

Summary

Objective


CPX is an optional product that lets people negotiate a pre-agreed level of lost earnings compensation. When in place, CPX replaces Standard CoverPlus and WorkPlace Cover.

Owner Name withheld

Expert Name withheld

Policy


1.0 Overview

- a** CPX is an optional product that lets people negotiate a pre-agreed level of lost earnings compensation. It exists to replace Standard CoverPlus and WorkPlace Cover for Shareholders.
- b** After customers choose their level of cover, they have two compensation options:
 - CPX with Full Cover – this is when customers receive 100% of the amount of compensation until they are fit to return to work full time.
 - CPX with Lower Levels of Weekly Compensation (LLWC) – In return for a slightly lower levy rate, this option would pay less compensation as the individual gradually returns to work. The compensation stops when they work 30 hours a week.
- c** Customers must be working full-time to be eligible for LLWC. If they are working part time they must be contacted and advised that their policy will be set up on standard cover.
 -  Levy Self-Employed Employment Status Policy
- d** The main benefits of CPX are:
 - CPX levy invoices are predictable as they are calculated using the nominated level of cover that is agreed upon with ACC. This is beneficial for clients with fluctuating income.
 - No need to prove loss of earnings (as customers have already agreed their weekly compensation), so customers receive their compensation payments faster.
- e** CPX customers are charged a slightly higher levy rate for the Work and Earner's levy in return for these benefits.
- f** The BIC/CU and employment status set against the CPX is separate to the CoverPlus (CP) policy, if you change the CPX BIC you may also need to change it in the customer's CP policy.
- g** Business Structure defines the type of business. It is set up when the application is processed, but it may be updated.
- h** Business Structures available are:
 - Sole trader, used for self employed.
 - Partner, used to link self employed customers who are in a partnership, where both partners are on CPX. Do not use 'Partner' to link Shareholders due to a system defect.
 - Sole Shareholder, used when the individual is the sole shareholder.
 - 2+ Shareholders, used when the individual belongs to a company with multiple shareholders.

If an individual is self-employed or in a partnership and is a non-PAYE Shareholder, select Shareholder as the business structure.

- i** Juno_PolicyCenter has two types of activities for CPX, the:
 - Underwriting (UW) Activity is only triggered when the requested coverage is above the maximum cover permitted.
 - CPX Letter Activity is triggered when the CPX policy is quoted, if there is a change in cost.
- j** Before completing the CPX Letter Activity, you must update it with the action you want performed or have performed, use:
 - 'Offer letter' to automatically send an offer letter to the customer.
 - 'No letter required' for any other changes to the policy that do not require a letter to the customer.
 - The 'Variation letter' option is inactive. To send a Variation letter, you will need to tick a check-box at the point of making the policy change.


2.0 Applications

- a** Customers can apply on MyACC for business. This is the only method for intermediaries (agents/advisers) and third parties.
 -  MyACC for Business
<https://business.acc.co.nz/login/?goto=https%3A%2F>
- b** For paper forms, we can only accept the latest version of the form (August 2021). This is a post only service and the form can only signed by the account holder. Account Holders can obtain the new form by calling the Contact Centre in exceptional circumstances. This is no longer available on the website. For those sending the form out to customers please include:
 - CPX 855 cover letter
 - August 2021 ACC855 CPX application form
 - A return addressed envelope
- c** If a customer applies online the policy will be offered digitally on MyACC for Business. This can be accepted by an intermediary, third party or account holder. Paper 855 applications will be sent an offer letter by post to clients once we have finished processing their application. This letter confirms the details of the CPX policy and includes a Policy Acceptance form (ACC 1660). The applicant/account holder must sign and return the acceptance form, if they don't the policy offer will lapse. Signatures from any other party (even if authorised on the account) can't be accepted.
- d** Customers can apply any time during the year. From 1 April 2018 onwards, all CPX policies begin on the date that ACC receive the signed Policy Acceptance form (or a future date, if requested by the customer).

3.0 Eligibility

- a** A customer is eligible to be covered by CPX if they are:
 1. Filing income liable for ACC levies (self-employed income, shareholder remuneration, scholastic payments, partnership income, Adjusted LTC income) AND
 2. Not receiving PAYE income from any company that they receive shareholder remuneration from AND
 3. Working full time (30+ hours per week) OR Working part time (less than 30 hours per week) with previous year's liable earnings or average liable earnings over the CPX minimum.

- b** You need to be able to answer 'Yes' to each of the below points, otherwise the customer is not eligible:
1. Do we have records indicating customer currently files self-employed income, schedular payments (formerly withholding tax payments or WT), partnership income, adjusted LTC income or shareholder remuneration, or does the request indicate that they have started filing one of these liable earnings types in the last year?
 2. Has the customer advised on the application that they are not receiving, or will no longer be receiving, internal PAYE?
 3. Does the request indicate working hours of 30 per week or higher? If fewer than 30 hours - do we have earnings records for at least the most recent year?
 4. If working fewer than 30 hours per week, is the most recent liable earnings OR the 3 year average liable earnings above the current CPX minimum?
- c** Customers new to business working part-time may be eligible, however the Business Incentives team must assess these customers on a case-by-case basis.

 CPX Minimum and Maximum Table
<https://www.acc.co.nz/for-business/received-an-invoice>


4.0 Information required


- a** New CPX Policy, self-employed person.


The minimum information required for a new CPX policy, self-employed person:

- IR or ACC number for the applicant
 - Full name (must match what is on the account)
 - Date of birth (must match what is on the account)
 - Postal address
 - Email address or phone number
 - CPX Cover type, either Full Compensation or Lower levels of Weekly Compensation (LLWC)
 - Cover amount required, which must be between the CPX minimum and maximum for the relevant year
 - Classification Unit (CU) or Business Industry Code (BIC)
- Check validity using the Business Industry Classification Code Website
- For Shareholders also refer to '5.0 Preferred BIC/CUs for Shareholders on CPX' on this page
- For complex BIC codes, these can be referred to the Levy Classification team for review
- Employment status, full-time/part-time information or details of how many hours per week are worked
 - Declaration - for paper apps, this must be signed by an authorised person

 CPX Minimum and Maximum Table
<https://www.acc.co.nz/for-business/received-an-invoice>

 Business Industry Classification Code Website
<https://www.businessdescription.co.nz/#/home>

 Classification Units (CUs) Policy
<https://go.promapp.com/accnz/Process/270c8f41-324>

 Employment status Policy
<https://go.promapp.com/accnz/Process/0891c60c-ect>

- b** New CPX Policy, non-PAYE shareholders.

In addition to the above, the below must also be provided:

- Confirmation that the person has a non-PAYE shareholder status
- Company name
- Company ACC or IR number
- Confirmation the applicant is not receiving, or has stopped receiving, PAYE from all companies they are a shareholder of.

Additional information for a non-PAYE shareholder doesn't need to be verified.

5.0 Preferred BIC/CUs for Shareholders on CPX

- a** From April 2010, we gave shareholders on CoverPlus Extra (CPX) the opportunity to be considered self-employed.
- b** This means that shareholders on CPX may be eligible to have their CPX BIC/CU based on their individual activity rather than business activity, just like a self-employed person.
- c** If a shareholder on CPX is applying for a different BIC/CU to their business, they will only be eligible if they do not have any involvement in the day-to-day running of the business (as per legislation: a self-employed person must be classified under a BIC/CU that most accurately describes the nature of their work).
- d** To ensure that the shareholder's role is separate to the business's there must be someone (other than the shareholder applying for a different BIC/CU) to carry out the day-to-day running of the business on the shareholder's behalf. If the shareholder has not employed a person to manage the day-to-day running of the business, then at least one other shareholder must be on the same BIC/CU as the business.
- e** If a shareholder is requesting a BIC/CU that is different from the company BIC/CU, this must be referred to the Levy Classification team who will discuss the customers duties with them and ensure someone else is undertaking the day-to-day running of the business.

6.0 Effective dates

- a** Effective date for a new CPX Policy

When processing a CPX application and sending out an offer, the start date entered must be the later of:

- The date that the policy is being created (processed), or
- The policy start date requested on the application

If the policy start date on the Policy Acceptance form has already passed when the form is received, the start date must be changed to the date that the form was received by ACC before the policy is issued.

- b** Effective date for a CPX Policy change outside of the renewal period (April-February)

This is determined by the nature of the change:

- Level of Cover: the effective date is the date the policy change request was received, unless the customer has requested a future dated policy change.
- Classification Unit: the effective date is the beginning of the current policy term, unless it's a post-dated change, in which case it will be effective from the start date of the new policy eg 01 April. CPX CU's can't usually be backdated prior to the current policy term, however if this is requested it must be approved by the Business Incentives team.
- Employment Status: the effective date is the beginning of the policy term in which the change occurred, unless it's a post-dated change, in which case it will be effective from the start of the new policy term eg 01 April.
- Cover Type (Standard/LLWC): the effective date is the date the policy change request was received, unless the customer has requested a future dated policy change.
- Business Structure: the effective date is the beginning of the current policy period.


- c** Effective date for a CPX change requested during the renewal period (March):

Sometimes changes are requested after the renewal cycle has started (beginning of March) but before the renewal comes into effect (01 April). When this happens, the effective date for the change for the draft renewal CPX Policy is:

- 01 April, if the change was requested on a CPX Change of Details form (ACC 1770), unless otherwise requested by the customer
- If the customer requests the change via email, clarify when the change took or will take place (BIC/CU or Employment Status), or when they'd like the change to be effective from (Cover amount or Cover Type).

7.0 Clients currently claiming ACC

- a** Check that working hours are correct. If the customer is not working at all they are not eligible for CPX.
- b** If a customer is receiving weekly compensation for a existing claim, a new CPX policy will in no way impact their current claim.
- c** From 1 July 2019 onwards, the customer who is nearing (or on) NZ super age will receive the following payment structure
- First 24 months of payments: CPX cover + Superannuation payments.
 - After 25 months and beyond: Superannuation payments only.

 How do I navigate EOS

8.0 ER calculation and CPX

- a** CPX is not affected by the ER status, you can make changes and quote a customer's policy regardless of the ER status.
- b** The No Claims Discount (NCD) is applied after the CPX policy has rolled over for the year.
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