview of the product.
- From here you can choose to start the CPX application process.


**Account policies**  
You have 1 active policy on this account

**Self-employed policy**  
D2

**You may be eligible for CoverPlus Extra**  
CoverPlus Extra is an optional cover product that allows you to choose how much of your income you want to be covered if you have an accident and can't work.  
[Learn more and apply](#)

<b>COVER DETAILS</b>	<b>Standard Cover</b> 1 Apr 2023 – 31 Mar 2024	<a href="#">+ Change</a>
<b>EMPLOYMENT STATUS</b>	Full time (30 hours or more per week on average)	<a href="#">Edit</a>
<b>LEVY CLASSIFICATION</b>	52420 Toy and game retailing	

## Apply for CoverPlus Extra



**What is CoverPlus Extra?**

**CoverPlus Extra** is an optional cover product that allows you to choose how much of your income you want to be covered if you have an accident and can't work.

**CoverPlus Extra** is especially suited to those who:

- have fluctuating income, either yearly or seasonal as you'll know exactly how much we'll pay
- want to apply for more or less cover than your actual income
- are newly self-employed with no earnings history and want assurances around your cover.

You can apply for CoverPlus Extra if you're:

- self-employed
  - working full time (more than 30 hours per week on average); or
  - working part time (30 hours or less per week on average) and have earnings above the CoverPlus Extra minimum for the current year
- a non-PAYE shareholder, i.e. you don't receive PAYE wages from your company

We recommend you seek independent financial advice relevant to your individual circumstances before applying for CoverPlus Extra.

[Estimate your levy](#)

[Compare types of cover](#)

[Cancel](#) [Start application](#)

# CPX – NEXT STEPS

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To ensure that your clients CPX policy is not terminated:

- Pay in full **OR** payment plan in place prior to the due date.
- If there is a missed payment customers will be sent a notice advising of 14 days to pay otherwise their policy will be terminated.
- Their policy is terminated on the 15<sup>th</sup> day.
- Customers are still covered under their CPX policy until the termination date.
- No exceptions – will need to reapply for cover.
- Existing payment plans rollover automatically if no payments missed in the previous year.
- No retrospective cancelling.



# CPX – Summary of key changes

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New termination process:

- Policies will now be terminated 14 days after the due date.
- This change will take effect from the 1<sup>st</sup> April 2024.
- Cover retained from the start date of policy to the 14<sup>th</sup> day post due date.

# CPX – THINGS TO BE AWARE OF & INVOICING

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- Non-PAYE shareholder remains liable if limited liability company goes into liquidation. CPX is invoiced to the individual
- A shareholder employee (e.g. a spouse of the income generator) who has a PAYE occupation outside the business may be eligible for CoverPlus Extra
- A shareholder employee who receives a PAYE salary from a company that they are a shareholder of is not eligible for CoverPlus Extra (unless they change to drawings).

## May be invoiced up to two years of ACC levies after changing to CPX

- CoverPlus – invoiced from September onwards (in arrears)
- CoverPlus Extra – invoiced in April (in advance)

# CPX – LAPSES & CANCELLATIONS

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CPX policy lapses and reapply later on

- Standard CoverPlus will be invoiced for interim period based on actual earnings (pro-rated)

Cancelling CPX when a business is ceasing trading

- Timing of cancellation....are there further liable earnings to file
- Shareholders will pay CPX and Workplace Cover levy if ceasing mid levy year (pro-rated)

# Questions?

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# Contact Details

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Moving forward, if you would like to contact your local ACC Relationship Manager, please send an email to [BEP@acc.co.nz](mailto:BEP@acc.co.nz).

