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**WorkCover Western Australia**  
**Quarterly Overview of WA Workers'**  
**Compensation Experience**  
**June 2009**

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**Fellow of the Institute of Actuaries (London)**  
**27 August 2009**



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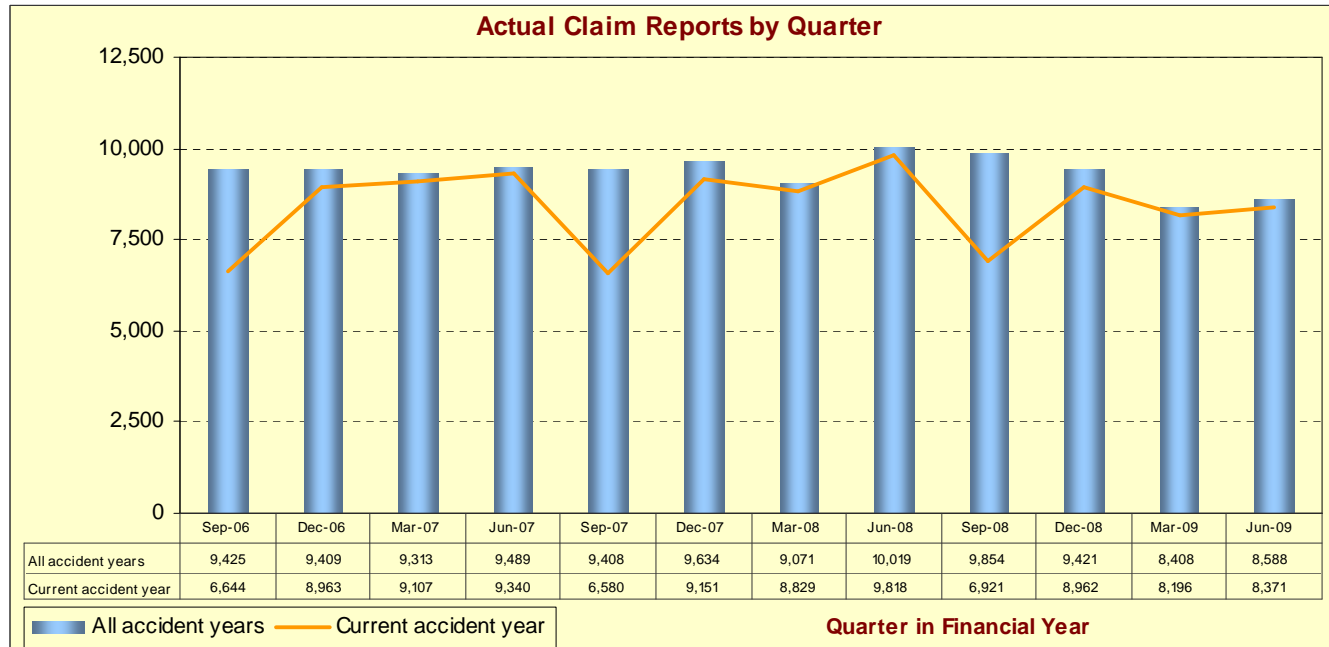
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- Notes:
1. The data used for this Overview includes all licensed insurers and RiskCover (ICWA) throughout, consistent with the Recommended Premium Rates returning entities.
  2. Self-insurer data (other than RiskCover) is not included.

# 1 Claim Numbers Reported

## 1.1 Actual Claim Reports

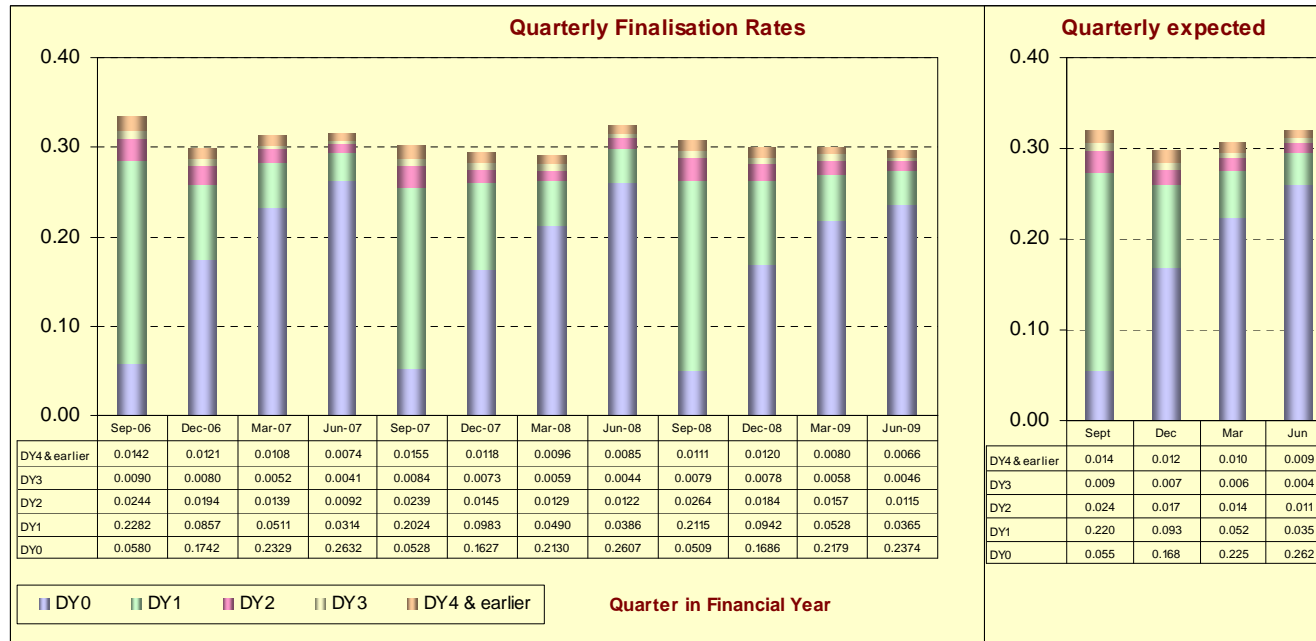


There was a relatively stable trend in reported claims over 2006/07 and an increasing trend over 2007/08 with the exception of a low in March 2008. Total reported claims have decreased since the 10,019 high for June 2008 quarter. The June 2009 quarter was 14.3% lower than June 2008 but 2.1% higher than the March 2009 quarter.

The aggregate number of reports in 2006/07 were stable compared to 2005/06 and increased by 1.3% in 2007/08. In 2008/09 claims reported have decreased by 4.9% for all accident years and by 5.6% for the current accident year.

## 2 Claim Finalisation Rates

### 2.1 Quarterly Finalisation Rates

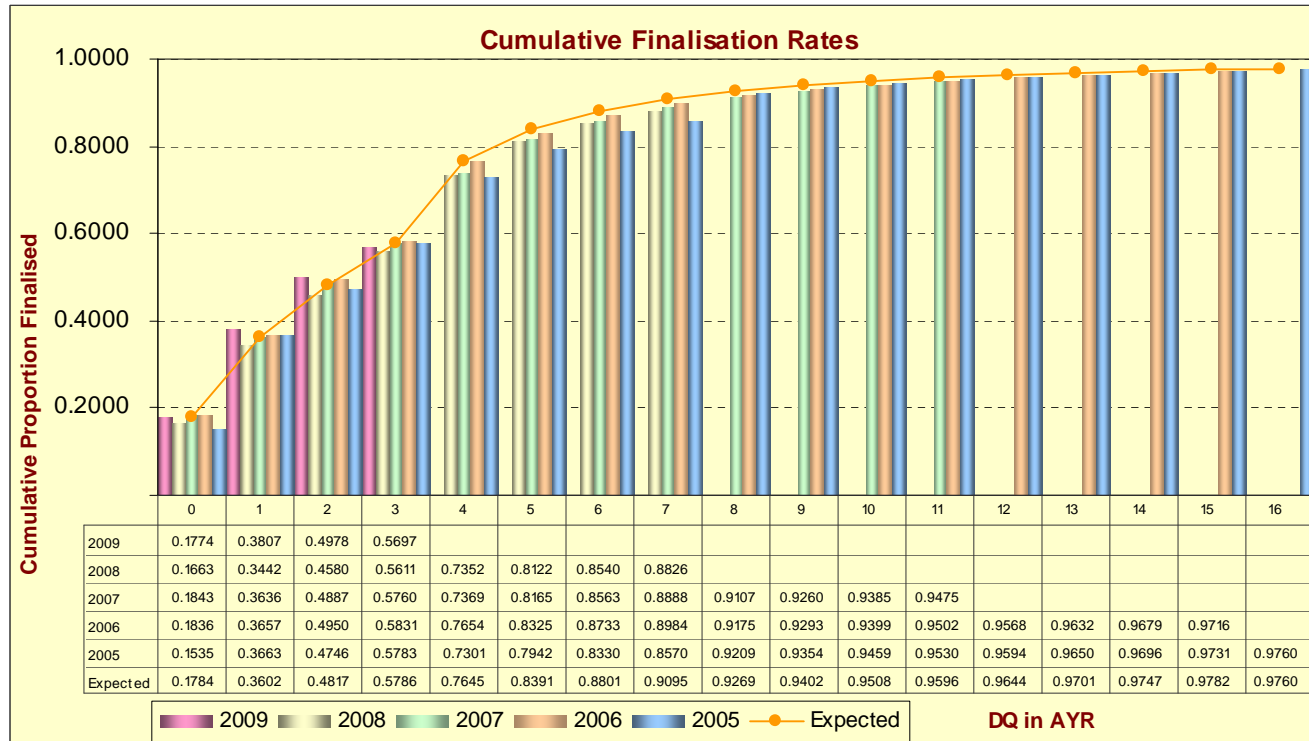


Please note that we altered the calculations for finalisation rates at June 2007 so this graph is not comparable to reports prior to June 2007.

September 2007, December 2007 and March 2008 had slower overall finalisation rates than the corresponding quarters in 2006/07 but the finalisation rates in June 2008 were faster than experienced in June 2007 for all development years except DY0. In aggregate the September 2008 finalisation rates were faster than September 2007, however DY0, 3 and 4 were slower. With the exception of DY1, the December 2008 finalisation rates were faster than December 2007. The March 2009 finalisation rates were faster than March 2008 for all DYs except DY3 and 4 which were slightly slower. In aggregate, the June 2009 finalisation rates were slower than the expected rates, despite DY 1 to 3 being faster than expected. June 2009 rates were slower than the June 2008 rates for all DYs except DY3.

Expected = average of previous three years' finalisation rates (updated from 1 July 2008)

2.2 Cumulative Finalisation Rates as a proportion of incurred

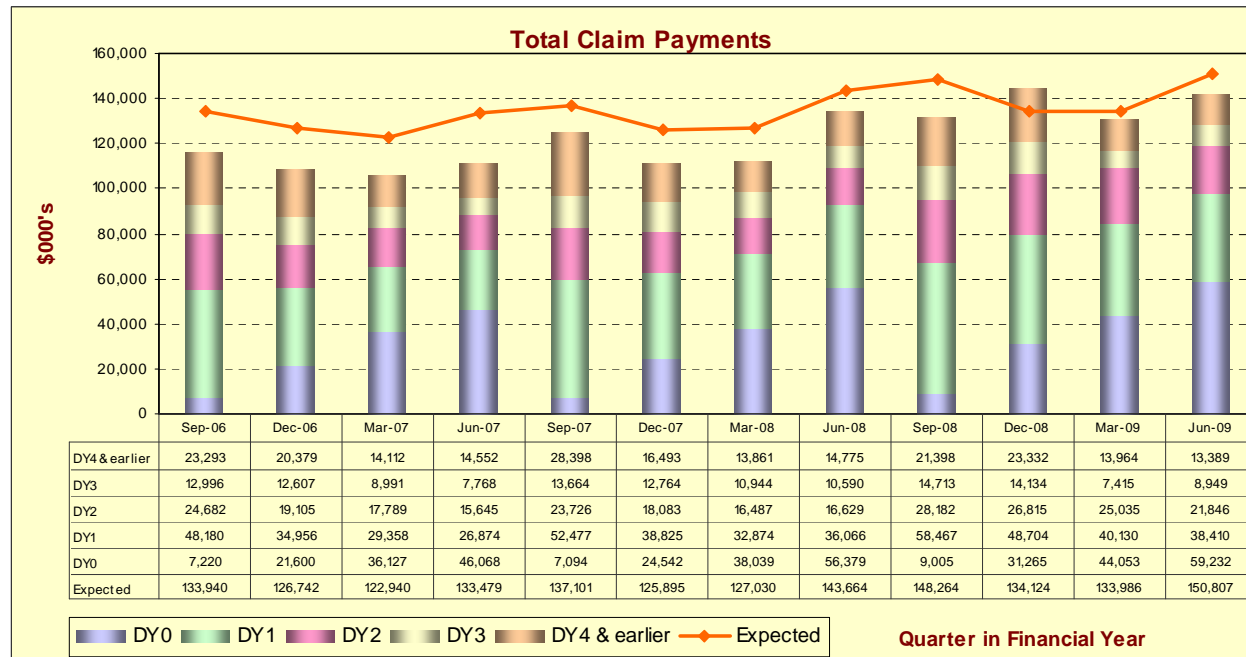


Cumulative claim finalisation rates have been close to expected for the 2005 accident year, except for DQ0 and DQ4 to DQ7 where it is well below. The 2006 and 2007 accident years are above expected until DQ4 and 2 respectively, but have been below expected since. All DQs for 2008 are noticeably below expected. DQ0 and 3 are both below expected for 2009, however DQ1 and 2 are both above expected. The higher than expected finalisation rates over the 2007 accident year, which suggested claims were being finalised earlier than previous accident years, appears to have slowed in 2008 and 2009 accident years, with the exception of DQ1 and 2 in 2009.

Expected = using data from our 30 April 2008 recommended premium rates report (updated from 1 July 2008).

### 3 Claim Payments in Total and by Paytypes

#### 3.1 Total Claim Payments



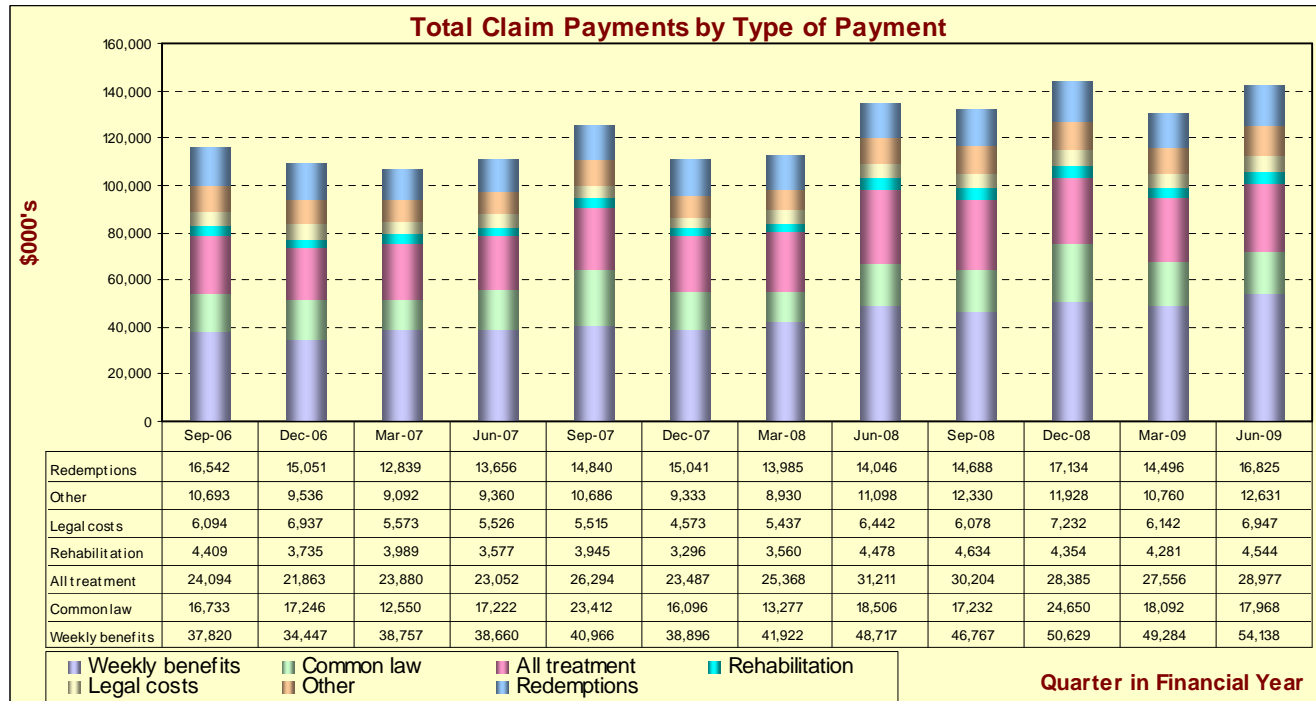
In aggregate, actual payments over the 2007 and 2008 financial years were 14.5% and 9.6% lower than expected, respectively. Payments for the 2009 financial year are 13.6% higher than the 2008 financial year but 3.3% less than expected (\$548.4M actual vs \$567.2M expected). Payments in the June 2009 quarter are 8.6% higher than the March 2009 quarter and 5.5% higher than the June 2008 quarter.

Total claim payments usually exhibit a seasonal pattern with lows in the December and March quarters, before the June quarter raises the payment level for the following year. The December 2008 quarter was an exception due to one large common law payment.

Note the total claim payments in 3.1(from Form WC20) differ slightly from 3.2 (from Form WC101). See note (a) in table 7.1.

Expecteds = payments from our actuarial projections where 2007 is from our 30 June 2006 model and 2008 is from our 30 June 2007 model. 2009 is a mechanistic forecast using the sum of quarterly data to June 2008 (updated from 1 July 2008).

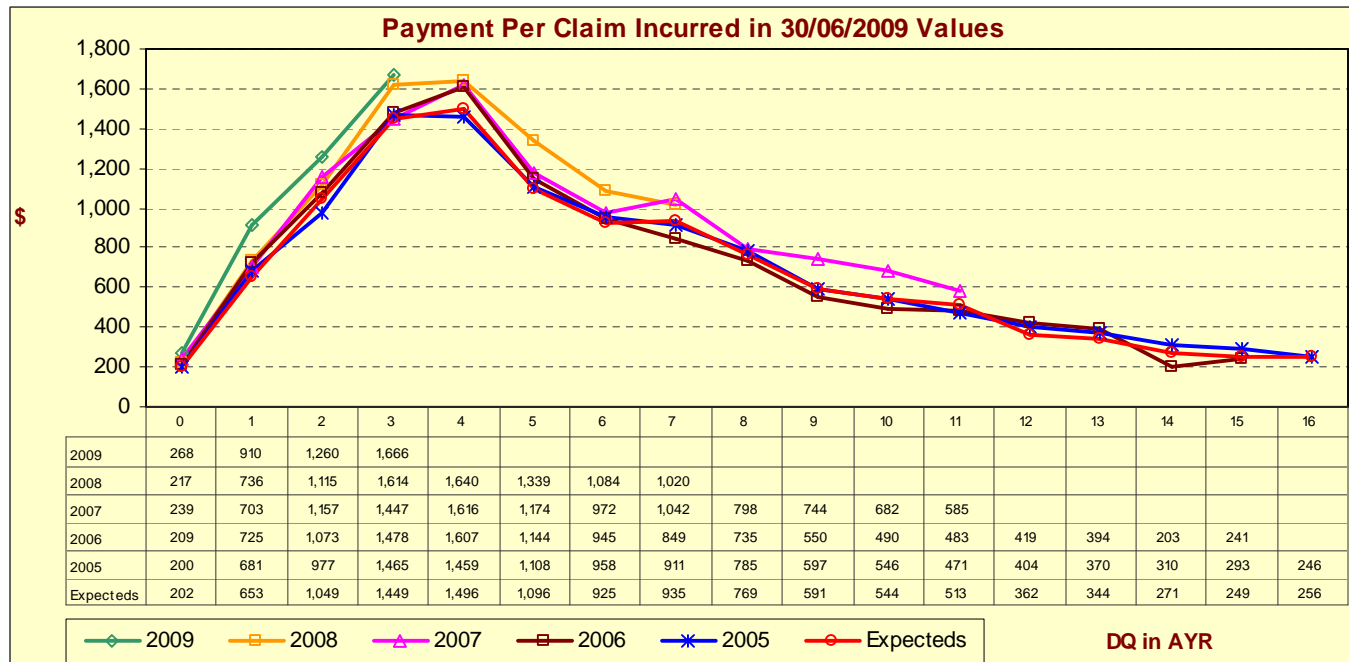
3.2 Total by Type of Payment



Redemptions increased by 16% in June 2009 from the low March 2009, and are 20% above June 2008. Similar to total payments, other payments have seasonal highs in September and lows in March. Legal costs are somewhat variable and increased this quarter to \$6.9M from \$6.1M in March 2009 and are 8% above June 2008. Rehabilitation payments are seasonal, peaking in the September quarter. All treatment costs increased by 5.2% in the June 2009 quarter, but are 7% below June 2008. Common law is generally cyclical with highs in September and lows in March, though in the 2008/09 financial year, September 2009 was the lowest quarter. The June 2009 quarter is 1% lower than the March 2009 quarter and is 3% below June 2008. Weekly benefits have reached a new high in the June 2009 quarter being 7% higher than the previous high in December 2008. They are 10% higher than the March 2009 quarter and 11% higher than June 2008.

## 4 Payments per Claim Incurred

### 4.1 PPCI in 30 June 2009 Values - Discrete

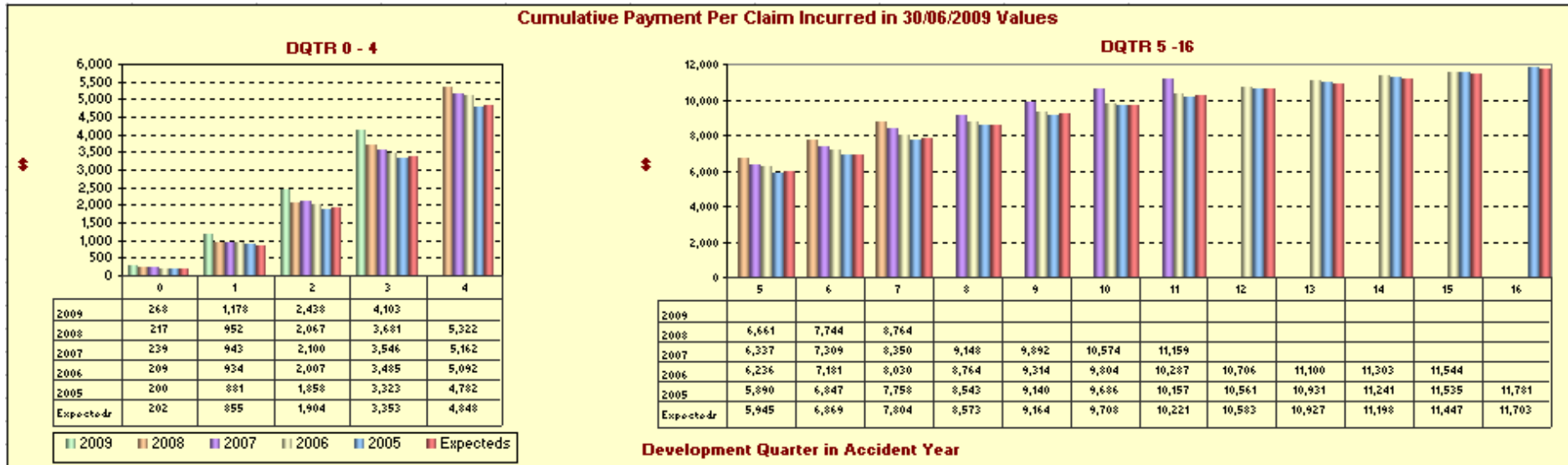


This chart shows a gradual increase in real payments per claim incurred (PPCI) over time. The real PPCI shows an increasing trend which fluctuates around expected for the 2005 accident year. The 2006 accident year is above expected up to DQ6, thereafter actual payment rates fall below expected except for DQ12 and 13. For all the DQs experienced to date in the 2007 and 2008 accident years, with the exception of DQ3 in 2007, PPCIs are higher than expected, particularly DQ3 onwards for the 2008 accident year and DQ7, 9 and 10 for 2007.

All DQs for the 2009 accident year are significantly higher than both expected and all other accident years.

Expecteds = expected real PPCI from our 30 April 2008 recommended premium rates report. They are *not* adjusted for the 2004 Reform Act but are based on a material portion of actual post-Act change claims data.

4.2 PPCI in 30 June 2009 Values - Cumulative



The chart above is an accident year aggregation of Chart 4.1. The progress of the real average claim size shows a distinctly increasing trend from the 2005 accident year onwards.

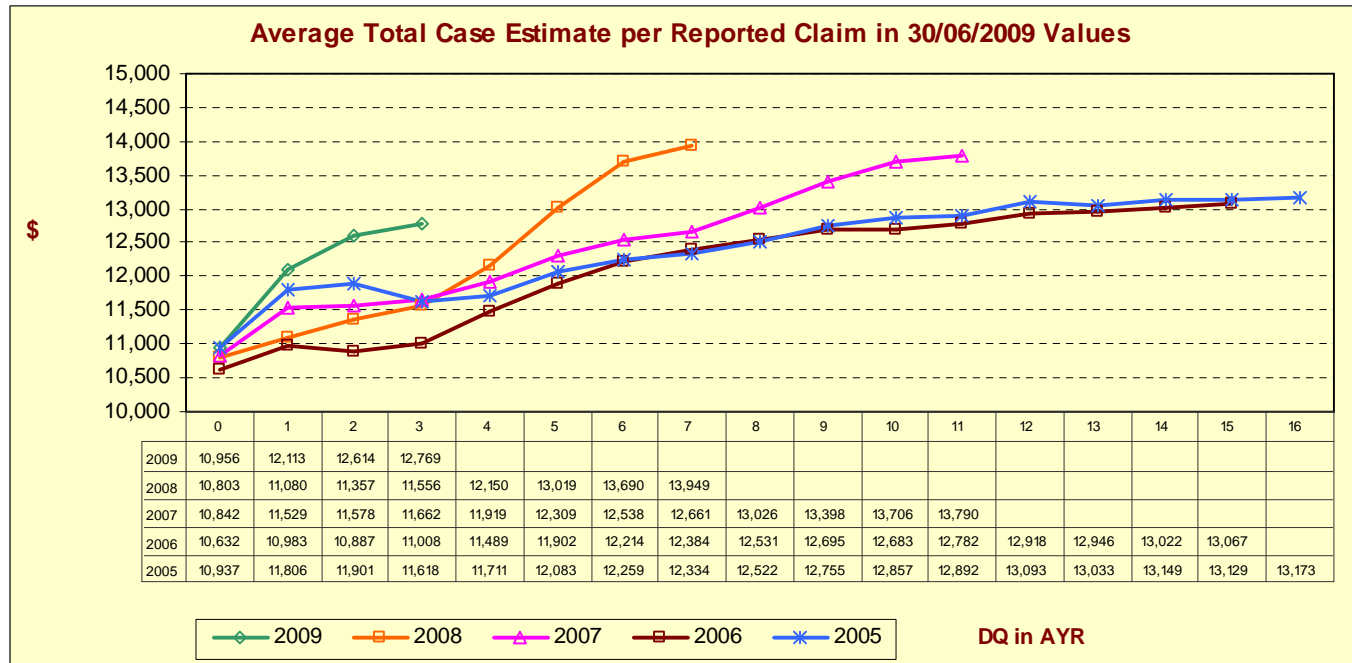
Reinforcing this trend is 2009 being distinctly the highest year for DQ0 to 3, 2008 being the highest year for DQ4 to 7, 2007 being the highest year for DQ8 to 11 and 2006 the highest year for DQ12 to 15. The experience of all accident years has been higher than expected, except 2005 which oscillates about expected. DQ0 and 2 for 2008 is lower than 2007, but higher than expected.

Cumulatively at 30 June 2009, the 2006 accident year is 1% above expected, the 2007 accident year is 9% above expected, the 2008 accident year is 12% above expected and the 2009 accident year is 22% above expected.

This chart is based purely on actual payments and does not involve projections other than for the expected values.

Expecteds = expected real payments per claim incurred from our 30 April 2008 recommended premium rates report. They are *not* adjusted for the 2004 Reform Act but are based on a material portion of actual post-Act change claims data.

## 5 Average Total Case Estimate per Reported Claim in 30 June 2009 Values



This chart is based on cumulative real claim payments plus insurers' outstanding case estimates.

All accident years increased steadily after DQ2, with the exception of 2005 which increases from DQ3.

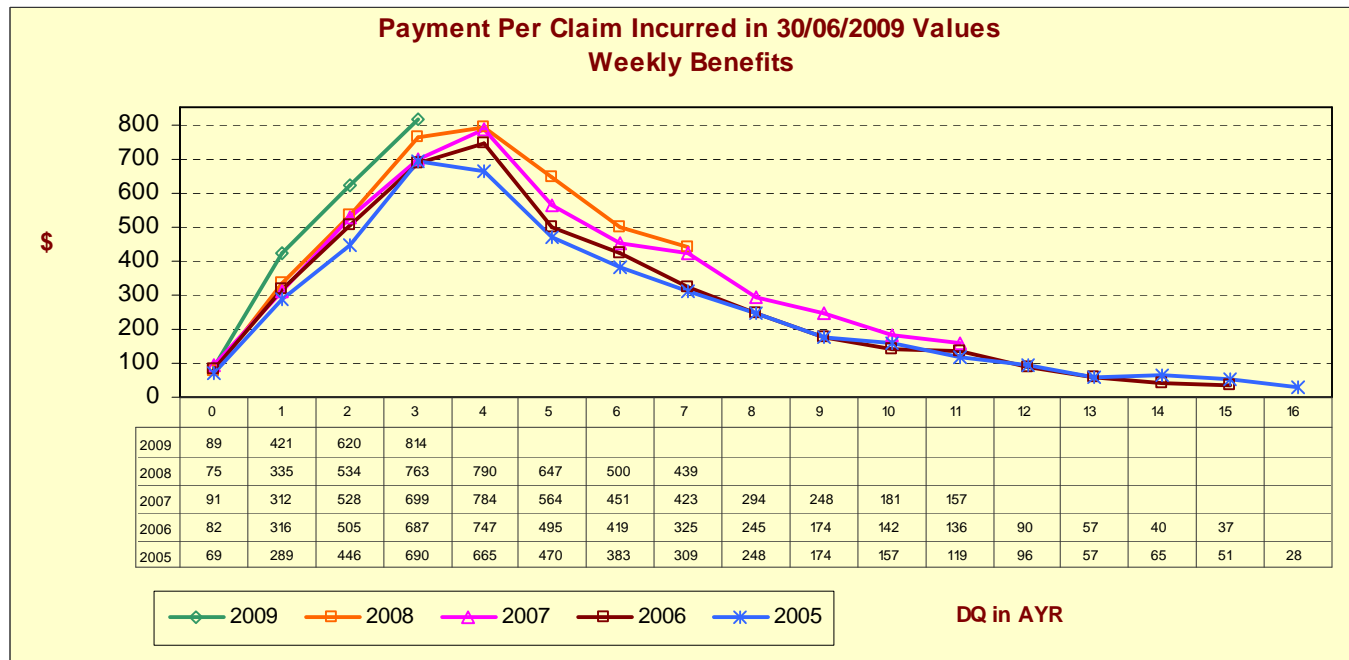
The 2005 accident year started low, increases significantly in DQ1 but declined in DQ3 before generally increasing from DQs 5 to 16. 2006 has the lowest total case estimates per reported claim for most quarters. 2007 steadily increases each quarter and is the highest from DQ8 to 11.

2008 is between 2007 and 2006 until DQ3, then has the highest DQs 4 to 7. 2009 has commenced with distinctly the highest average total case estimate DQs 0 to 3.

The most recent three quarters of 2007, 2008 and 2009 have been significantly higher than previous accident years. This reflects both increases in the level of payments and also outstanding case estimates.

## 6 Payments Per Claim Incurred by Paytype

### 6.1 PPCI in 30 June 2009 Values - Weekly Benefits

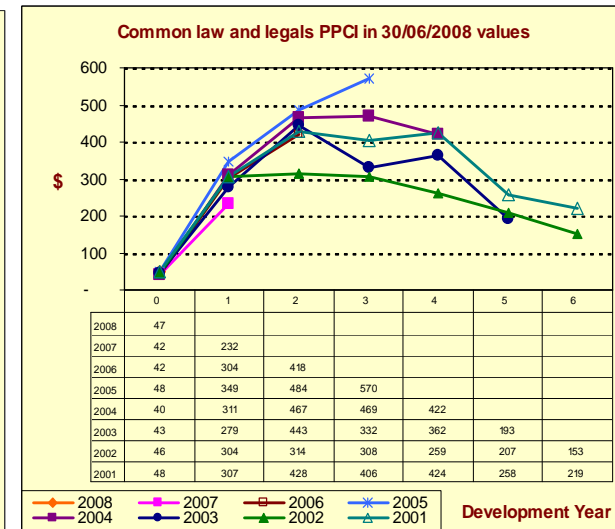
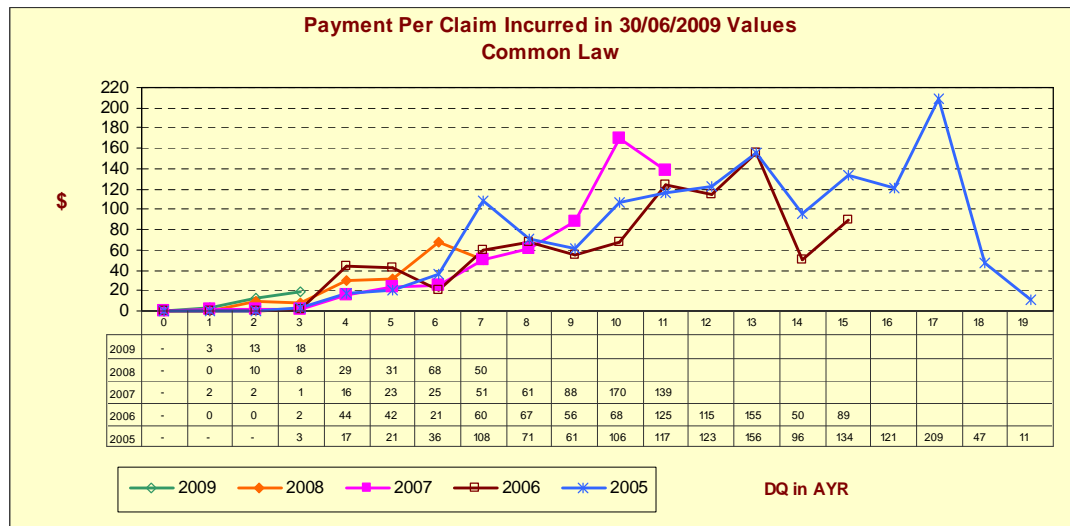


This chart demonstrates the aggregate increased payment trends observed above with each accident year being generally higher than the prior year.

This is demonstrated by 2006 being higher than 2005 for all DQs up to DQ7 except DQ3. 2007 is higher than all prior years for all DQs, except DQ1. 2008 commenced at a lower level than 2006 and 2007 but is higher than all prior years from DQ1 onwards. 2009 is also lower than 2007 for DQ0, but is significantly higher than all years for DQ1 to 3. In total, 2009 is significantly higher than all other accident years to the same stage of development.

The PPCI for all accident years peak in either DQ3 or 4.

6.2 PPCI in 30 June 2009 Values - Common Law



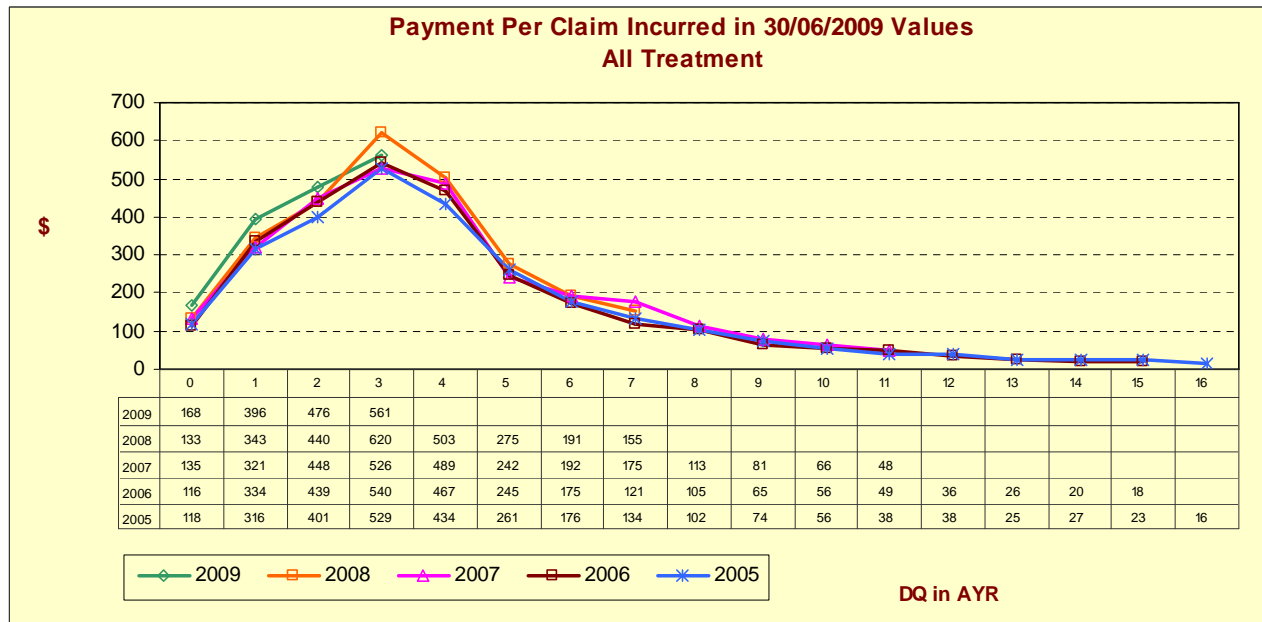
As expected, *common law* payment rates are very low during the first 6 development quarters and then begin increasing. The volatility in the later periods is due to the influence of a few large claim settlements.

The 2007/08 and 2008/09 WorkCover WA forms include payments for Section 92(f) claims within the common law payment type. This is the reason for the relatively high PPCI for DQ2 to 6 in 2008 and DQ1 to 3 for 2009.

The accident year payment rates are fairly stable however note the sharp DQ7 increase in the 2005 accident year, making it the highest of all years shown at the same stage of development. With the exception of the spike in 2005, the relative stability of recent years is due to the robustness of the October 1999 legislation. There was also a sharp increase in DQ4 for 2006. Both these spikes may be attributable to the introduction of Stage 2 of the 2004 Reform Act.

The second graph has common law and legal payments combined and is on a yearly basis, from our 14 April 2009 recommended premium rates report. The payments peak around DY2 to DY3. The 2002 and 2003 accident years are generally below 2001 but 2004 and 2005 are above it. The high common law and legal costs in 2005 is clearly shown. Stage 2 of the 2004 Reform Act changed the eligibility of a claim to access common law and increased the timeframe to elect to access common law. This delay in reporting has probably caused the 2006 and 2007 accident years to be lower, significantly so for 2007, than in previous accident years.

**6.3 PPCI in 30 June 2009 Values - All Treatment**



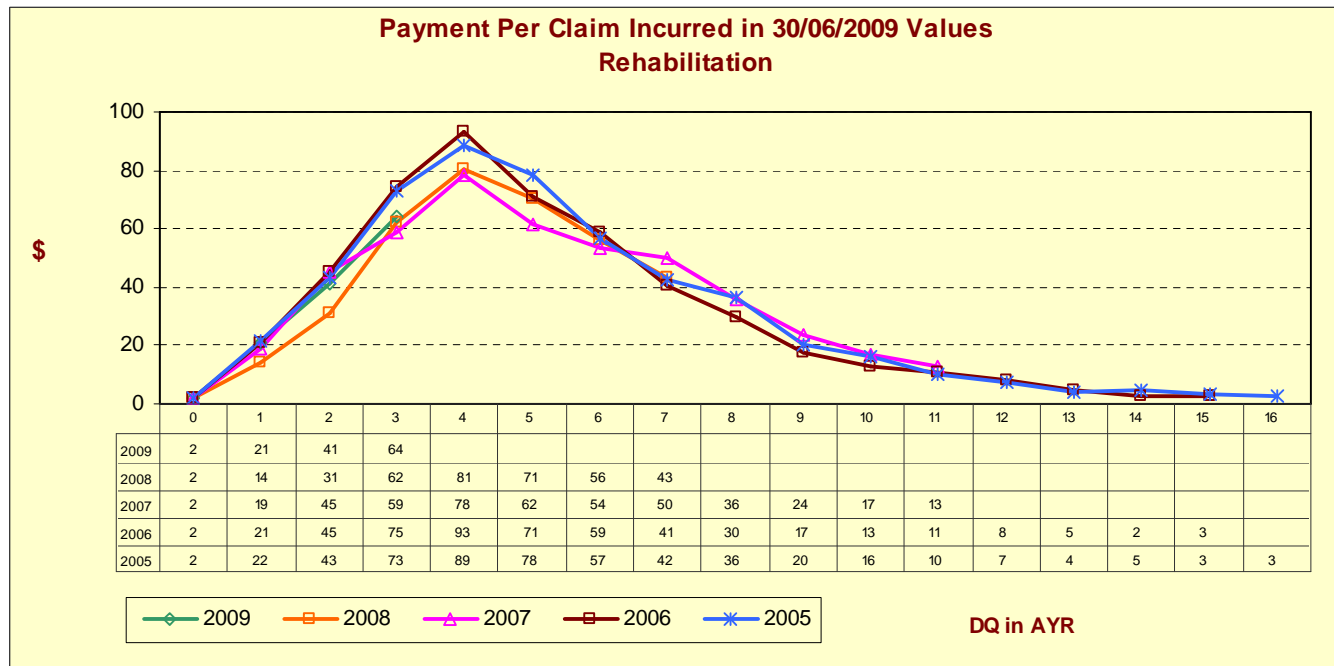
Note: All treatment includes categories medical practitioners, hospital expenses and all other treatment from the Form WC101.

All treatment closely follows weekly benefits, but at a lower level and with greater uniformity across accident years.

Once again, each accident year is at or above the years preceding it. 2006 started in the same position as 2005, before developing rapidly to be higher than 2005 up to DQ4, thereafter it is on par or lower. 2007 started at a significantly higher level than all prior years and has remained higher except for DQs 1 and 3 which are on par with 2005 and DQ5 which is on par with 2006. 2008 is similar to 2007 in DQ0, then is significantly higher than all prior accident years for all DQs, except DQ2, 6 and 7. At this early stage, 2009 is at a significantly higher level than all other accident years for DQ0 to 2, but lower than 2008 for DQ 3.

These trends show that unlike some payment types, most notably common law and rehabilitation, all treatment costs have continued to escalate and, together with weekly benefits and redemptions, explain most of the increases for the 2006 to 2009 accident years.

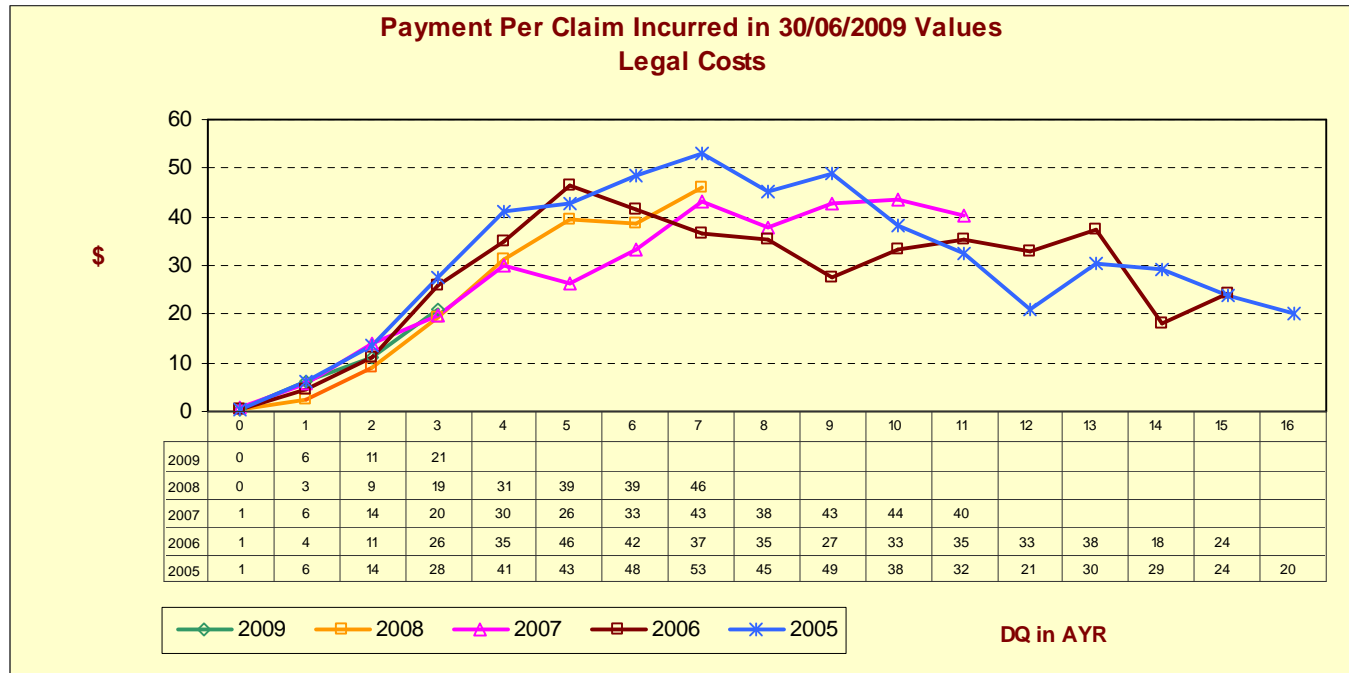
**6.4 PPCI in 30 June 2009 Values - Rehabilitation**



*Rehabilitation* has a similar, but much lower, payment pattern to *all treatment* peaking later in DQ4 and with a more gradual decline.

To date, the 2006 experience is similar to 2005. The 2007 accident year has a similar payment pattern to 2006 for DQ0 to 2, is significantly lower than all other accident years for DQ3 to 6 after which it is higher than or on par with all other accident years. The 2008 accident year is significantly lower than all other accident years in DQ1 and 2, but just above 2007 for DQ3 to 6 and on par with 2005 and 2006 for DQ7. 2009 is on par with all other accident years (with the exception of the low 2008 noted above).

6.5 PPCI in 30 June 2009 Values - Legal Costs

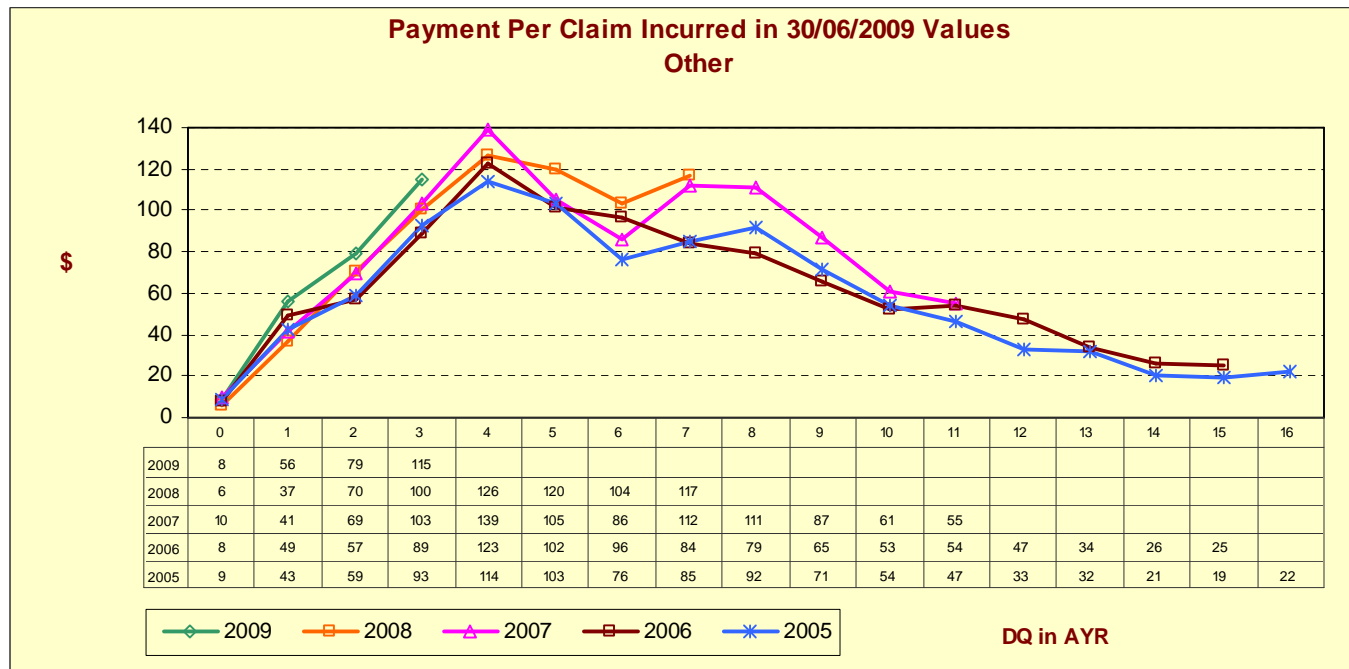


Legal payment rates have remained firm until now while *common law* moderated and declined earlier. The *legal* pattern develops earlier than *common law*, which is to be expected since the legal advice would precede the claim settlement.

2005 is higher than all other accident years up to DQ9, except for DQ5. 2006 is on par with 2005 up to DQ5 after which it falls below until DQ10.

2007 has a similar growth pattern to 2005 to DQ2 after which it is lower than all other accident years up to DQ6. The 2008 accident year is lower than all other accident years up to DQ3, after which it is above 2007. At this early stage, 2009 is on par with all other accident years.

6.6 PPCI in 30 June 2009 Values - Other

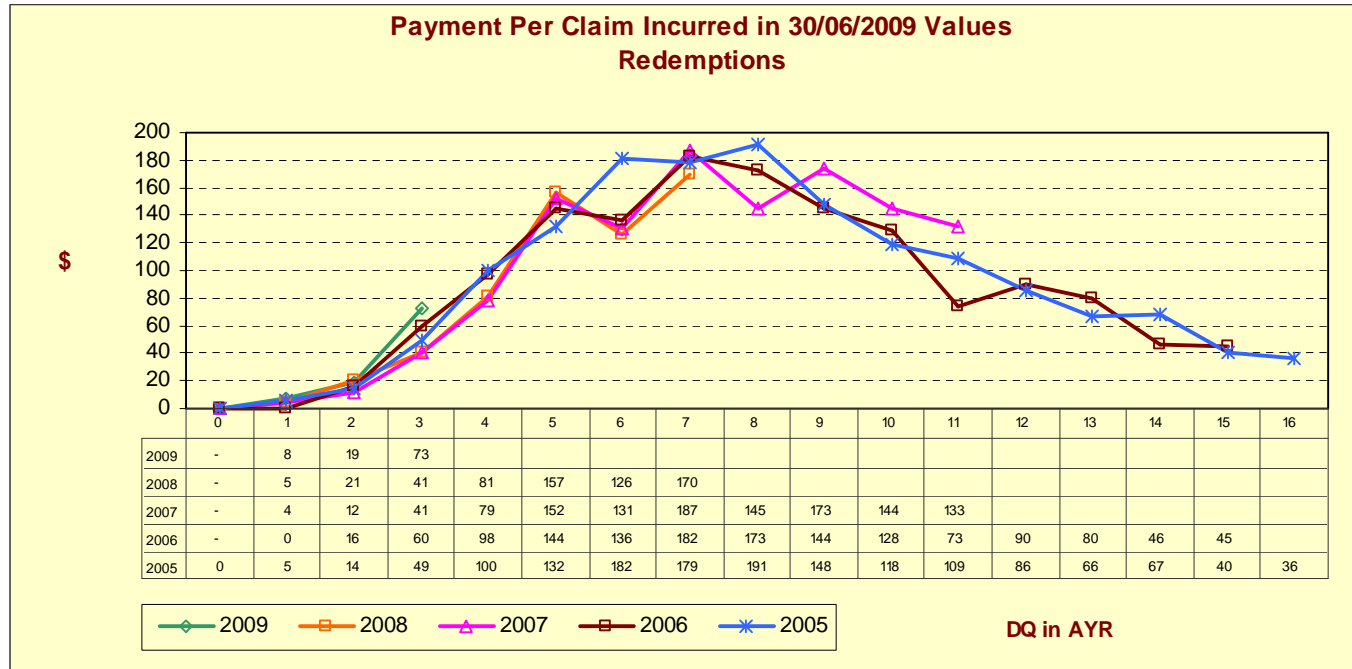


*Other* has a similar payment pattern to *rehabilitation* but at a higher level (see DQ4 peak) and the tail is much fatter.

We observe a general increase in PPCI by accident year up to the peak in DQ4. 2005 increased sharply in DQ1, slowed in DQ2, before increasing again to DQ4. The 2006 accident year increased above the 2005 accident year in DQ1, but slowed in DQ2 to 10 to be the lowest accident year overall except in DQ4 and 6 where it didn't experience the downturn of other accident years.

The 2007 accident year is generally at a slightly higher level than 2005, but is significantly higher in DQ4 and 8 to 10 than all other years shown. The 2008 accident year is similar to 2007, although falls below in DQ4, but doesn't experience the decline in DQ5. The 2009 accident year begins on par with previous years in DQ0, then reaches new highs in DQ1 to 3.

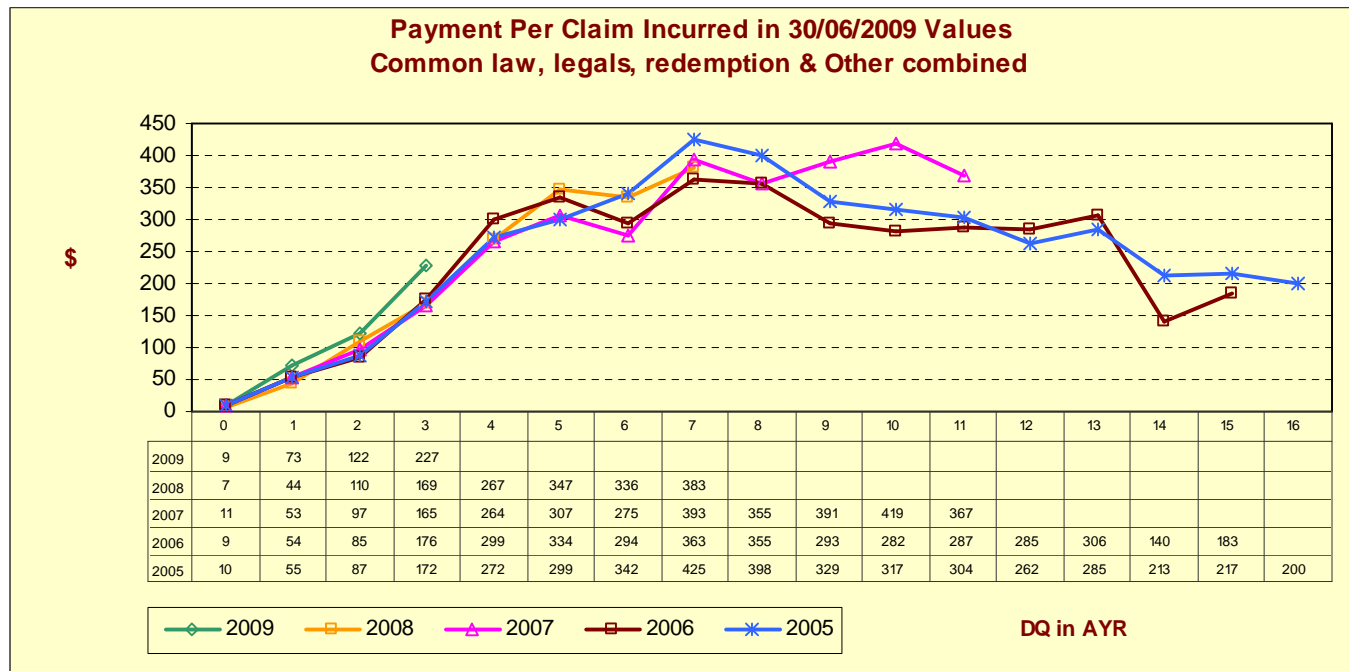
6.7 PPCI in 30 June 2009 Values - Redemptions



Following DQ4, *Redemptions* show some volatility in PPCI from one accident year to the next.

2005 and 2006 are similar overall with some quarterly variation. 2007 is similar to all other accident years though it is the lowest for DQ2 to 4 and 8. 2008 has the highest payments in DQ2, then is on par with 2007. 2009 is higher than all other years in DQ1 and 3 but is on par with 2008 in DQ2.

**6.8 PPCI in 30 June 2009 Values - Common Law, Legals, Redemptions and Other Combined**



This graph is designed to show the trends in aggregate lump sum payments.

All accident years are fairly close up to DQ4 before some quarterly variation emerges at the higher payment levels.

Part of this pattern is explained by accelerated payments due to redemptions but there may also be some continuation of the higher trends to the later stages of these claims.

2005 is higher than all accident years from DQ6 to 8. 2006 is currently following the same pattern as 2005 though is significantly lower from DQ6 to 11 and DQ14. 2007 is showing similar experience to all other accident years though is significantly higher than all other accident years for DQ9 to 11. 2008 shows similar experience to previous years while 2009 is significantly higher than all other years for DQ1 to 3.

## 7 Aggregate Quarterly Form WC20 and WC101 Data

### 7.1 Form WC20

YEAR TO DATE SUMMARY OF FORM WC20 (QUARTERLY)  
FOR THE YEAR TO 30 JUNE 2009  
INSURANCE CO:.....Private Insurers & the Insurance Commission of Western Australia (RiskCover and ICGF funds )

Quarter Number 4  
30 JUNE 2009

FINAL  
VERSION

YEAR OF ACCIDENT	NUMBER OF CLAIMS REPORTED FOR THE YEAR TO DATE (BY YEAR OF ACCIDENT)	AMOUNT OF CLAIMS PAID FOR THE YEAR TO DATE (CLASSIFIED BY YEAR OF ACCIDENT)	NUMBER OF REPORTED CLAIMS OUTSTANDING AT END OF THE CURRENT QUARTER (CLASSIFIED BY YEAR OF ACCIDENT)	PROVISION FOR CLAIMS OUTSTANDING AT THE END OF CURRENT QUARTER (CLASSIFIED BY YEAR OF ACCIDENT) AND FURTHER SUBDIVIDED INTO:	
	(a)	(b)	(c)	(d) CASE ESTIMATES \$	(e) DEVELOPMENT AND IBNR ESTIMATES \$
CURRENT YEAR 01/07/08 TO 30/06/09	32450	\$143,553,923	12,006	\$267,109,289	
01/07/07 TO 30/06/08	3399	\$185,710,671	4,237	\$193,883,733	NOT REQUIRED
01/07/06 TO 30/06/07	110	\$101,877,209	1,803	\$96,714,342	TO BE SUBMITTED FOR QUARTERLY PERIODS
01/07/05 TO 30/06/06	32	\$45,210,687	887	\$51,444,771	
01/07/04 TO 30/06/05	18	\$27,776,633	533	\$30,836,086	
01/07/03 TO 30/06/04	15	\$14,350,141	349	\$23,551,595	
01/07/02 TO 30/06/03	11	\$6,434,626	207	\$10,647,733	
01/07/01 TO 30/06/02	15	\$3,939,892	146	\$8,323,474	
01/07/00 TO 30/06/01	20	\$3,100,072	116	\$6,836,445	
01/07/99 TO 30/06/00	19	\$3,059,312	88	\$3,377,031	
01/07/98 TO 30/06/99	17	\$1,606,795	86	\$4,364,648	
ALL EARLIER YEARS	164	\$11,806,233	418	\$23,218,826	
<b>TOTAL</b>	<b>36,270</b>	<b>\$548,426,195</b>	<b>20,876</b>	<b>\$720,307,972</b>	

Private Ins. Municipal WorkCare, ICWA(RiskCover & ICGF) - WC101's 548,886,301  
excl. Bishopsgate, NEM, Palmdale & WWF (do not return WC20) 460,106 (a)  
548,426,195  
Difference (1)  
**\* Note : Prudential Margins - % Margin of Central Estimate .....%**

DATE: ..... SIGNATURE: .....  
NOTE : (a) is the difference between the total WC101 payments and the total WC20 payments. The difference is due to certain insurers that are not required to return WC20.

NOTE :  
(i) Form WC20 is required on a financial quarter basis. Quarterly returns are required for September, December, March and June.

7.2 Form WC101

YEAR TO DATE SUMMARY OF FORM WC101 RETURNS BY ACCIDENT YEAR													
2008/09													
FOR THE YEAR TO 30 JUNE 2009													
Summary - RPR RETURNING ENTITIES (ie Private Insurers, Insurance Commission of WA - Funded, Unfunded, Riskcover and ICGF)													
Payment Type	All Earlier Years	Accident Year											TOTAL
		1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	
By Weekly Payments	349,833	208,666	142,349	97,231	256,472	613,486	1,438,019	3,015,768	8,034,888	31,850,506	86,735,431	68,075,999	200,818,648
Redemptions	866,783	180,172	112,091	209,234	225,684	1,646,253	2,011,339	3,746,890	9,374,398	21,617,922	19,619,428	3,532,949	63,143,143
For Specific Injuries (Schedule 2)	317,064	-2,029	169,887	112,581	252,418	336,373	523,959	1,232,924	2,785,505	6,544,273	5,005,944	889,071	18,167,969
Fatal (including funeral expenses)	396,448	19,363	8,158	16,774	4,614	6,921	7,724	62,260	335,928	164,084	1,022,839	931,624	2,976,736
Medical Practitioners and Specialists	111,907	12,338	13,594	52,002	158,233	170,435	278,239	668,919	1,692,451	5,309,174	19,729,233	28,550,902	56,747,425
Hospital Expenses	133,143	-9,505	35,995	37,582	86,947	72,285	142,213	233,007	650,001	2,628,540	9,646,522	15,375,881	29,032,610
All Other Treatment	275,899	26,064	46,083	63,721	155,267	192,928	272,356	540,692	1,260,617	3,137,741	11,439,737	11,931,671	29,342,776
Vocational Rehabilitation	18,762	-8,895	-2,240	19,957	10,694	34,647	34,618	194,185	639,233	3,217,830	9,158,377	4,494,680	17,811,849
Miscellaneous (eg. transport, maintenanc	251,936	28,954	62,905	65,893	133,038	216,371	409,710	802,238	1,603,354	4,645,968	11,070,950	7,212,369	26,503,684
Legal Expenses	1,539,545	378,672	647,841	644,146	677,198	883,874	1,772,895	2,726,027	4,066,130	5,994,192	5,719,281	1,349,503	26,399,303
Common Law and Other Acts	8,005,017	773,000	1,822,650	1,780,947	1,979,335	2,261,057	7,459,068	14,553,728	14,768,183	16,766,975	6,562,928	1,209,273	77,942,158
<b>TOTAL</b>	<b>12,266,336</b>	<b>1,606,798</b>	<b>3,059,312</b>	<b>3,100,069</b>	<b>3,939,898</b>	<b>6,434,628</b>	<b>14,350,139</b>	<b>27,776,636</b>	<b>45,210,688</b>	<b>101,877,205</b>	<b>185,710,671</b>	<b>143,553,921</b>	<b>548,886,301</b>

## 8 Glossary

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The following actuarial terminology is used in this report:

- **All treatment**  
*All treatment* includes categories *medical practitioners*, *hospital expenses* and *all other treatment* from the Form WC101
- **AYR**  
Accident year
- **Cumulative finalisation rate**  
$$= (\text{cumulative number of claims finalised by DY}) / (\text{number of claims incurred by DY})$$
- **DQ**  
Development quarter
- **DY**  
Development year
- **Finalisation rate**  
$$= (\text{number finalised in quarter by DY}) / (\text{total number handled in quarter for all DYs})$$
- **Other**  
*Other* includes categories *schedule 2*, *fatal* and *miscellaneous* from the Form WC101