

September 16, 2019

The Work Injury Compensation Bill 2019 (the Bill) was passed in Parliament on 3 September 2019. Broad amendments to the Work Injury Compensation Act (WICA) will be introduced to enhance protection for both employers and employees. The proposed amendments under the Bill are to take effect on 1 September 2020 to allow employers and insurers time to adjust. Related subsidiary legislation amendments are slated to take effect starting from January 2020.

Some key changes are highlighted below:

i. Information sharing and differentiated premiums

Presently, employers' past claims records are not shared among the insurers. With the new changes under the Bill, employers' past claims data will be made available to all designated Work Injury Compensation (WIC) insurers. Employers with poor safety records would face higher premiums while those with good safety records would be rewarded with lower premiums. This not only incentivises companies to improve their safety standards, but also introduces a more equitable system of differentiated premiums based on safety records, where employers with good safety records would no longer have to "subsidise" those with poor safety records.

ii. Expanded mandatory insurance coverage

The Bill will extend mandatory insurance coverage to non-manual employees with a salary of up to \$2,600 a month regardless of their workplace. Previously, it was only compulsory for those working in factories or earning below S\$1,600 a month. The salary threshold will be raised in 2 stages: S\$2,100 on 1 April 2020 and S\$ 2,600 on 1 April 2021. Through this change, about 300,000 more employees will be covered under mandatory insurance from their employers.

iii. Proper assessment of work injuries

The Bill addresses the concern of inadequate treatment or insufficient medical leave. Workers will be able to seek a different doctor without the employer's consent if they believe the medical assessment was not conducted fairly or the duration of the medical leave given was deemed to be insufficient. Employers are also required to report to MOM all work-related medical leave or employees placed on light duties. Such changes are made to limit the employer's influence on doctors to prescribe less medical leave.

iv. Expanded scope of compensation and higher compensation limit

The Bill will ensure employees placed on light duties as a result of work injuries are able to receive at least their medical leave wages for up to 2 weeks and be compensated their average monthly earnings if the salary received during periods of light duties is lower. There will be an increase in the maximum compensation amount from 1 January 2020 onwards to S\$225,000 for death and S\$289,000 for total permanent incapacity, a 10% increase from the current caps to reflect rising wages and healthcare costs. Additionally, the maximum compensation for medical expenses has been raised from S\$36,000 to S\$45,000.

v. Expedited and improved claims process

Some permanent incapacity cases currently take more than 6 months to reach a resolution, due to lengthy permanent incapacity assessments. The Bill will allow for speedier compensation based on the current state of incapacity at the earliest opportunity after 6 months from an accident. For greater efficiency, all claims will now be processed by approved insurers, instead of the previous practice of the MOM processing death and permanent incapacity claims, and insurers processing temporary incapacity claims.

vi. Safeguards for employers in insurance coverage and fraudulent claims

Previously, employers may inadvertently buy WIC insurance policies that lack coverage for risky scenarios. With the introduction of a prescribed core set of standard terms for WICA-compliant insurance policies, employers will be assured of adequate coverage. A maximum fine of S\$80,000 will be imposed onto persons who offer policies purporting to be WICA-compliant and they will be held responsible for compensation as though the policies offered were compliant. A maximum fine of S\$80,000 will be imposed onto any unauthorised person who offers WICA-compliant policies.

## Conclusion

The changes under the Bill are wide-ranging and are designed to not only enhance protection for employees, but also enhance protection of employers in certain respects. Employers should familiarise themselves with the proposed amendments and engage early with their WIC insurance providers to fully comprehend the impact of the Bill on their organisation and to prepare early before the proposed amendments take effect.

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Dentons Rodyk thanks and acknowledges practice trainee Michelle Wong for her contributions to this article.

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