
WorkCover Western Australia

Quarterly Overview of WA Workers'

Compensation Experience

March 2008

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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

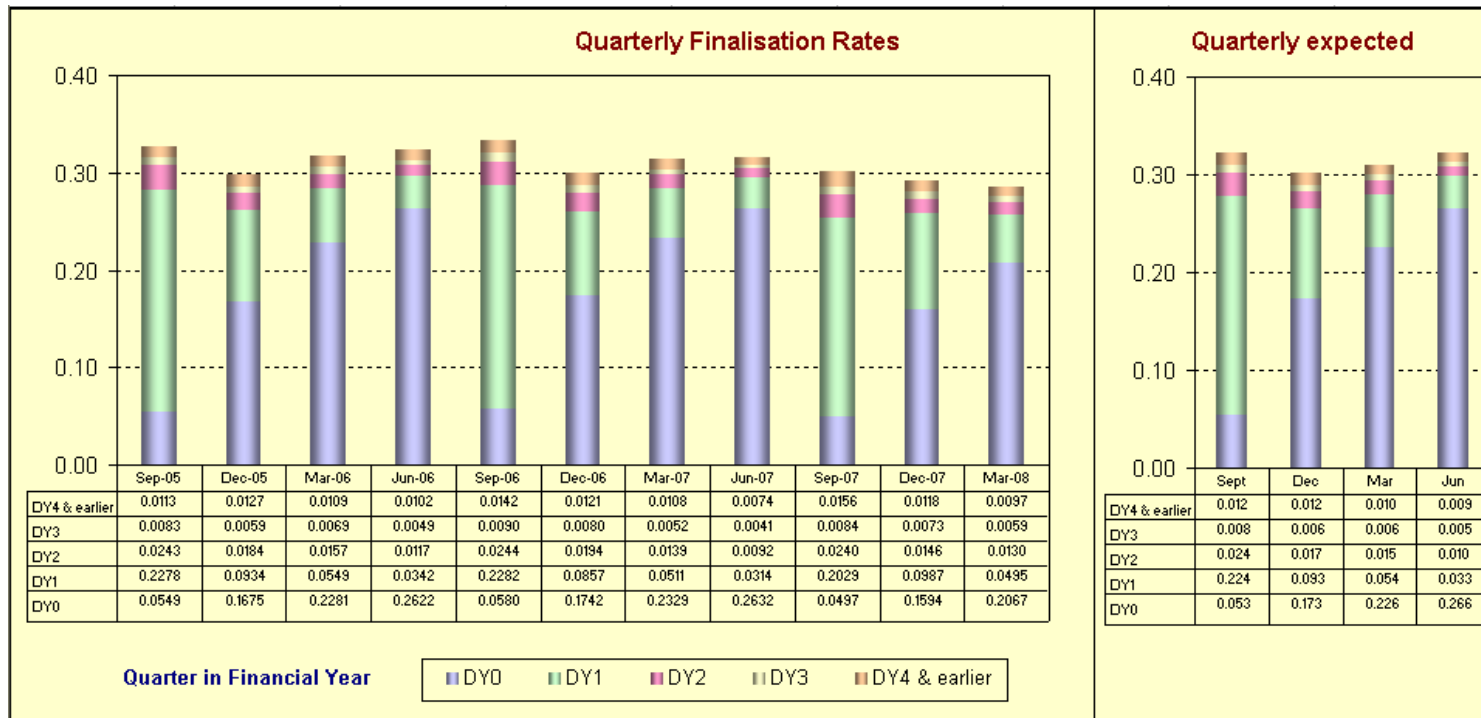


There has been a relatively stable to slightly downwards trend in reported claims since September 2006 with the exception of June and December 2007. Total reported claims for the March 2008 quarter were 5.2% lower than March 2007 in total and 7.2% lower than the December 2007.

The aggregate number of reports declined significantly for several years up to and including 2001/02, which decreased by 11.9%, before stabilising in 2002/03 to be 0.8% lower than the year before, reported claims increased by 1.7% and 1.9% in 2003/04 and 2004/05 respectively. In 2005/06 reported claims decreased by 4.0%, before falling slightly (0.4%) over 2006/07. In the first three quarters of 2007/08 they have decreased by 1.8%.

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.

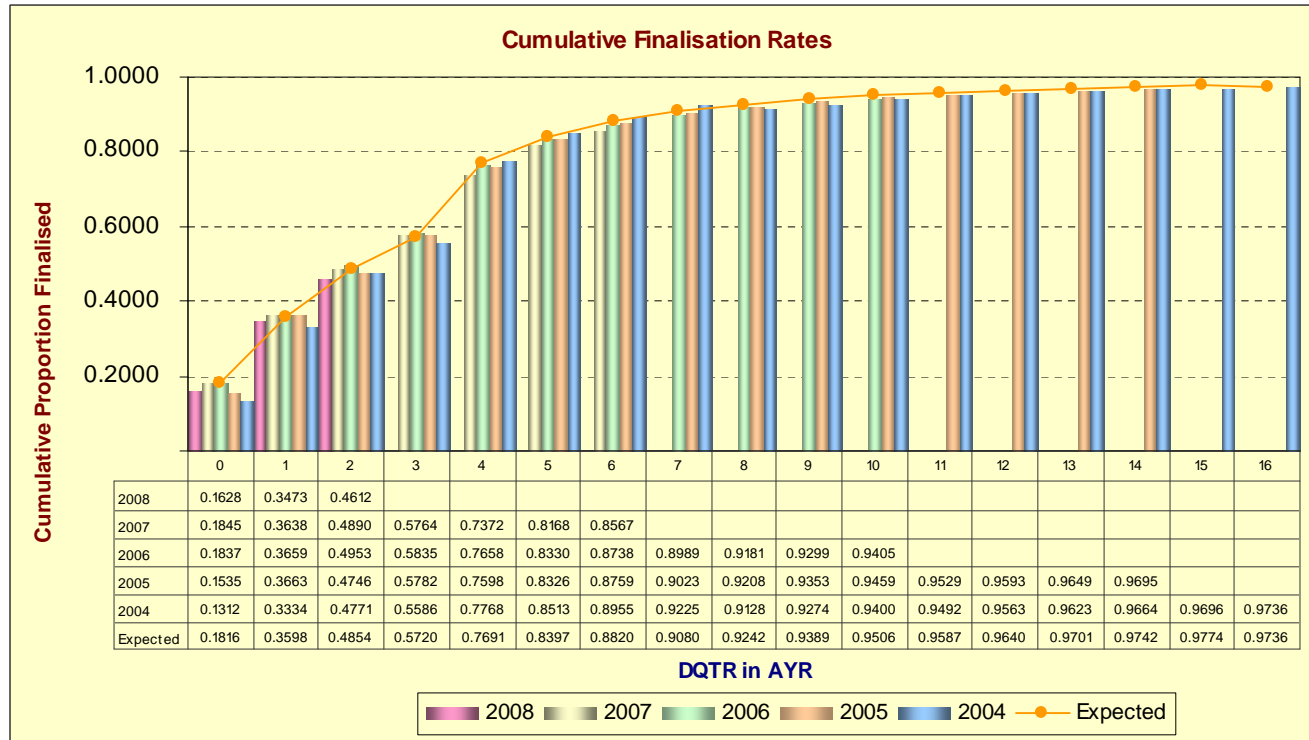
September 2006 and December 2006 had slightly faster overall closure rates than the corresponding quarters in 2005/06 but the finalisation rates in March and June 2007 were slower than experienced in March and June 2006 for all development years except DY0. In general 2007/08 had slower closure rates when compared to 2006/07 actual and expected.

Finalisation rate = (number finalised in quarter by DY) / (total number handled in quarter for all DYs)

Expected = average of previous three years' finalisation rates

DY = development year.

2.2 Cumulative Finalisation Rates as a proportion of incurred



Cumulative claim finalisation rates have been stable and close to, if slightly below, expected for the 2004 and 2005 accident years. 2006 is above expected for DQTR0 to 3 but below expected for DQTR4 to 10. 2007 is above expected for DQTR0 to 3 but noticeably lower for DQTR4 to 6. 2008 is significantly lower than expected for DQTR0 to 2. The higher than expected finalisation rates over the 2006/07 accident year suggesting claims were being finalised earlier than previous accident years has appeared to have slowed in 2007/08.

Cumulative finalisation rate = (cumulative number of claims finalised by DY) / (number of claims incurred by DY)

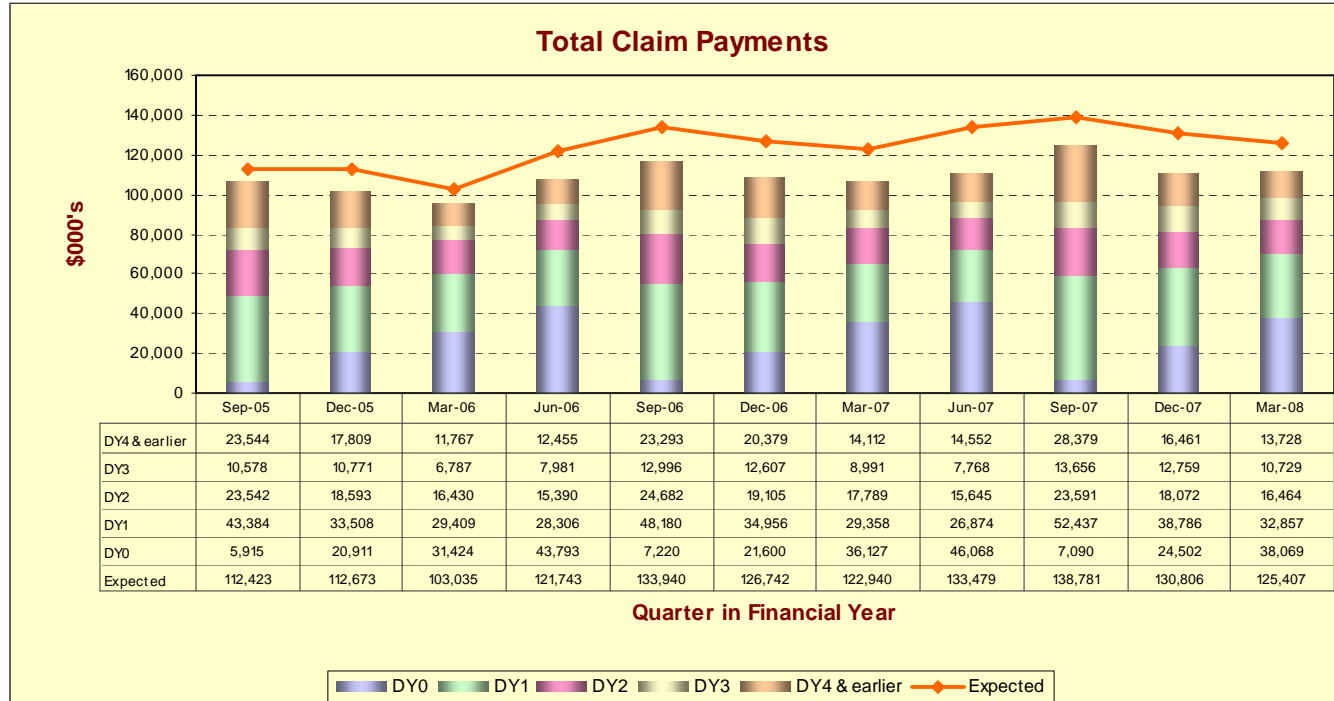
Expected = using data from our 24 April 2007 recommended premium rates report (updated from 1 July 2007).

DQTR = development quarter.

AYR = accident year.

3 Claim Payments in Total and by Paytypes

3.1 Total Claim Payments

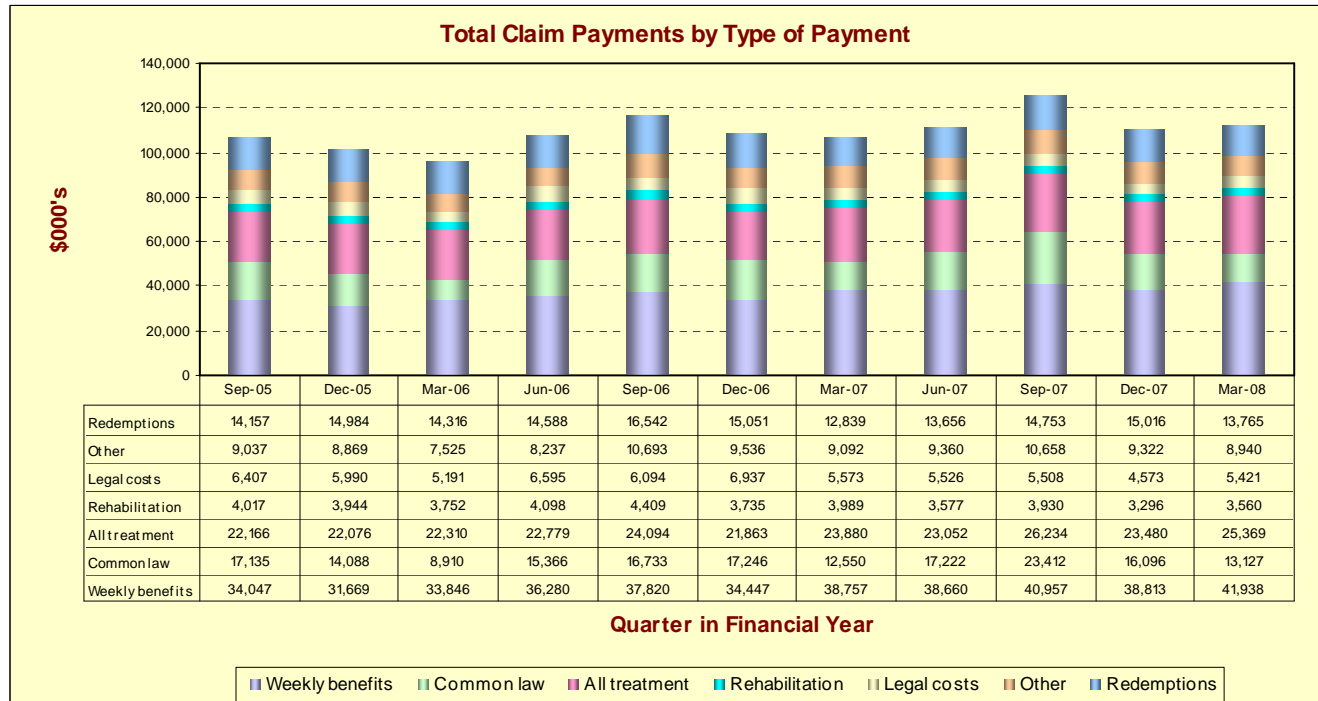


In aggregate, actual payments over the 2006 financial year were 8% lower than expected and 14% below expected for the 2007 financial year. Payments for the current financial year to March 2008 are 12% less than expected (\$347.6M actual compared to \$395.0M expected) however payments to March 2008 are 5% higher than this time in the previous year. Following the high in the September 2007 quarter, December and March have returned to a similar level as June 2007.

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 2006 is from our 30 June 2005 model and 2007 is from our 30 June 2006 model. 2008 is a mechanistic forecast using the sum of quarterly data to June 2007 (updated from 1 July 2007).

3.2 Total by Type of Payment

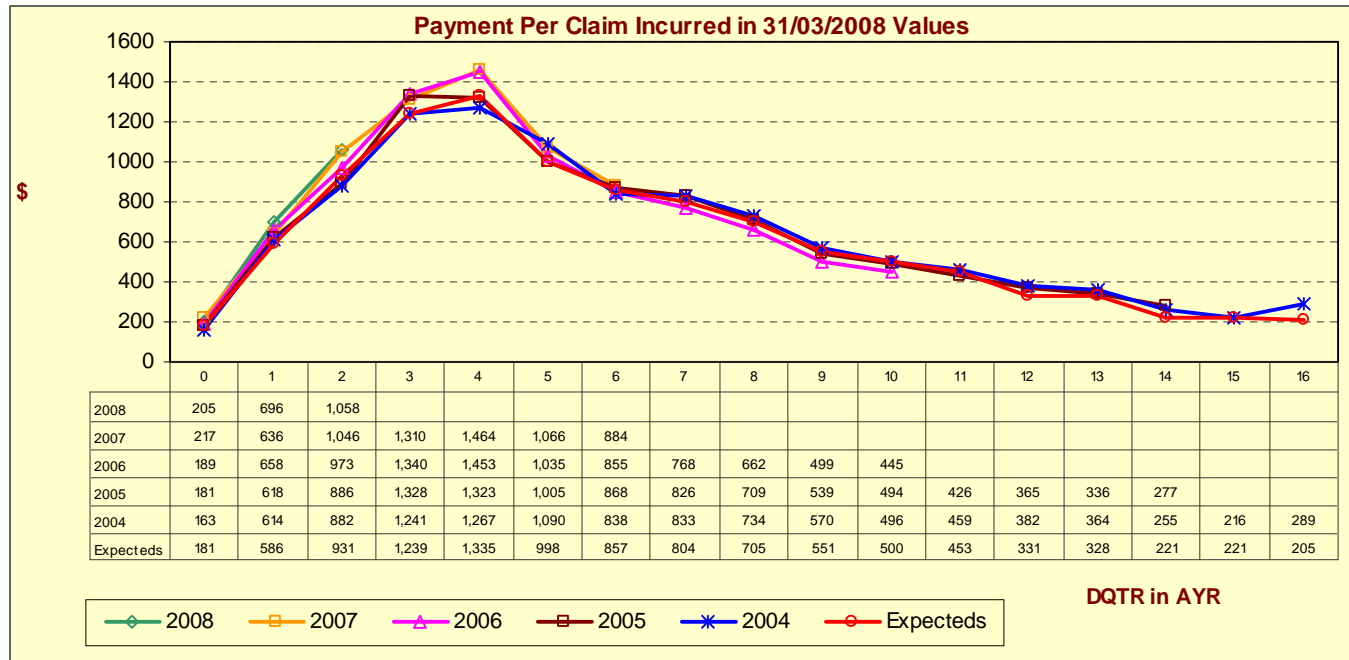


Redemptions decreased by 8% over the March 2008 quarter however they were 7% higher than March 2007. Similar to total payments, other payments have experienced a seasonal trend with highs in the September quarter and lows in the March quarter. Legal costs are somewhat variable and have increased in the last quarter to \$5.4M from the low of \$4.6M in December 2007. Rehabilitation payments have generally followed a seasonal trend, peaking in the September quarter. All treatment costs increased by 8% in the March 2008 quarter however it is still lower than the high in September 2007. Common law follows a cyclical trend with highs in September and lows in March whilst weekly benefits increased in the March 2008 quarter to reach a new high.

The influence of the 2004 Act changes have become more apparent in the last twelve quarters, with most payment types showing increases when compared to March 2007 except rehabilitation and other. Common law, redemptions and other decreased compared to December 2007 due to seasonal influences.

4 Payments per Claim Incurred

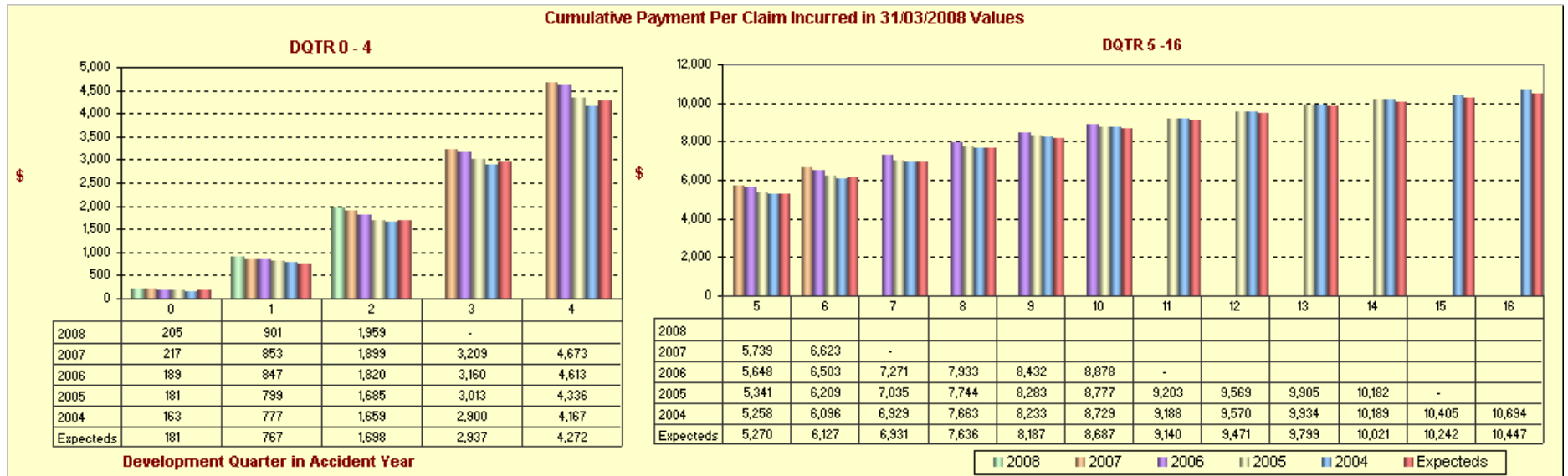
4.1 PPCI in 31/03/2008 Values – Discrete



This chart shows a gradual increase in real payments per claim incurred (PPCI) over time. The real PPCI shows an increasing trend which is generally above expected for the 2004 to 2006 accident years up to DQTR5, thereafter actual payment rates fall for the 2006 accident year but the others remain above. For all the DQTRs experienced to date in the 2007 and 2008 accident years, PPCIs are significantly higher than expected.

Expecteds = expected real PPCI from our 24 April 2007 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 31/03/2008 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 2004 accident year onwards.

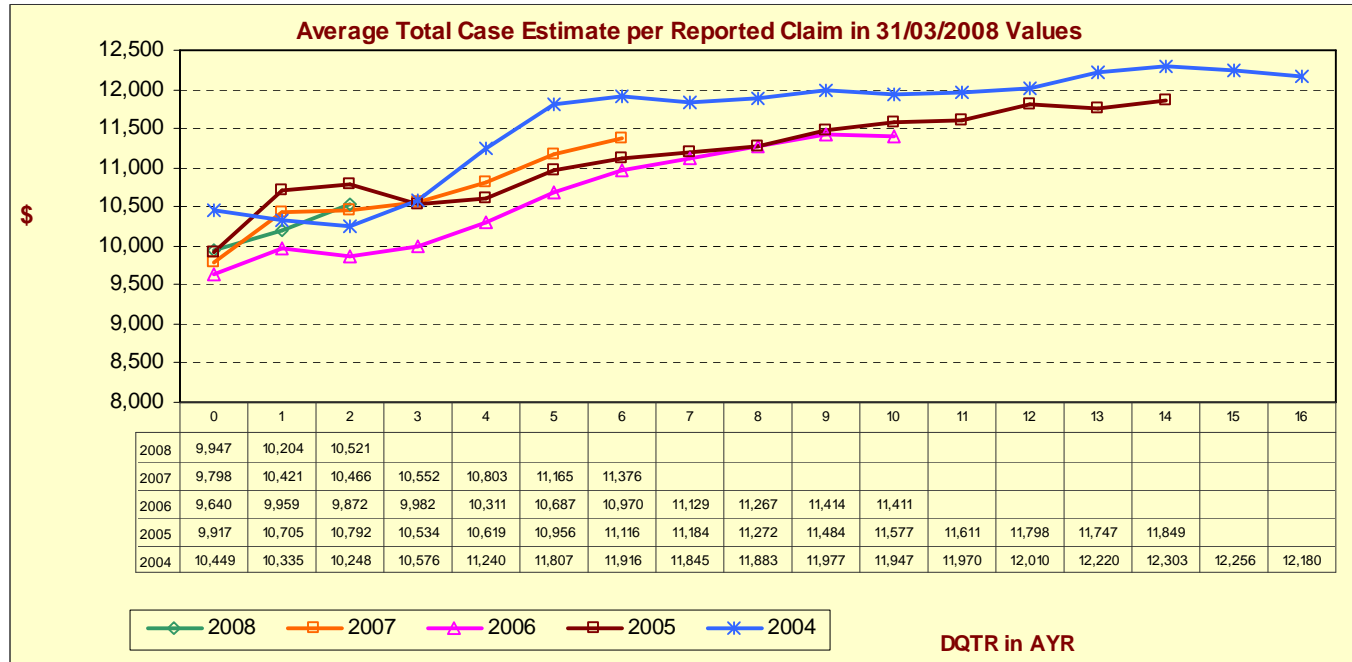
Reinforcing this trend is 2008 being the highest year for DQTR1 and 2, 2007 being the highest year for DQTR3 to 6, 2006 the highest year from DQTR7 and 2005 the highest year for DQTR11. In particular, the experience of 2006, 2007 and 2008 has been higher than expected. The exception to this is DQTR0 for 2008 which is lower than 2007 however higher than expected.

Cumulatively at 31/03/2008, the 2006 accident year is 2.2% above expected, the 2007 accident year is 8.1% above expected and the 2008 accident year is 15.3% above expected. The 2007 and 2008 outcomes are material.

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

Expecteds = expected real payments per claim incurred from our 24 April 2007 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 31/03/2008 Values



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

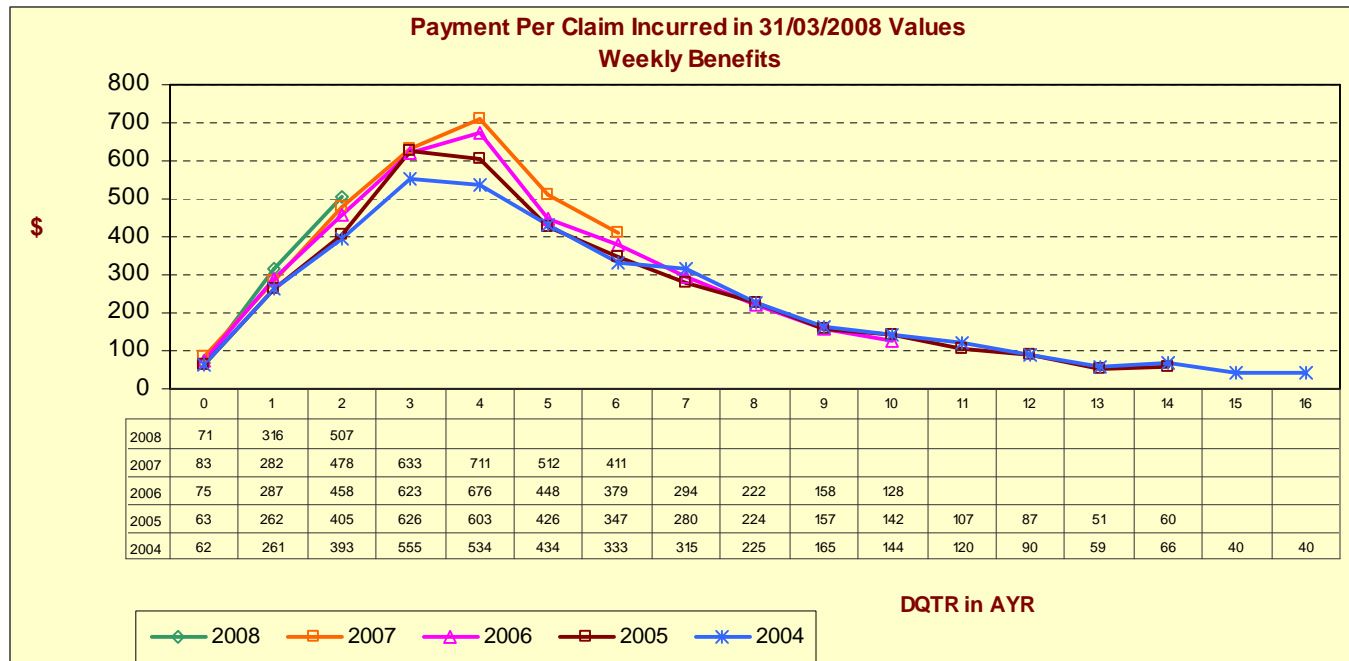
With the exception of 2005, all accident years increased steadily after DQTR2. The 2005 accident year started low, increasing significantly in DQTR1 but declining in DQTR3 before increasing again in DQTRs 5 to 14. 2004 had the highest DQTR0 before declining to DQTR2. From DQTR3 it has the highest average total case estimate per reported claim. Note that the 2004 actual payments are not high (charts 4.1 and 4.2), it is the case estimates which produce the high levels in this chart.

2006 has the lowest total case estimates per reported claim for the first seven quarters after which it is similar to 2005. 2007 has followed the trend of 2005 except at a lower level for the first three quarters but a higher level for DQTR4 to 6.

At this stage, 2008 is similar to 2007, except for DQTR1 which is lower in 2008.

6 Payments Per Claim Incurred by Paytype

6.1 PPCI in 31/03/2008 Values - Weekly Benefits

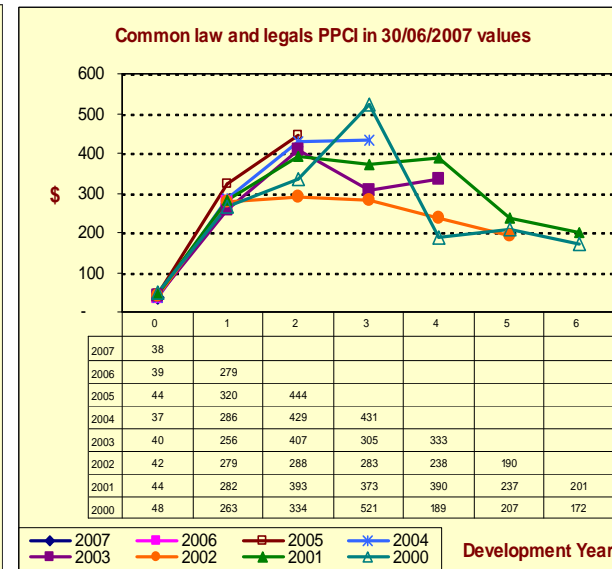
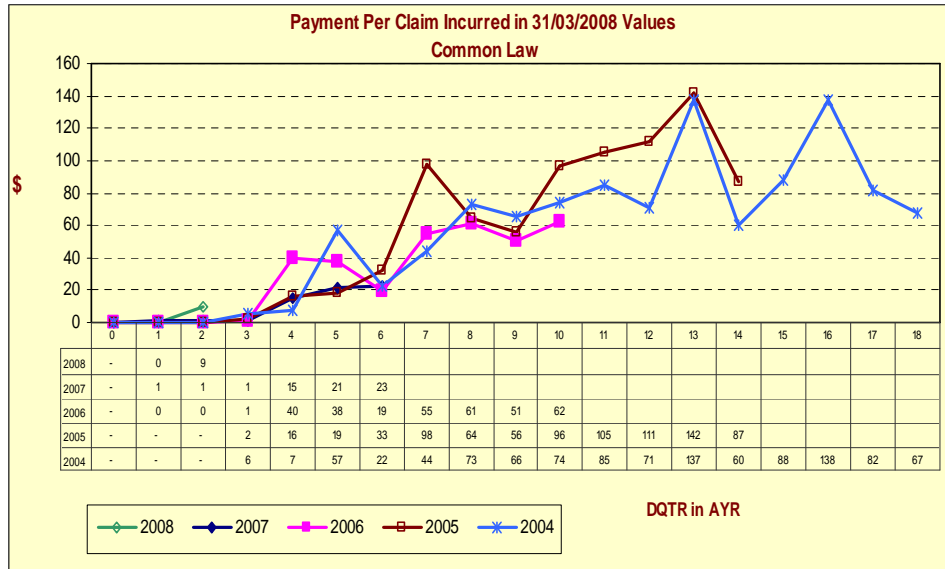


This chart demonstrates the increased payment trends observed above with each accident year being somewhat higher than the prior year.

Note that 2006 is higher than the earlier years for all DQTRs up to DQTR 6 except DQTR 3. 2007 is higher than all prior years for all DQTRs except DQTR 1. At this early stage, 2008 commenced at a lower level than 2006 and 2007 but is significantly higher than all other years for DQTR1 and 2.

Whilst the PPCIs for all accident years peak in either DQTR 3 or 4, the values for 2005 are considerably higher than 2004, most probably due to the impact of the 4 January 2005 commencement of stage 1 of the Workers' Compensation Reform Act 2004 which increased the cap and step-down period for *weekly benefits*. The impact can also be seen in the 2006 and 2007 accident years.

6.2 PPCI in 31/03/2008 Values - Common Law



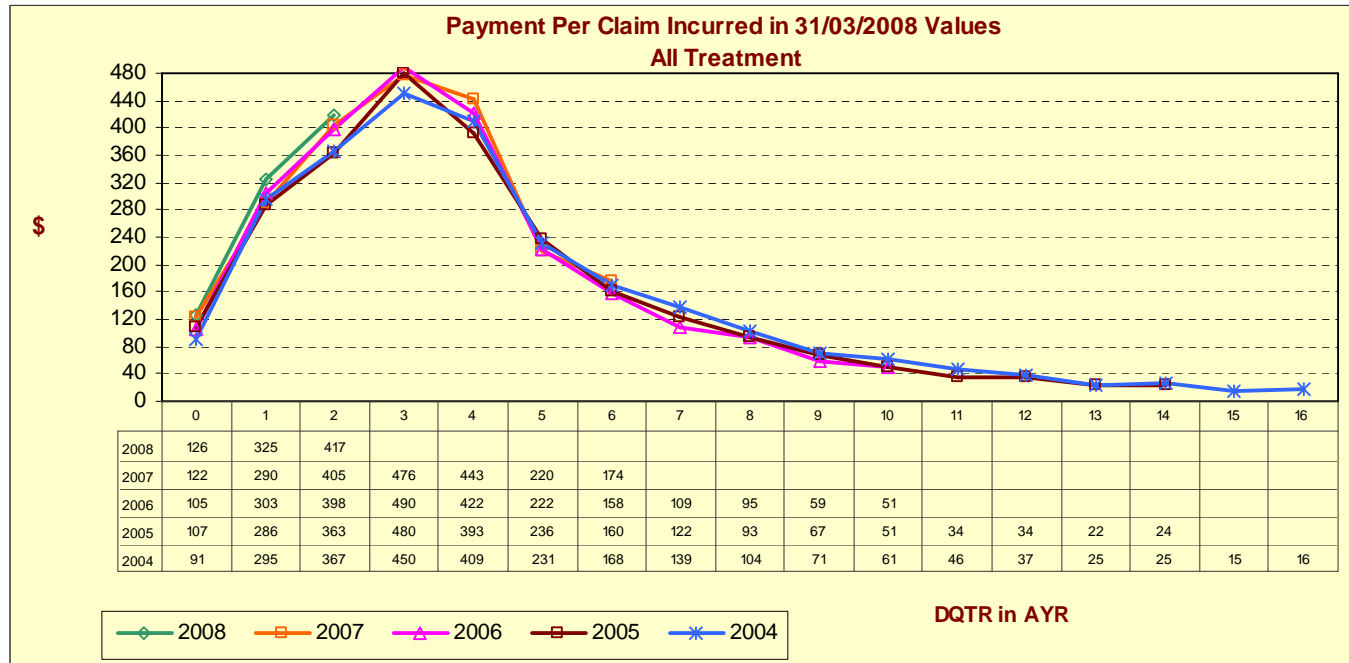
As expected, *common law* payment rates are very low during the first 5 development quarters and then begin increasing. The volatility in the later periods is due to the influence of a few large claim settlements.

The 2007/08 WorkCover WA forms include payments for Section 92(f) claims within the common law payment type. This is the reason for the high PPCI for DQTR2 in 2008.

The trends by accident year are fairly stable however note the sharp DQTR7 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 is also a sharp increase in DQTR4 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. The payments peak around DY2 to DY3. The yearly payments are from our 30 April 2008 recommended premium rates report.

6.3 PPCI in 31/03/2008 Values - All Treatment



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

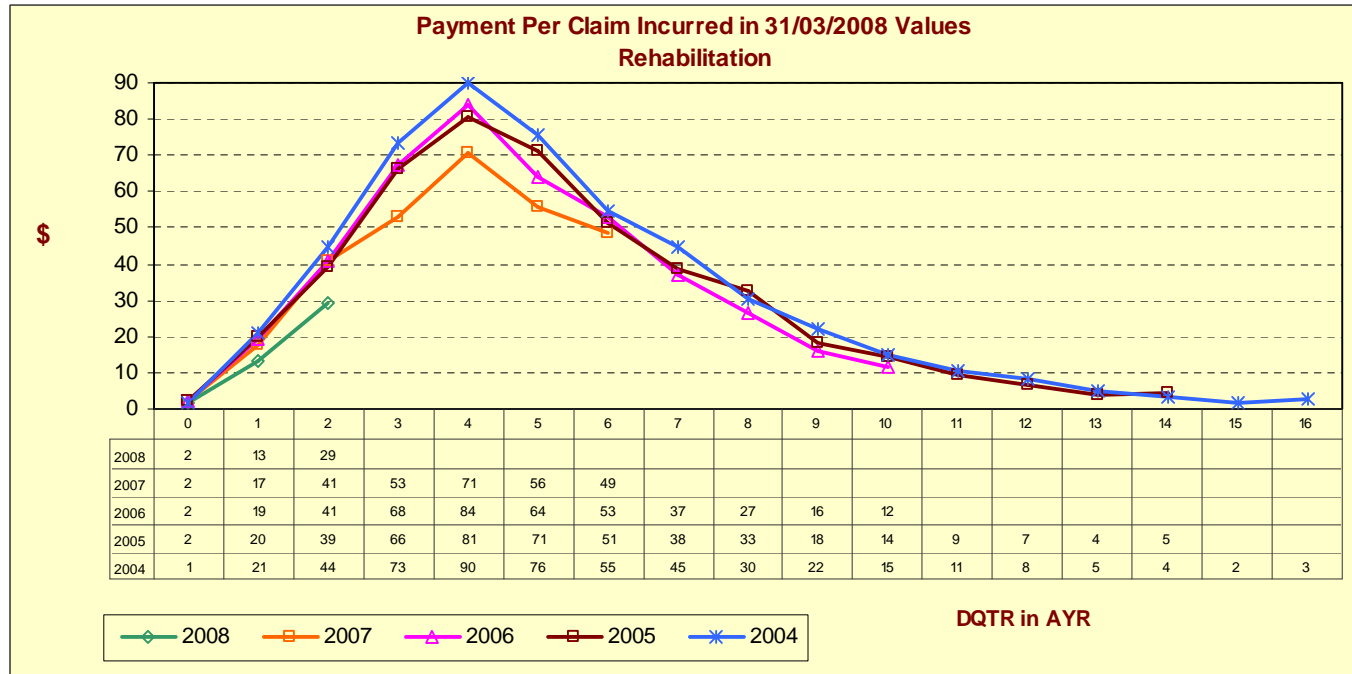
Once again, each accident year is at or above the years preceding it.

2005 commenced significantly higher than 2004, with a strong rise in DQTR3 but coming back thereafter. 2006 started in the same position as 2005, before developing rapidly to be higher than all prior years up to DQTR4. From DQTR7 onwards 2004 is the highest year.

2007 started at a significantly higher level than all prior years and has remained higher except for DQTRs 1 and 3 where it is on par with 2005. 2008 is higher than all accident years for all DQTRs.

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 2004 to 2008 accident years.

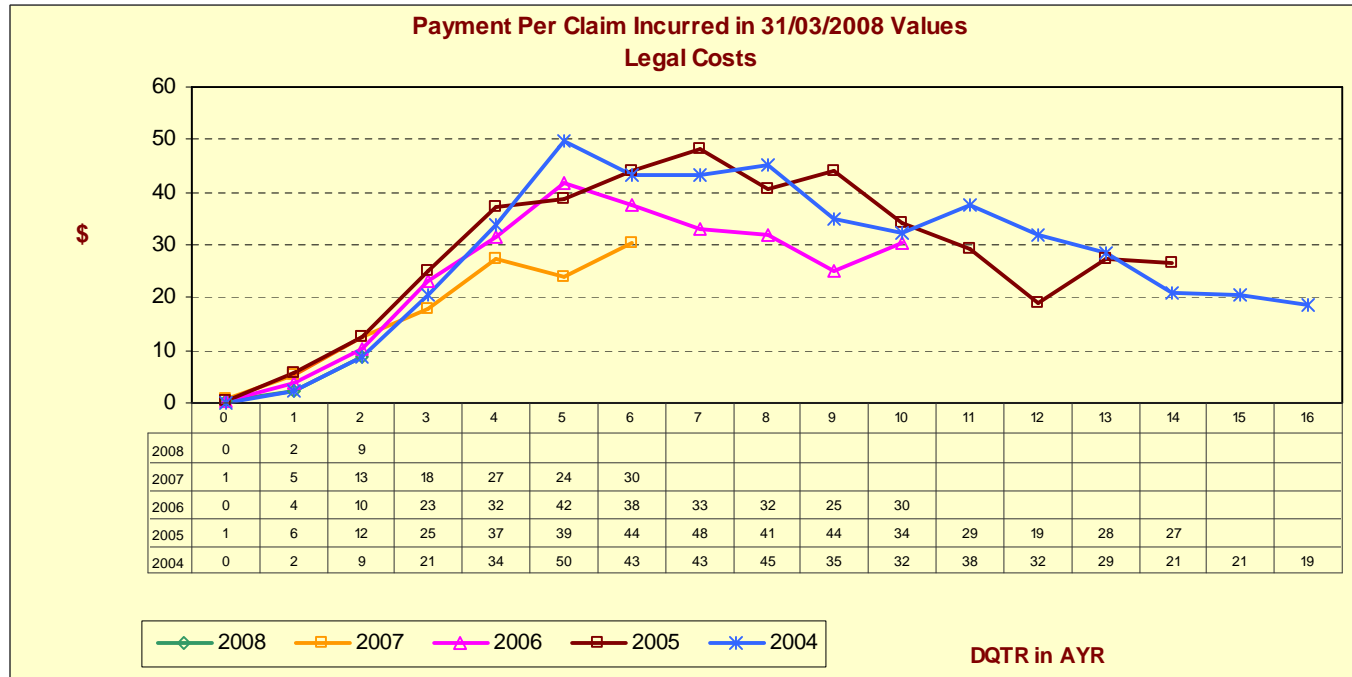
6.4 PPCI in 31/03/2008 Values - Rehabilitation



Rehabilitation has a similar, but lower, payment pattern to all treatment peaking later in DQTR4 and with a more gradual decline. 2004 has the highest payment rates for all DQTRs up to DQTR7, after which it is on par with 2005.

There is not much movement between the accident years. To date, the 2006 experience is similar to 2005 except for the low in DQTR5. The 2007 accident year has a similar payment pattern to 2006 to DQTR2 after which it is significantly lower than all other accident years. The 2008 accident year is significantly lower than all other accident years.

6.5 PPCI in 31/03/2008 Values - Legal Costs

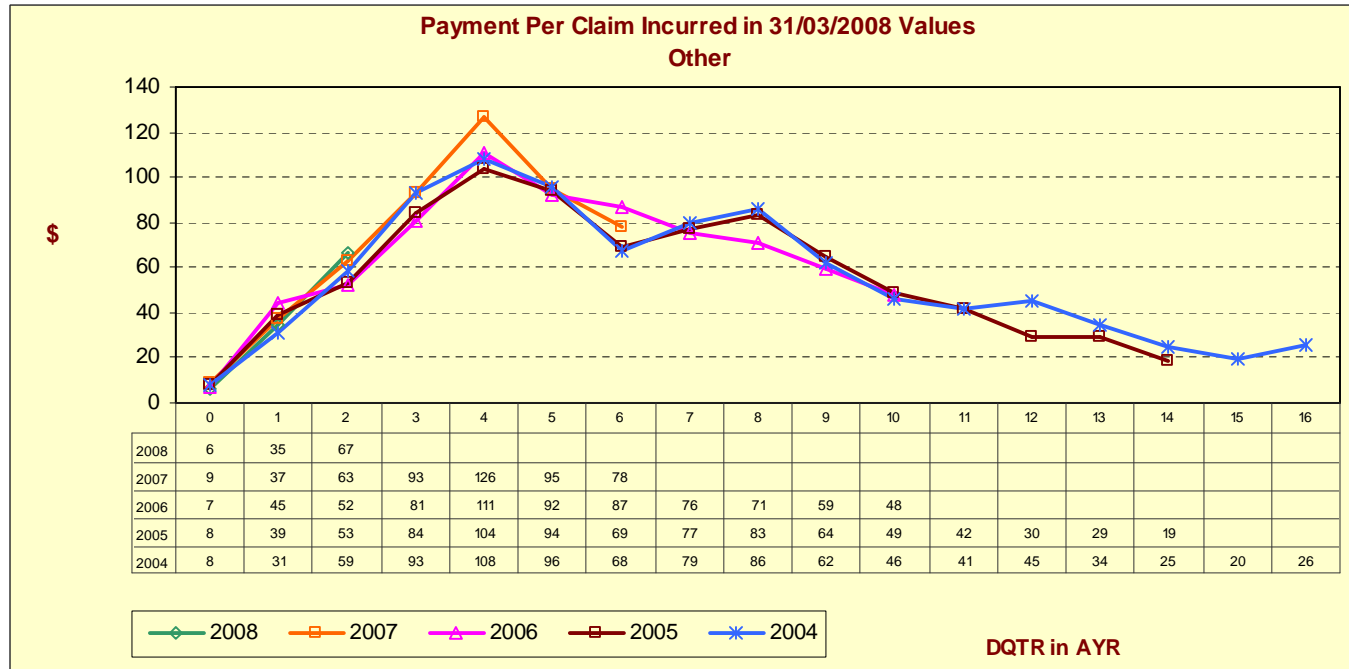


Legal payment rates have remained firm until now while *common law* moderated and declined earlier. The *legal* pattern develops earlier than *common law*, which is to be expected since the legal advice would precede the claim settlement.

2005 is higher than all other accident years up to DQTR10, except for DQTRs 5 and 8. 2006 is on par with the previous accident years up to DQTR4 after which it falls below.

As for rehabilitation, 2007 has a similar growth pattern to 2005 to DQTR2 after which it is lower than all other accident years. The 2008 accident year currently displays the same growth pattern as 2004.

6.6 PPCI in 31/03/2008 Values - Other

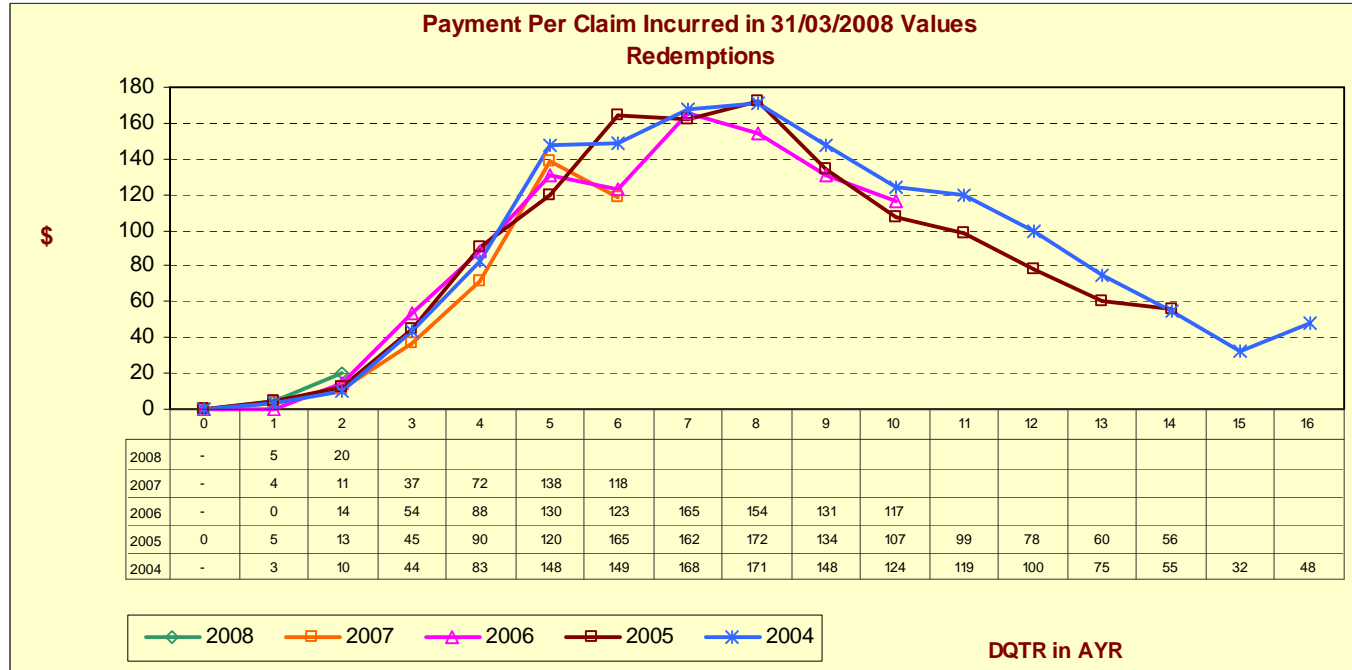


Other has a similar payment pattern and level to *rehabilitation*, but with a flatter (except for 2007) and higher peak at DQTR4 and a much fatter tail.

We observe a general increase in PPCI by accident year up to the peak in DQTR4. 2005 increased sharply in DQTR1, slowed somewhat in DQTR2, before increasing again to be on par with 2004. The 2006 accident year increased to a new high in DQTR1 but slowed in DQTR2 and 3 to be the lowest accident year overall except in DQTR 4 and 6 where it didn't experience the downturn of previous accident years.

The 2007 accident year is at a slightly higher level than 2004 all DQTRs, but is significantly higher in DQTR4. The 2008 accident year is similar to 2007.

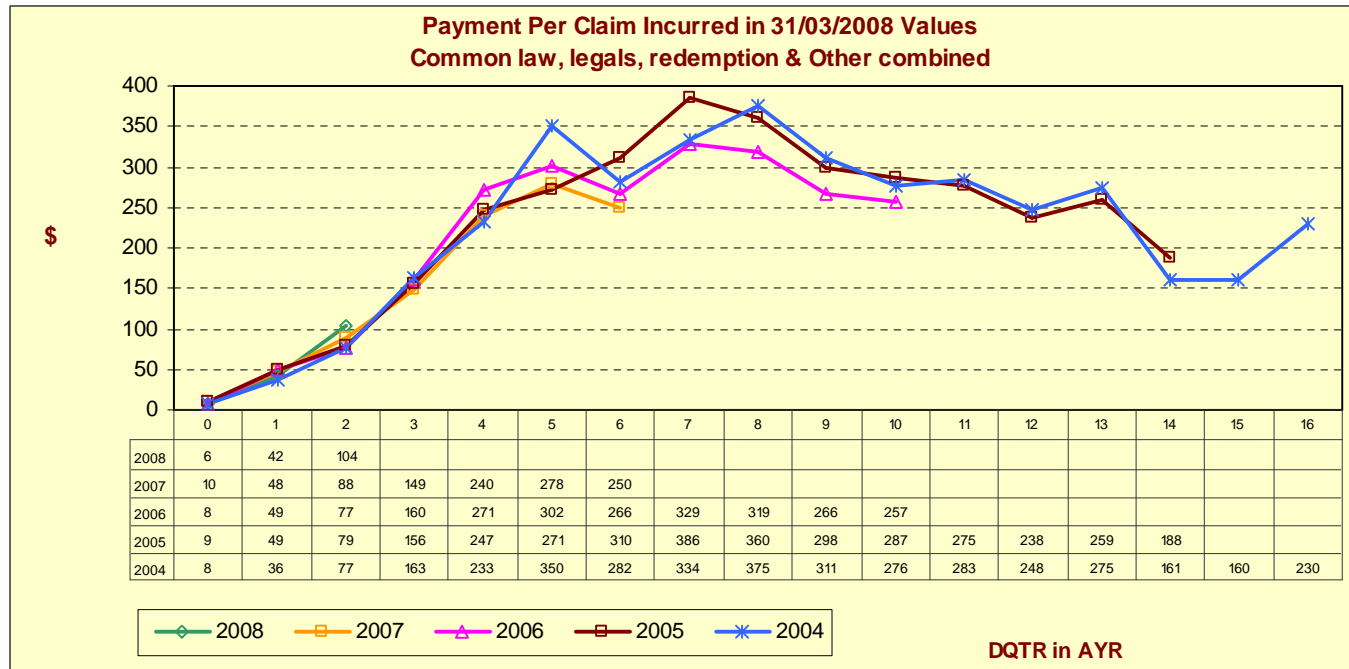
6.7 PPCI in 31/03/2008 Values – Redemptions



Following DQTR4, *Redemptions* show some volatility in PPCI from one accident year to the next.

The 2004 accident year has the highest payments from DQTR5 except for DQTR6. 2005 has similarly high payments but with greater quarterly variation and is lower from DQTR9 onwards. 2006 started low but is higher than 2005 in DQTR3 slowing from DQTR4 onwards. 2007 is similar to all other accident years though it is the lowest from DQTR3 onwards, except for DQTR5. At this early stage 2008 is similar to all other accident years, but has the highest payments in DQTR2.

6.8 PPCI in 31/03/2008 Values – Common Law, Legals, Redemptions and Other Combined



This graph is designed to show the trends in aggregate lump sum payments by combining *common law, legals, redemptions*, Schedule 2 payments etc.

All accident years are fairly close up to DQTR4 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.

2004 has some pronounced spikes in DQTRs 5 and 8. 2005 is very similar to the 2004 accident year except for DQTR5 to 7. Overall, 2005 is less volatile at this stage. 2006 is currently following the same pattern as 2005 though is significantly lower from DQTR6. 2007 is showing similar experience to all other accident years though it is marginally lower from DQTR3 onwards. The first three quarters of 2008 show similar experience to previous years but is significantly higher in DQTR2.

7 Aggregate Quarterly Form WC20 and WC101 Data

7.1 Form WC20

YEAR TO DATE SUMMARY OF FORM WC20 (QUARTERLY)
FOR THE YEAR TO 31 MARCH 2008
INSURANCE CO:.....Private Insurers & the Insurance Commission of Western Australia (RiskCover and ICGF funds)

Quarter Number 3
31 MARCH 2008

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					
01/07/07 TO 30/06/08	24105	\$69,660,777	11,506	\$182,247,657	
01/07/06 TO 30/06/07	3227	\$124,080,134	5,032	\$174,813,081	NOT REQUIRED TO BE SUBMITTED FOR QUARTERLY PERIODS
01/07/05 TO 30/06/06	86	\$58,127,288	2,018	\$92,435,584	
01/07/04 TO 30/06/05	22	\$37,144,023	1,016	\$61,374,089	
01/07/03 TO 30/06/04	11	\$21,805,944	574	\$37,505,026	
01/07/02 TO 30/06/03	18	\$10,039,573	377	\$18,198,385	
01/07/01 TO 30/06/02	16	\$6,977,533	256	\$12,458,565	
01/07/00 TO 30/06/01	10	\$3,422,623	178	\$10,991,388	
01/07/99 TO 30/06/00	12	\$3,702,204	136	\$6,151,181	
01/07/98 TO 30/06/99	8	\$1,883,461	92	\$5,268,031	
01/07/97 TO 30/06/98	11	\$1,099,450	88	\$4,522,991	
ALL EARLIER YEARS	126	\$9,636,871	429	\$19,857,074	
TOTAL	27,652	\$347,579,880	21,702	\$625,823,051	

Private Ins, Municipal WorkCare, ICWA(RiskCover & ICGF) - WC101's
excl. Bishopsgate, NEM, Palmdale & WWF (do not return WC20)

348,167,643
587,737 (a)
347,579,906
(26)

* Note : Prudential Margins - % Margin of Central Estimate

Difference

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.

Form WC101

YEAR TO DATE SUMMARY OF FORM WC101 RETURNS BY ACCIDENT YEAR														
2007/08														
FOR THE YEAR TO 31 MARCH 2008														
Summary - RPR RETURNING ENTITIES (ie Private Insurers, Insurance Commission of WA - Funded, Unfunded, Riskcover and ICGF)														
Payment Type	All Earlier Years	1997/98	1998/99	1999/00	2000/01	2001/02	Accident Year		2003/04	2004/05	2005/06	2006/07	2007/08	TOTAL
							2002/03							
By Weekly Payments	214,249	199,589	138,837	82,847	3,147	326,308	820,402	2,832,988	7,508,442	18,394,401	59,367,632	31,820,205	121,709,046	
Redemptions	959,199	137,563	314,039	453,372	747,408	795,405	2,104,303	3,224,676	7,356,607	14,561,996	12,000,246	878,821	43,533,635	
For Specific Injuries (Schedule 2)	311,485	129,748	86,598	169,792	322,725	463,695	592,607	1,140,231	1,806,893	3,826,011	2,672,030	223,722	11,745,537	
Fatal (including funeral expenses)	20,281	7,842	12,929	1,633	14,557	3,266	5,763	18,002	4,790	3,188	1,245,341	500,534	1,838,126	
Medical Practitioners and Specialists	101,762	24,187	31,598	44,779	108,025	157,680	322,718	676,612	1,444,495	3,733,356	14,844,489	16,300,795	37,790,498	
Hospital Expenses	181,457	8,215	25,334	41,097	13,847	111,706	55,267	300,054	776,142	1,595,412	7,393,203	8,403,984	18,905,716	
All Other Treatment	217,996	66,007	83,386	111,743	63,920	129,692	183,373	398,174	864,322	2,074,187	8,081,407	6,112,064	18,386,271	
Vocational Rehabilitation	19,911	1,516	121	5,379	30,771	26,502	57,314	163,118	568,850	1,951,304	6,389,314	1,572,282	10,786,382	
Miscellaneous (eg. transport, maintenanc	161,022	42,585	17,112	137,244	122,466	174,859	255,268	606,323	1,118,532	2,628,648	6,971,972	3,099,483	15,335,513	
Legal Expenses	1,055,476	256,304	297,635	503,019	482,713	693,139	1,080,088	1,809,139	2,782,862	3,158,943	2,969,414	412,600	15,501,333	
Common Law and Other Acts	6,879,423	225,895	875,874	2,151,299	1,513,046	4,095,284	4,562,475	10,636,632	12,912,090	6,302,193	2,145,087	336,287	52,635,586	
TOTAL	10,122,259	1,099,452	1,883,464	3,702,203	3,422,625	6,977,535	10,039,580	21,805,949	37,144,024	58,229,639	124,080,135	69,660,778	348,167,643	