Working with WorkCover WA: Information for Insurance Brokers’

10 December 2015
Welcome and Introduction

Michelle Reynolds
Chief Executive Officer, WorkCover WA
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.30 am</td>
<td>Welcome and Introduction</td>
</tr>
<tr>
<td>8.00 am</td>
<td>Scheme trends and developments</td>
</tr>
<tr>
<td>8.20 am</td>
<td>Regulating the Scheme: Everyone has a part to play</td>
</tr>
<tr>
<td>8.50 am</td>
<td>The Future of Work</td>
</tr>
<tr>
<td>9.20 am</td>
<td>Closing Address</td>
</tr>
<tr>
<td>9.30 am</td>
<td>End</td>
</tr>
</tbody>
</table>
Statutory Authority – Board

- Policy and Legislation
- Regulator
- Dispute Resolution
Our vision and goals

A workers’ compensation and injury management scheme that works for all.

1. Strategic Scheme Management
2. Leadership
3. Agile and Innovative Organisation
Comparison of Australian Schemes

WA
$1.15B
11,370

NT
$93M
1,100

QLD
$1.36B
25,460

NSW
$2.42B
32,770

SA
$592M
8,380

TAS
$154M
2,690

VIC
$2.11B
20,980

Comcare
$360M / 2,260

Seacare
$18M / 130
Our workers’ compensation and injury management scheme protects over 1.2 million Western Australian workers.

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care and social assistance</td>
<td>134,658</td>
</tr>
<tr>
<td>Retail trade</td>
<td>133,511</td>
</tr>
<tr>
<td>Construction*</td>
<td>112,915</td>
</tr>
<tr>
<td>Mining</td>
<td>107,876</td>
</tr>
<tr>
<td>Education and training</td>
<td>102,765</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>89,743</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>84,812</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>84,077</td>
</tr>
<tr>
<td>Public administration and safety</td>
<td>69,704</td>
</tr>
<tr>
<td>Transport, postal and warehousing</td>
<td>56,959</td>
</tr>
</tbody>
</table>
Insurer Market Share – 2014/15

- Allianz 16%
- ICWA 19%
- GIO 17%
- QBE 19%
- IAL/CGU 20%
- Zurich 5%
- WFI 3%
- Catholic Church 1%
- Guild 0%
2011 - Initial changes implemented
- New dispute model
- Removed age-based limits
- Extended safety net
2014 - Government approval to rewrite Act
2015 - Drafting and further consultation underway
Today’s Topic

- The interface between modern ways of working and the ‘employment’ relationship

- And… Christmas is coming
Scheme trends and developments

Chris White
General Manager
Legislation & Scheme Information
Scheme trends

- Claim trends
- Underwriting and premium rates
- Scheme outlook
Lost-time claims frequency rate

2010/11: 9.2
2011/12: 8.9
2012/13: 8.5
2013/14: 7.8

Claims per million hours worked: 7.8
Lost-time frequency rate: -16%
### Lost-time claims

<table>
<thead>
<tr>
<th>Year</th>
<th>1-59 Days</th>
<th>60+ Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>14,136</td>
<td>4,725</td>
</tr>
<tr>
<td>2012/13</td>
<td>13,814</td>
<td>4,827</td>
</tr>
<tr>
<td>2013/14</td>
<td>12,632</td>
<td>5,170</td>
</tr>
<tr>
<td>2014/15</td>
<td>11,976</td>
<td>5,452</td>
</tr>
</tbody>
</table>

- **7.6%** decrease in lost-time claims

- 69% of 1-59 days lost
- 31% of 60+ days lost
Claim payments

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>$826.4</td>
</tr>
<tr>
<td>2012/13</td>
<td>$858.6</td>
</tr>
<tr>
<td>2013/14</td>
<td>$945.0</td>
</tr>
<tr>
<td>2014/15</td>
<td>$953.9</td>
</tr>
</tbody>
</table>

Total claim payments increased by 15%.
Claim payment types - 2014/15

- Income replacement: 38%
- Vocational rehabilitation: 4%
- Allied health: 5%
- Legal and miscellaneous: 11%
- Fatal: 0.5%
- Lump sum: 28%
- Medical and hospital: 14%

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatal</td>
<td>$5m</td>
</tr>
<tr>
<td>Vocational rehabilitation</td>
<td>$33m</td>
</tr>
<tr>
<td>Allied health</td>
<td>$34m</td>
</tr>
<tr>
<td>Legal &amp; Miscellaneous</td>
<td>$103m</td>
</tr>
<tr>
<td>Medical &amp; hospital</td>
<td>$136m</td>
</tr>
<tr>
<td>Lump sum</td>
<td>$266m</td>
</tr>
<tr>
<td>Income replacement</td>
<td>$367m</td>
</tr>
</tbody>
</table>
Industries with highest proportion of claims in 2014/15

- Construction: 16%
- Health care and social assistance: 14%
- Manufacturing: 13%
- Education and training: 7%
- Mining: 7%
Nature of injury/disease – 2014/15

- Sprains and strains: 52%
- Wounds, contusions,...: 21%
- Fractures: 10%
- Other injuries: 6%
- Diseases: 5%
- Mental conditions: 3%
- Burns: 2%

79 days
Average days lost
$43,400
Average claim cost
Key comparative statistics

- 75% of WA scheme costs expended on services for and payments to workers

- 79% of WA workers returned to work between 7-9 months after injury

- 3.1% disputation rate – the second lowest of the Australian jurisdictions

- 89.5% of WA claim disputes completed within six months
Underwriting trends

- WorkCover WA not directly involved
- Data collection and analysis
- Independent actuarial review
  - Estimates of claims, costs and wages
- Recommended premium rates
Recommended premium rates

WorkCover WA recommended rates ensure:

- Market is informed about fair rates
- Cross-subsidisation across industry groups is limited
- Market competition is encouraged
- Sufficient premium is collected to cover claim liabilities
Average recommended premium rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2.317</td>
</tr>
<tr>
<td>2007</td>
<td>2.117</td>
</tr>
<tr>
<td>2008</td>
<td>1.849</td>
</tr>
<tr>
<td>2009</td>
<td>1.582</td>
</tr>
<tr>
<td>2010</td>
<td>1.738</td>
</tr>
<tr>
<td>2011</td>
<td>1.497</td>
</tr>
<tr>
<td>2012</td>
<td>1.569</td>
</tr>
<tr>
<td>2013</td>
<td>1.691</td>
</tr>
<tr>
<td>2014</td>
<td>1.668</td>
</tr>
<tr>
<td>2015</td>
<td>1.556</td>
</tr>
<tr>
<td>2016</td>
<td>1.483</td>
</tr>
</tbody>
</table>
WA had the lowest standardised average premium rate of the Australian states.

<table>
<thead>
<tr>
<th>State</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA</td>
<td>1.25%</td>
</tr>
<tr>
<td>NT</td>
<td>1.90%</td>
</tr>
<tr>
<td>SA</td>
<td>2.47%</td>
</tr>
<tr>
<td>TAS</td>
<td>2.00%</td>
</tr>
<tr>
<td>QLD</td>
<td>1.44%</td>
</tr>
<tr>
<td>NSW</td>
<td>1.53%</td>
</tr>
<tr>
<td>VIC</td>
<td>1.31%</td>
</tr>
<tr>
<td>Aus Gov</td>
<td>1.19%</td>
</tr>
</tbody>
</table>
Gross earned premium

<table>
<thead>
<tr>
<th>Year</th>
<th>Earned Premium $m</th>
<th>Brokerage $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/09</td>
<td>$768m</td>
<td>$23.7m</td>
</tr>
<tr>
<td>2009/10</td>
<td>$790m</td>
<td>$24.4m</td>
</tr>
<tr>
<td>2010/11</td>
<td>$821m</td>
<td>$23.0m</td>
</tr>
<tr>
<td>2011/12</td>
<td>$947m</td>
<td>$25.8m</td>
</tr>
<tr>
<td>2012/13</td>
<td>$1,172m</td>
<td>$32.2m</td>
</tr>
<tr>
<td>2013/14</td>
<td>$1,194m</td>
<td>$33.6m</td>
</tr>
</tbody>
</table>
New premium rating classifications

2017-18 transition to ANZSIC 2006 as the basis for recommended rates

- More reflective of current structure and composition of industry
- Streamlined and efficient collection and reporting of claim and policy data
- Reduction in manual forms based data collection
Scheme Outlook

- Changing economic landscape
- Cost pressures and service delivery challenges
  - Return to work vs settlements
  - Internal claims management
- National self insurance
Summary

- Scheme is performing well
- 2015-16 average premium rate is lowest on record
- Claim numbers are falling but costs are increasing
- New industry classifications will apply from 2017-18
- Potential impact of State economic performance
Role of WorkCover WA in regulating the scheme

Wendy Attenborough
General Manager, Regulatory Services
Regulation model

- Enforcement
- Accreditation and monitoring
- Information, advice and assistance
Information, advice and assistance

WorkCover WA educates scheme participants via:

Advice & Assistance
1300 794 744

Website
www.workcover.wa.gov.au

Twitter
@WorkCoverWA

Publications
Order form in your info packs

Events
Welcome to WorkCover WA
Insurance Brokers’ Breakfast
Injury Management Conference
Accreditation & monitoring

**Insurers/self-insurers**
- Registered agents
- Workplace rehabilitation Providers
- Approved Medical Specialists
- Audiometric Officers
- Audiologists
- ENT Specialists

**Insurance brokers**

Monitored by WorkCover WA
- Insurance Brokers’ Code of Practice
Insurance Brokers’ Code of Practice

- Provision of timely and accurate information
- Premiums
- Training and professional development
Aspects influenced by brokers

- Certificates of Currency
- 75% loading applications
- Dispute resolution
Enforcement
Workers’ compensation insurance policy
- Must cover ALL workers (including contractors & sub-contractors)

Claim Form & Medical Certificate to insurer within 5 days
- If submitted through an insurance broker, the broker must forward immediately

Make payments to injured worker

Implement an injury management system
- Not complicated - templates are available on the WorkCover WA website

Prepare and implement a return to work program
- Employers may discharge this obligation to their insurer

Penalties:
- $5,000 (per worker)
- $1,000
- $2,000 (per late payment)
- $2,000
Compliance issues relevant to brokers

- Claims management
- Uninsured claims
Enforcement outcomes

2014/15

- Letters of caution – 67
- Infringements issued – 178
- Prosecutions – 79
## Prosecution examples

<table>
<thead>
<tr>
<th>Company</th>
<th>Summary of offence</th>
<th>Fine</th>
<th>Avoided premium</th>
<th>Total (inc. costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A*</td>
<td>Employed a total of 56 workers, whilst not the holder of a current workers’ compensation insurance policy.</td>
<td>$10,000.00</td>
<td>$26,241.39</td>
<td>$36,816.39</td>
</tr>
<tr>
<td>Company B</td>
<td>Employed a total of 18 workers, whilst not the holder of a current workers’ compensation insurance policy.</td>
<td>$35,000.00</td>
<td>$16,061.63</td>
<td>$52,436.63</td>
</tr>
<tr>
<td>Company C</td>
<td>employed a total of 31 workers, whilst not the holder of a current workers’ compensation insurance policy.</td>
<td>$7,500.00</td>
<td>$5,219.96</td>
<td>$13,344.96</td>
</tr>
</tbody>
</table>
Ensure employers are aware of their obligations and the costs of non-compliance

Take care with Certificates of Currency

Use Code of Practice to guide behaviour and activities
Stretch Break (2 minutes)
The Future of Work

Virginia Kane
Strategy Consultant
Closing address

Blake Gleeson
NIBA Representative
Thank you for coming!

Please take a moment to complete your evaluation form located in your pack

For further information, please email: communications@workcover.wa.gov.au