



TECHNICAL COMMITTEE	LATE REPORTING OF CLAIMS
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BACKGROUND:

The reporting of accidents and diseases is governed by sections 39 and 68 of the Compensation for Occupational Injuries and Diseases Act (COIDA).

In accordance with **section 39(1)**: "... an employer shall within **seven (7) days** after having received notice of the **accident** or having learned in some way that an employee has met with an accident, report the accident to the commissioner in the prescribed manner."

Section 68(2) reads as follows: "... an employer shall within **fourteen (14) days** after having received notice or having learned in some way that an employee has contracted a **disease** ... report such disease to the commissioner or mutual association concerned..."

A clear distinction is therefore made regarding the duty to report injuries that arise as a result of workplace accidents and diseases contracted during an employee's employment.

Furthermore, COIDA provides in accordance with section 44 that: "*A right to benefits in terms of this Act shall lapse if the accident in question is not brought to the attention of the commissioner or of the employer or mutual association concerned, as the case may be, within 12 months after the date of such accident.*"

IMPACT OF LATE REPORTING:

Rand Mutual Assurance (RMA) administers a system of compensation as prescribed by COIDA and therefore non-compliance with the provisions of the Act with particular reference to the reporting of accidents and diseases means that:

- RMA is faced with endless medical, legal or other enquiries on accidents RMA does not have on record;
- For employers, the impact of late reporting is one of increased premiums as a result of incurred but not reported (IBNR) claims;
- Employees are deprived of adequate medical care as healthcare providers refuse to render medical treatment as a result of unpaid medical bills;

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- Employees may also be blacklisted with credit bureaus due to unpaid medical bills; and
- Healthcare providers suffer financial loss due to unpaid medical costs.

PENALTIES FOR NON COMPLIANCE:

RMA will, in order to meet its licence conditions and provisional settlement powers as laid down by the Director-General of Labour, and with effect from 1 January 2013, impose penalties in terms of section 39(8) of COIDA as follows:

"If an employer fails to report in the prescribed manner ...the Director-General may impose a fine of not more than the full amount of the compensation payable in respect of such accident upon him, her or it in addition to any other penalty to which he, she or it may be liable".

RMA will therefore impose penalties for claims that are reported 12 months after a workplace accident or diagnosis of an occupational disease.

The table below illustrates the possible Rand value penalty that may be imposed based on accident earnings of R10 000.00 a month. Calculation of pensions include Annuity Value (AV) factors - actuarial calculations that take into account the age and gender of the beneficiary - thus the younger the beneficiary, the greater the Capitalised Value of the pension benefit.

* Rand Value – this represents the actual value in Rands and cents of the penalty that will be imposed upon a member for late reporting

Compensation payable : R10 000.00 Monthly Earnings			
BENEFIT	FORMULA	EXAMPLE	* Rand Value
PD (Permanent Disablement) Lump Sum	$R\ 10\ 000.00 \times 15/30 \times \% \text{ disablement (Max 30\%)}$	30% disablement	150 000.00
TTD (Total Temporary Disablement)	$R\ 10\ 000.00 \times 75\%/30.3333 \times \text{actual days off}$	30 days off	7 417.60
Disability Pension	$R\ 10\ 000.00 \times 75\% \times (\% \text{ disablement } 31\% \text{ min - max } 100\%) \times \text{annuity value [AV] factor}$	60% disablement (40 year old male)	1 147 995.00
Widow's Lump Sum (Fatal claim)	$R\ 10\ 000.00 \times 75\% \times 2$		15 000.00
Widow's Pension (Fatal claim)	$R\ 10\ 000.00 \times 75\% \times 40\% \times \text{annuity value [AV] factor}$	40 year old widow	882 060.00
Children's Pension (Fatal claim)	$R\ 10\ 000.00 \times 75\% \times 20\% \text{ (20\% each for 3 youngest children)} \times \text{annuity value [AV] factor}$	10 year old child	133 050.00

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OTHER REMEDIAL MEASURES:

RMA will continue to escalate late reporting of claims to senior personnel of our members in that reporting delays are sometimes beyond the control of most accident clerks employed by member mines and that management may not be aware that there is late reporting on their part.

RMA will therefore identify all instances of late reporting and escalate these to senior management of non-compliant members.



Ernest Hadzhi
Chairperson: Technical Committee

This instruction replaces any previous instructions/circulars to the extent that it introduces amendments.

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