

## **Notification for endorsement in Workmen compensation policy**

As per the amendment notified on 3<sup>rd</sup> January 2020 through official gazette, the limit of wages as per employee compensation act 1923 has been raised from INR 8,000 to INR 15,000.

With this amendment, the wages for compensation computation will be taken as INR 15,000. As a result, the compensation payable as per the act will go up substantially.

## **Check your WC policy Wordings**

Importantly, you must check the WC policy to check whether the amendment or the higher wage limit is covered automatically or not under your Workmen compensation policy.

For e.g. Most of the policy states: - "Policy will cover liability under the Employee or workmen compensation act 1923 and subsequent amendments prior to the date of issue of policy"- This Means that policy doesn't cover any amendments that came in force after the inception of policy.

## **What steps to be taken?**

Certainly, if the amended higher limit is not covered by default in the Workmen compensation or employee compensation policy, it is advisable to contact the Insurer and get the endorsement done for full protection under you running policy, as guaranteed under employee compensation act.

## **Affect on Premium payable**

The Insurer may charge a base rate on the statutory limit of wages of INR 8000 and 6.25% of the base rate on the amount of wages exceeding INR 8,000 including commercial discount on total premium. Hence there are chances that additional premium may be applicable for Increased statutory limit.