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\$57,000 become \$11,000?

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After his back injury, our client needs a walking stick to move about

Alinur (not his real name) sits down with a volunteer at TWC2's free meals programme one evening, and tells us a rather astounding story. "My company tell me my compensation only \$11,000," he says, "but actually, when I check, it was \$57,000."

Just turned 40 years old, Alinur had a prolapsed disc in his lumbar spine and had filed a claim under the Work Injury Compensation Act (Wica). His doctor judged that his back would be permanently impaired to a considerable degree and wrote that this would be a 25-percent permanent incapacity. Doctors refer to a table in deciding how many "points" they can recommend based on the severity of the permanent disability; the figure they put down is not arbitrary. Wica also contains a calculation table that converts the percentage incapacity into a dollar amount, with average monthly salary and age as

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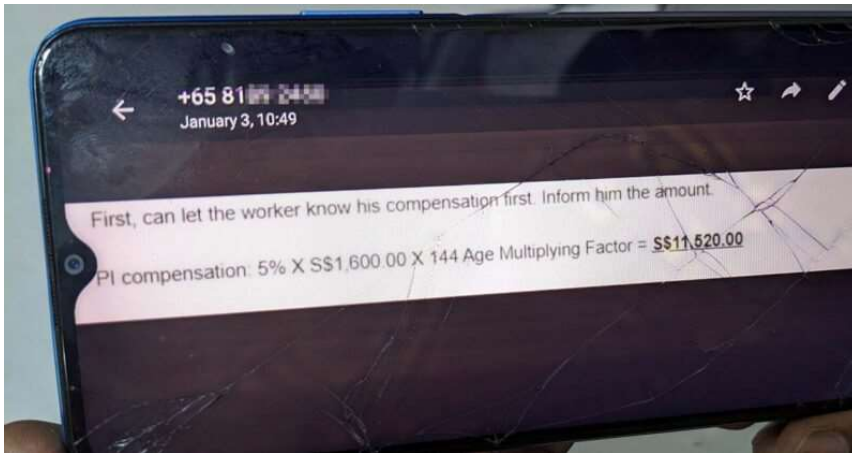
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So where did the figure of \$11,000 in compensation come from? We ask Alinur to tell us exactly what happened.

The manager

“The manager WhatsApp me on 3 January,” Alinur begins, showing us the very brief attachment that was sent to him. As can be seen in the image below, that little note said, “First, can let the worker know his compensation first inform him the amount. PI compensation 5% X S\$1,600.00 X 144 Age Multiplying Factor = S\$11,520.00”



On 3 January, Alinur received this message from his employer

(“PI” is abbreviation for Permanent Incapacity.)

Alinur explained that the person who sent him this message plays the role of manager in the company, and is also a relative, probably a nephew, of the boss. Although it may not be his official title, we shall, for convenience, refer to this person as the manager in the story. He had the authority to speak for the company. We also noted, however, from the way the opening sentence in the attachment was phrased, that there seemed to have been an instruction from someone above the manager to communicate the information to Alinur. It might have originated from the boss.

Following that WhatsApp message, Alinur had a conversation with the person (manager) who had sent it. According to Alinur, the manager asked him whether the offered compensation was acceptable to him. If it was, they would consider the matter

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in the form of a formal letter bearing the letterhead of the insurance company and in a format required by the Ministry of Manpower. It should not take the form of a casual WhatsApp message. He also had an inkling from the doctor who had treated him that the impairment to his back was serious, and not merely 5 percent. So, Alinur asked the manager for a copy of the formal letter.

“The man then say, ‘I don’t know about the letter,’ and he still ask me whether I [was] OK or not for this amount.” This didn’t sound right to Alinur.

At the Ministry of Manpower

The next day, Alinur went to the Ministry of Manpower (MOM) to see what additional information he could get. Workers who have interacted with TWC2 will have learnt how to protect their own interests.

At MOM, the officer checked her computer and told Alinur that as far as she could see, there was no official letter from the insurance company yet. She then asked him who it was who mentioned the \$11,500 figure. Alinur then shared the manager’s phone number with her.

“She call the manager,” says Alinur, “and he tell her the letter just arrived.” Indeed, we later see that it was dated 4 January 2023, though we have observed in previous cases that such compensation letters are often sent out slightly in advance of the stated dates. Thus, it is not possible to say when exactly it reached the employer.

The MOM officer asked the manager to send over a copy of this letter from the insurance company. When it came and she in turn shared it with Alinur, he was surprised to see a completely different figure. Well, not entirely surprised since he already had a suspicion that something was not right, but more shocked at how brazen the attempt to mislead him was.

This is the relevant portion of the compensation offer:

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MOM Ref No.	:	XXXXXXXXXX	Date of Accident	:	XXXXXXXXXX
Insurer Reference No.	:	XXXXXXXXXX	Age	:	40
Name of Employee	:	XXXXXXXXXX			
NRIC/FIN/Passport No.	:	XXXXXXXXXX	Average Monthly Earnings	:	\$1,600.00

Part II - Outcome of Claim :

Claim is admitted under WICA 2019 and the compensation payable is:

25.00% x \$1,600.00 x 144 (MULTIPLYING FACTOR) = \$57,600.00

Part III - Parties Involved :

(1) Payer:

INCOME INSURANCE LIMITED

Part IV - Instructions to Notice of Computation :

(1) To all parties:

Dated 4 January, this is the formal offer of compensation

As indicated by the image above, the offer was for \$57,600, based on a finding of 25 percent permanent incapacity – five times the amount WhatsApp'd to him the day before.

Can't explain the discrepancy

It is not possible to know for sure what happened behind the scenes at the company that led to the manager telling Alinur that the compensation would be \$11,520. We briefly considered the possibility that there might have been a typo and instead of 25% PI, it was accidentally written as 5% PI. However, we find that hard to believe, because whoever wrote out details in the WhatsApp message took the trouble to detail the formula and recalculate from 5% all the way to a monetary figure of \$11,7520.

Alinur also reported that in the phone conversation with the manager a lot of effort seemed to have been made to persuade him to accept that figure and close the matter. It was as if there was time pressure to get his agreement before the formal letter came out.

Objection

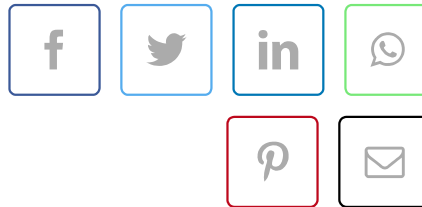
After the formal offer of compensation is made, there is a two-week window in which parties can file objections to the offer. Alinur found the 25% offer acceptable and he did not object.

However, in early February, he was asked to present himself for a medical review in mid-March. Obviously someone else had objected and a re-assessment of the incapacity had to be conducted. Most likely, it was the employer who objected.

months down the road.

The mystery is why some employers seem so keen to deny or reduce the compensation payable to their employees. After all, they have bought work injury insurance (as required by law) and it is the insurance company paying out the compensation. There are probably some incentives, financial or otherwise, at play here that work against workers' interests, and that cry out for investigation and corrective action.

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