



SCHEME STATUS REPORT



June 2023

Data was extracted on 19 October 2023 to reflect scheme activities that occurred up to June 2023



Scheme status report: June 2023

Any queries or comments on this publication should be directed to:

Business Intelligence Services Branch
Corporate Services Division
WorkCover WA
Phone: (08) 9388 5555

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Scheme status report

WorkCover WA is the government agency responsible for overseeing the workers' compensation and injury management scheme in Western Australia (WA).

WA operates a privately underwritten workers' compensation scheme, where private insurance agencies are approved by WorkCover WA to provide workers' compensation insurance to WA employers. Additionally WorkCover WA also exempts large employers, who have the material and financial resources to cover their own liabilities from any workplace injuries that may occur, from having to obtain workers' compensation insurance from an approved insurer. Exempt employers are commonly referred to as self-insurers. During the period referenced in this report, there were eight approved insurers and 23 self-insurers operating within the WA workers' compensation scheme.

Data from the Insurance Commission of Western Australia (ICWA) is also included in this report. ICWA manages workers' compensation arrangements for WA government agencies. Although not an approved insurer within the WA workers' compensation scheme, ICWA is considered to be more appropriately grouped with approved insurers rather than self-insurers.

The Scheme Status Report is produced on a quarterly basis to measure trends and variations in relation to key elements of the WA workers' compensation scheme including:



CLAIM
NUMBERS



CLAIM
PAYMENTS



ESTIMATED
COSTS



CLAIM
MANAGEMENT



DISPUTES AND
SETTLEMENTS

The report is presented in two sections:



1. Key indicators: a high level overview that summarises long and short term trend changes for key elements within the WA workers' compensation scheme.



2. Approved insurer and self-insurer comparison: detailed information for approved insurers and self-insurers in relation to claim numbers, payments, estimated costs, claim management and settlements. This supplements information presented in Section 1.



Notes for the reader:

Different reporting timeframes for two indicators: lost-time and estimated claim costs

- Lost-time claim indicators (p.7) allow for lost-time estimates to mature and therefore are only reported up to the Dec (Q2) 2022/23 quarter (lag of two financial quarters).
- Claims data used in the report is derived from data supplied by insurers and exempt employers in accordance with the 'Q2 specification' which can be found on WorkCover WA's website at workcover.wa.gov.au.

Overview - 2022/23 Q4



CLAIM NUMBERS p. 6



Total claims lodged

7,006

-1.1% change from previous quarter



Incidence rate

1.11

+5.3% change from previous quarter



Active claims

26,543

+2.3% change from previous quarter

CLAIM PAYMENTS p. 8-10



Total payments

\$332.2m

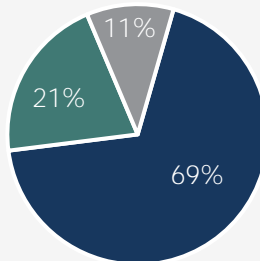
+8.8% change from previous quarter



Average finalised payment

\$45,479

+7.0% change from previous quarter



- Direct compensation
- Treatment services
- Legal & other services

CLAIM MANAGEMENT p. 12



Median lost-time claim duration

7.1 months

+2.9% change from previous quarter



91%

Insurer liability decision made within legislative timeframes

DISPUTES p. 13



Dispute applications

609 disputes

+1.5% change from previous quarter



Disputation rate

4.7 disputes

per 100 active claims

-1.1% change from previous quarter

SETTLEMENTS p. 14-15



Proportion of claims finalised by Memoranda of Agreement

10.9%

-3.8% change from previous quarter

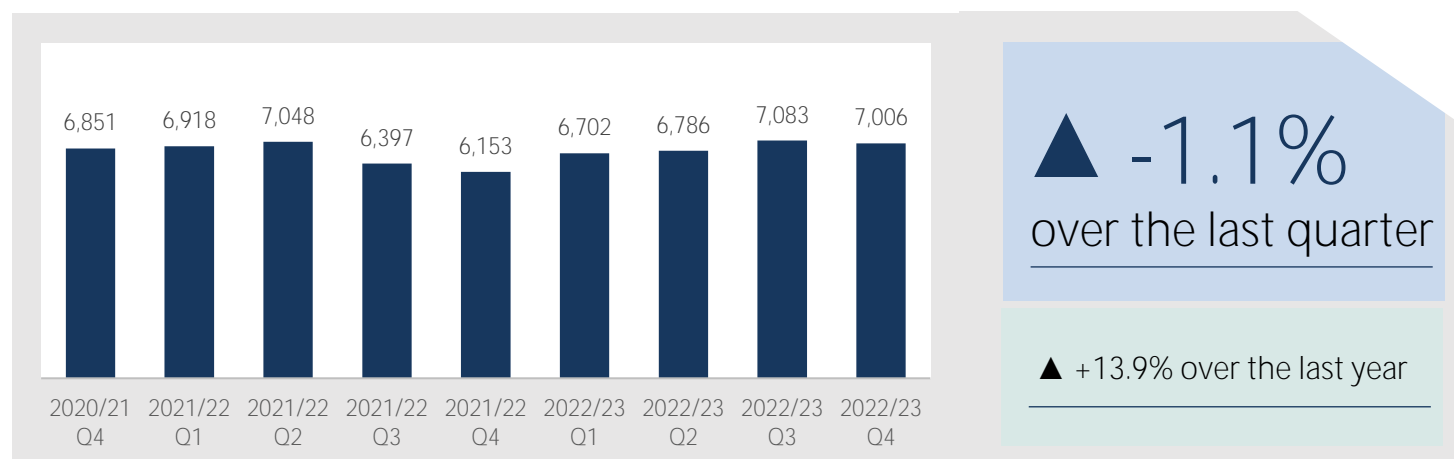


Proportion of claims finalised by s92(f) deeds

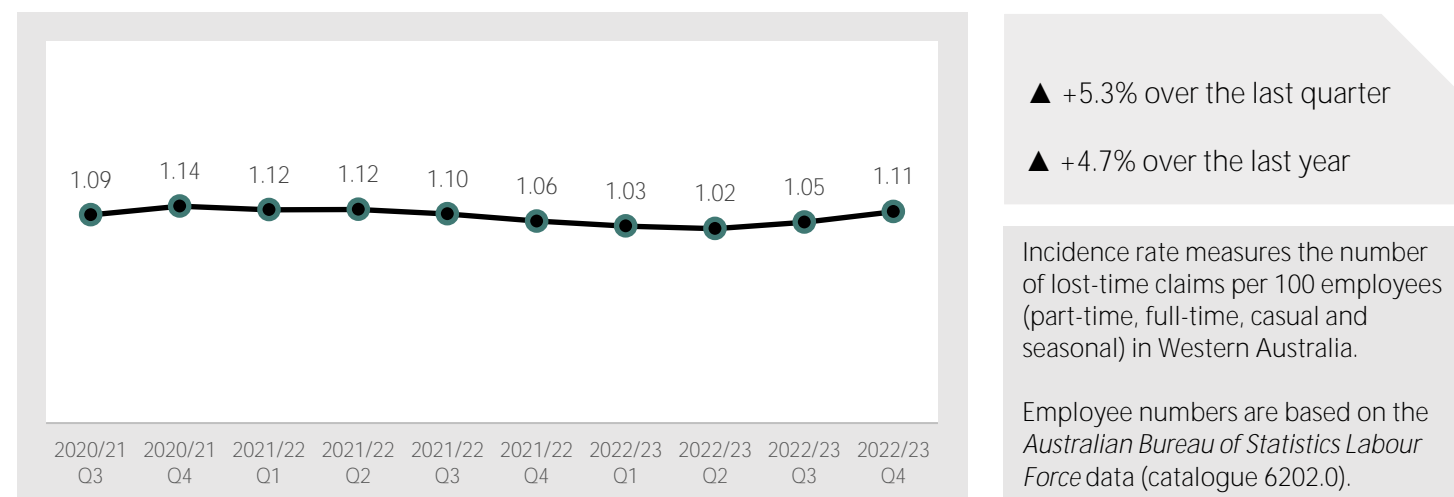
12.6%

-1.5% change from previous quarter

Total number of claims lodged | by insurer received quarter

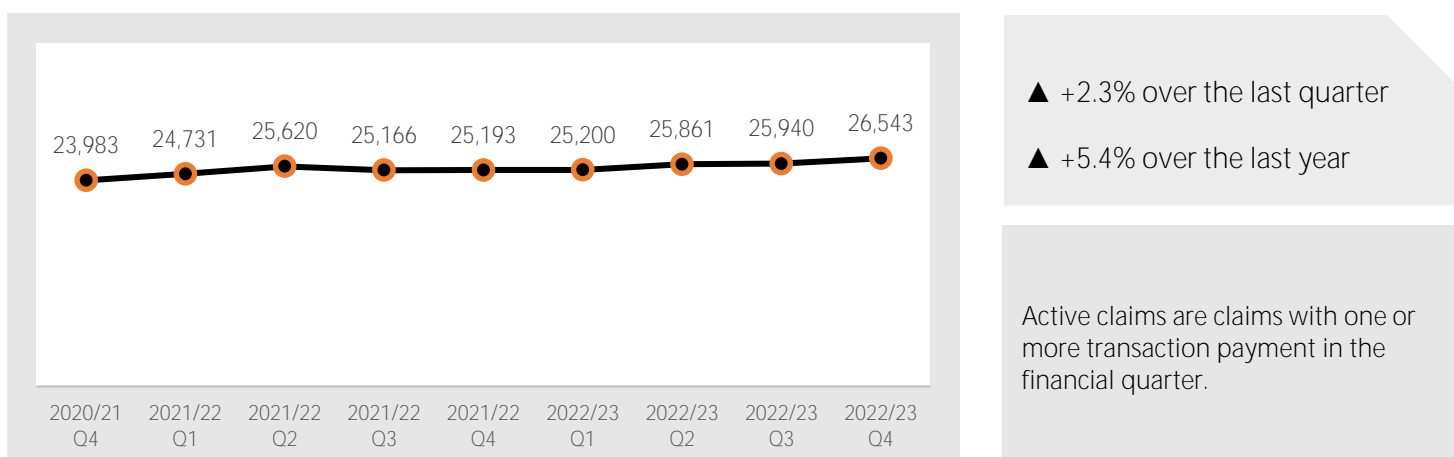


Incidence rate* | number of lost-time claims per 100 employed persons



* Incidence rate is based on a four-quarter rolling period.

Active claims | by transaction quarter

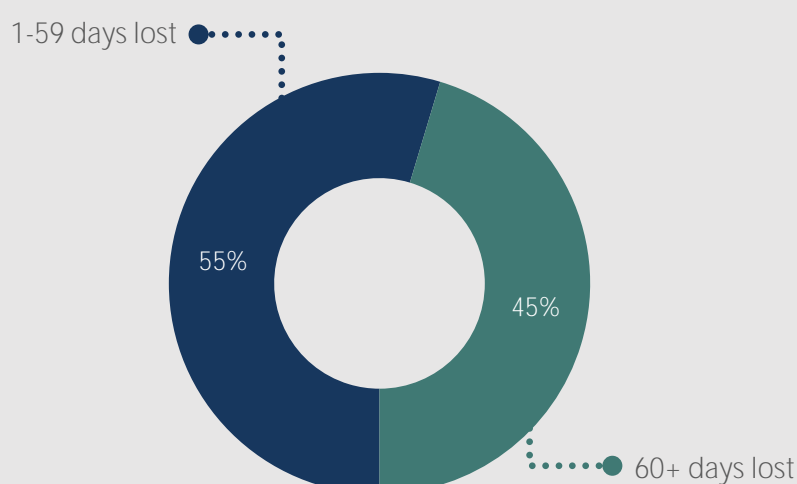


SHORT VS. LONG DURATION CLAIMS | 2022/23 Q2



Indicators on this page refers to long duration claims (60+ days lost). To allow for long duration claims to be realised, a six-month lag (two quarters) is applied.

Proportion of lost-time claims | 2022/23 Q2

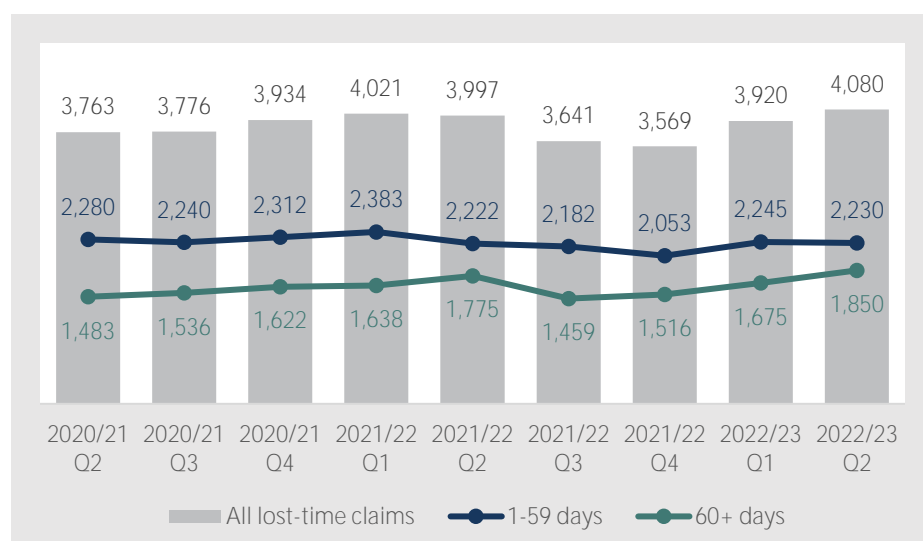


There were 4,080 lost-time claims lodged in Dec (Q2) 2022/23. Short duration claims

accounted for 55% of lost-time claims and long duration claims accounted for 45% of lost-time claims.

Long duration claims increased from 39% to 45% from Dec (Q2) 2020/21 to Dec (Q2) 2022/23. Short duration claims decreased from 61% to 55% over the same period.

Claim numbers | short vs. long duration claims



1-59 days lost

▼ -0.7% over the last quarter

▲ +0.4% over the last year

60+ days lost

▲ +10.4% over the last quarter

▲ +4.2% over the last year

2022/23 Q4 | AT A GLANCE



TOTAL PAYMENT TRANSACTIONS
\$332.2m

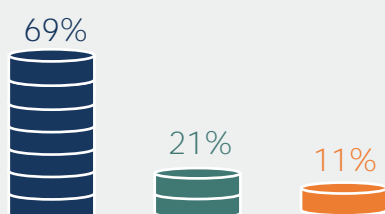
▲ +8.8% over the last quarter



AVERAGE PAYMENT
\$45,479 per finalised claim

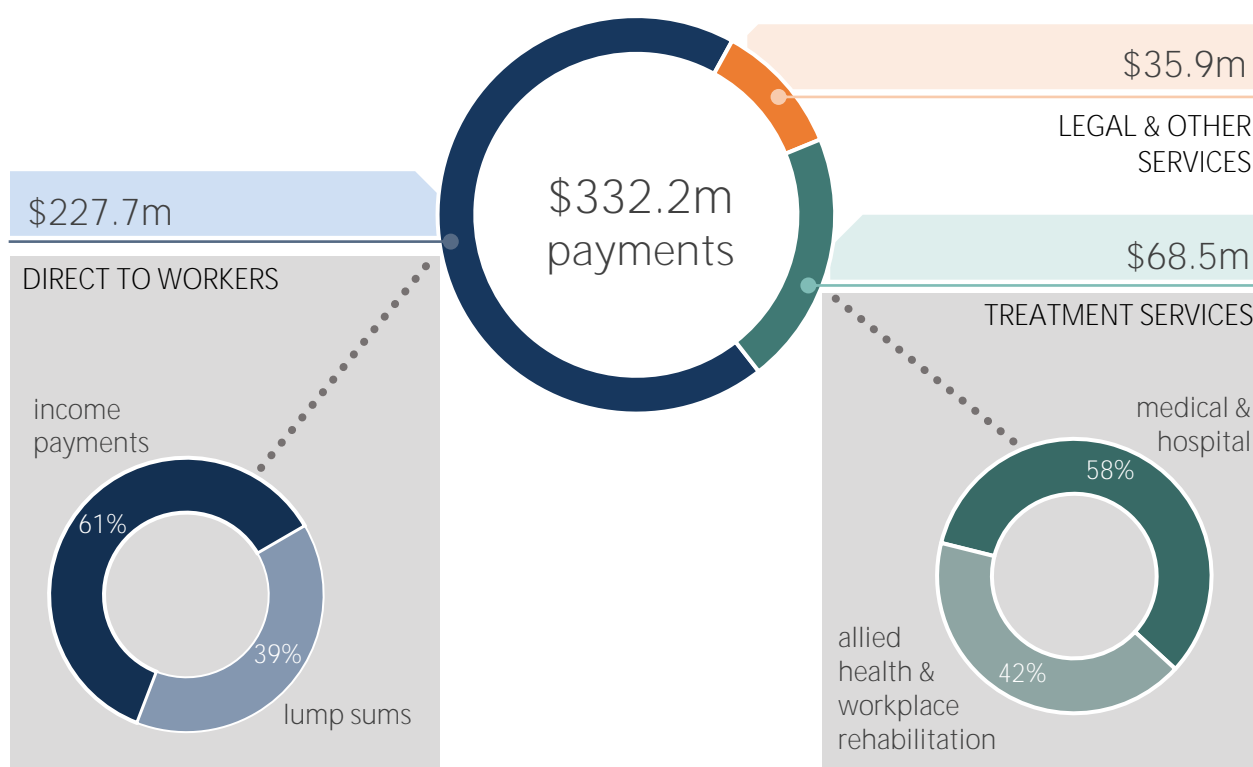
▲ +7.0% over the last quarter

TRANSACTION TYPES



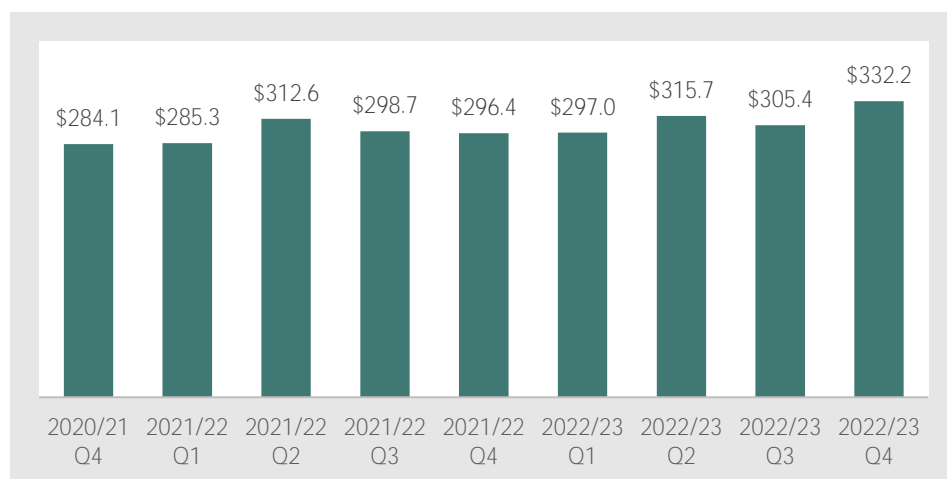
DIRECT TO WORKERS	\$227.7m
TREATMENT SERVICES	\$68.5m
LEGAL & OTHER SERVICES	\$35.9m

TRANSACTION TYPES BREAKDOWN



Claim Payments

Total claim payments | \$million



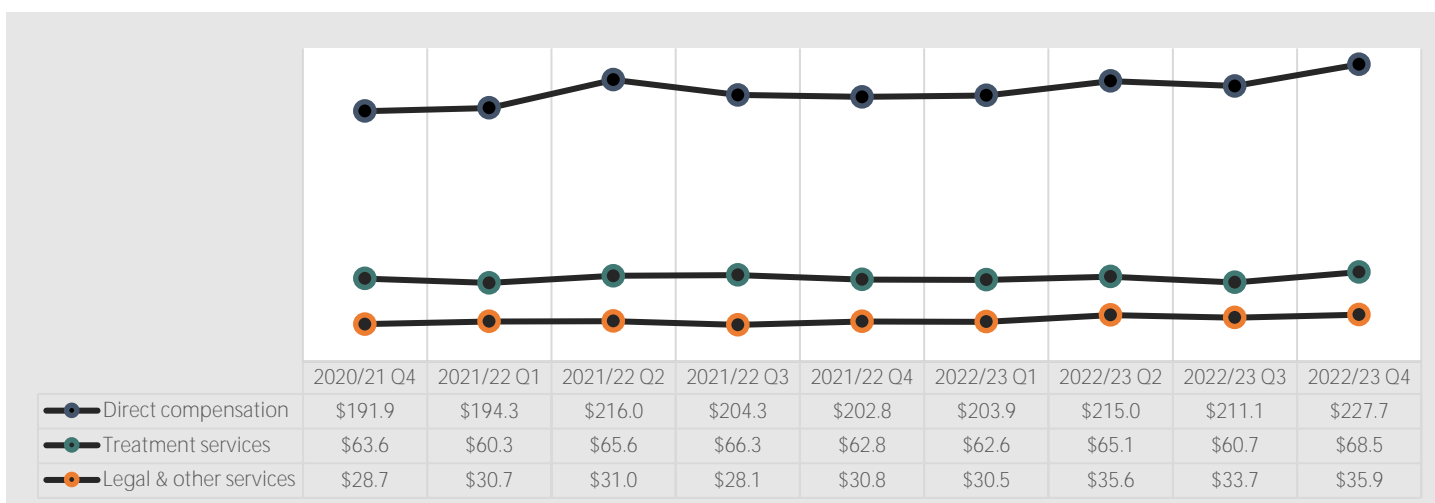
Payments are adjusted for inflation to allow meaningful comparisons over time.

Total claim payments show an **increasing trend** between Jun (Q4) 2020/21 and Jun (Q4) 2022/23.

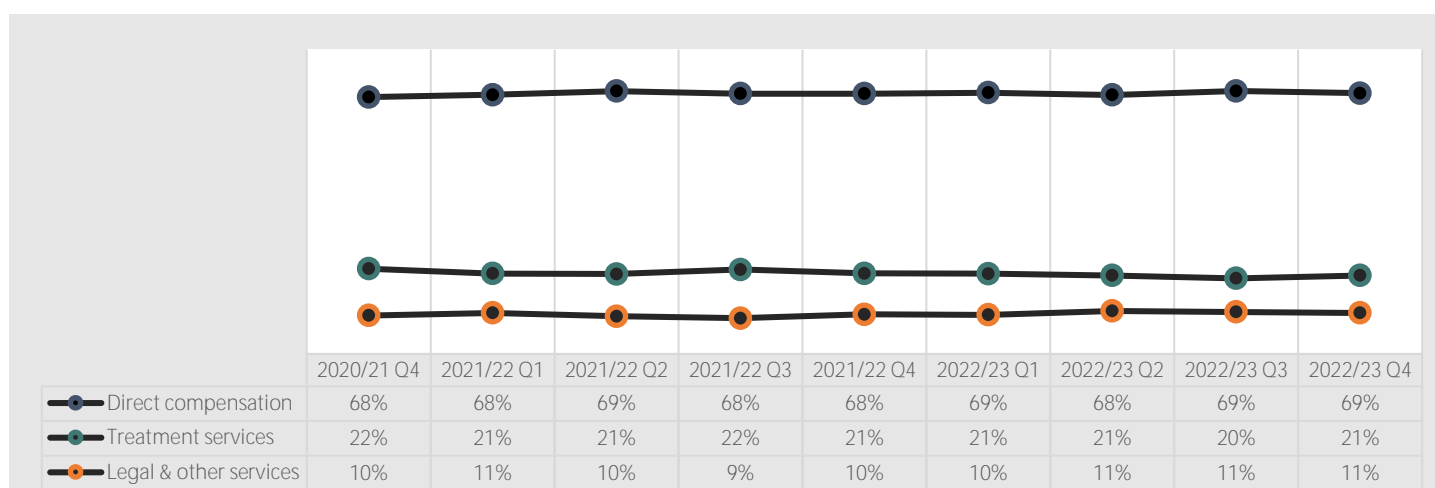
▲ +8.8% over the last quarter

▲ +12.1% over the last year

Claim payments by payment type | \$million



Claim payments | proportion of payment types



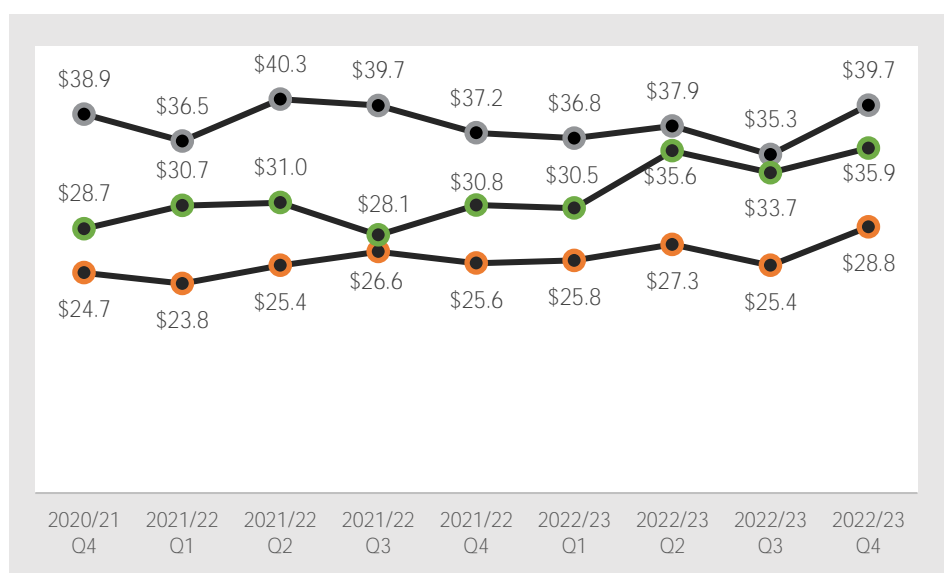
Claim Payments

Payments direct to workers | \$million



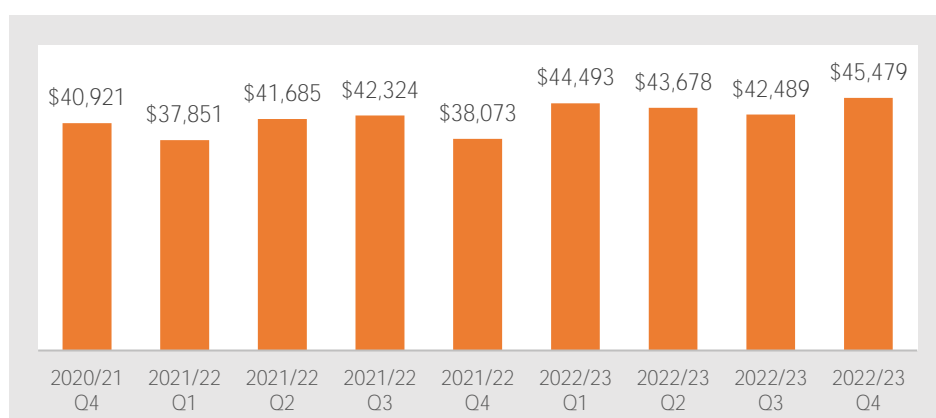
- Income payments
 - ▲ +6.7% over the last quarter
 - ▲ +7.5% over the last year
- Lump sums
 - ▲ +9.8% over the last quarter
 - ▲ +20.6% over the last year

Treatment services and legal & other services payments | \$million



- Medical & hospital
 - ▲ +12.6% over the last quarter
 - ▲ +6.7% over the last year
- Legal & other services
 - ▲ +6.6% over the last quarter
 - ▲ +16.6% over the last year
- Allied health & workplace rehab
 - ▲ +13.6% over the last quarter
 - ▲ +12.7% over the last year

Average claim payments | per finalised claim



Average finalised claim payments **increased** over the last quarter and currently stands at **\$45,479** for Jun (Q4) 2022/23.

▲ +19.5% over the last year

Payments are adjusted for inflation to allow for meaningful comparisons over time.

2022/23 Q4 | AT A GLANCE



LOST-TIME CLAIM DURATION

MEDIAN 7.1 months

▲ +2.9% over the last quarter

▲ +6.0% over the last year



EMPLOYER LODGEMENT PERIOD

injury claims: 17 days
disease claims: 43 days

Employer lodgement period refers to the number of days between occurrence of a work-related injury or diagnosis of a work-related disease and lodgement of a worker's compensation claim with the employer.

The average number of days between the occurrence of an injury and lodgement of a workers' compensation claim with an employer was 17 days for all income claims.



INSURER LODGEMENT PERIOD within 5 days

average days: 3.0 days

After receiving a worker's compensation claim, an employer (whose worker is covered by the *Workers' compensation and Injury Management Act 1981*) is required to lodge the received claim with their insurer within five working days. This is referred to as the insurer lodgement period.

The average number of days for employers lodging the received claims with their insurer was 3.0 days.



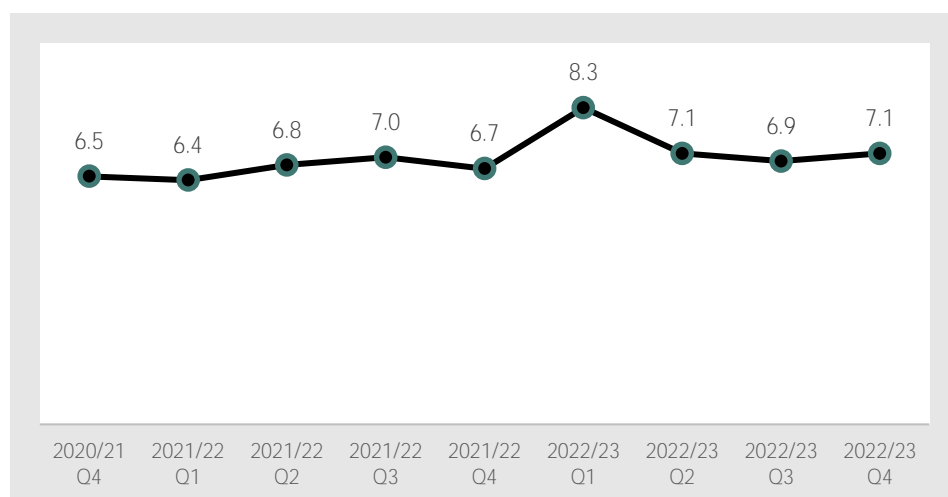
INITIAL LIABILITY DECISION made within legislative timeframe

insurer: 91 %
self-insurer: 87 %

Initial liability decision made within legislative timeframe refers to the period of time where approved insurers and self-insurers are required to make an initial decision as to whether to accept or decline liability for the compensation claim.

For approved insurers the timeframe is within 14 days. For self-insurers, the timeframe is within 17 days.

Median lost-time claim duration | months

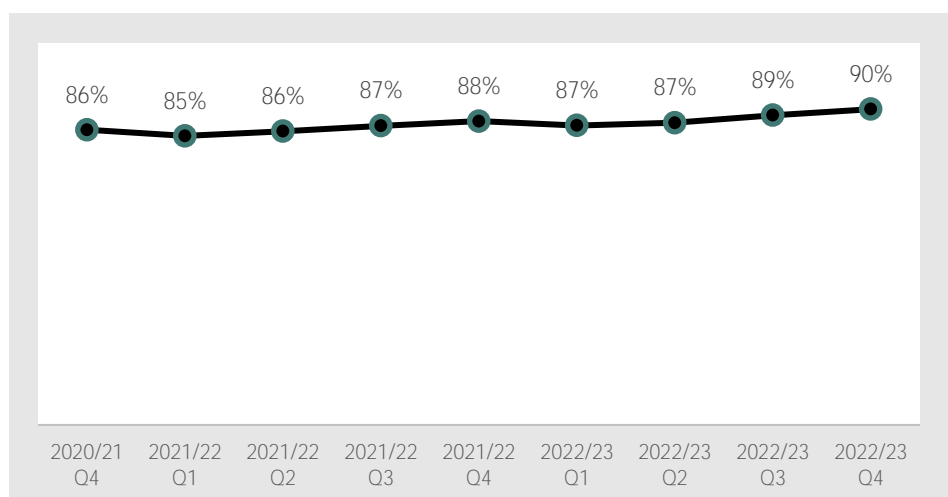


▲ +2.9% over the last quarter

▲ +6.0% over the last year

Between Jun (Q4) 2020/21 and Jun (Q4) 2022/23, the median lost-time claim duration ranges between 6.4 and 8.3 months.

Proportion of income claims lodgement by insurers | within 5 days

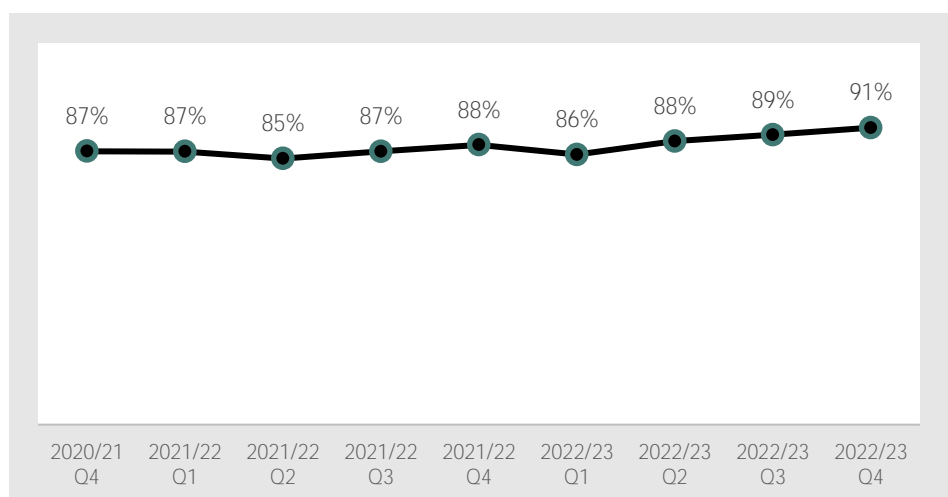


▲ +1.1%p over the last quarter

▲ +2.1%p over the last year

After receiving a worker's compensation claim, an employer (whose worker is covered by the *Workers' Compensation and Injury Management Act 1981*) is required to lodge the received claim with their insurer within **five** working days. This is referred to as the **insurer lodgement period**.

Proportion of income claims with initial liability decision made | within legislative timeframes

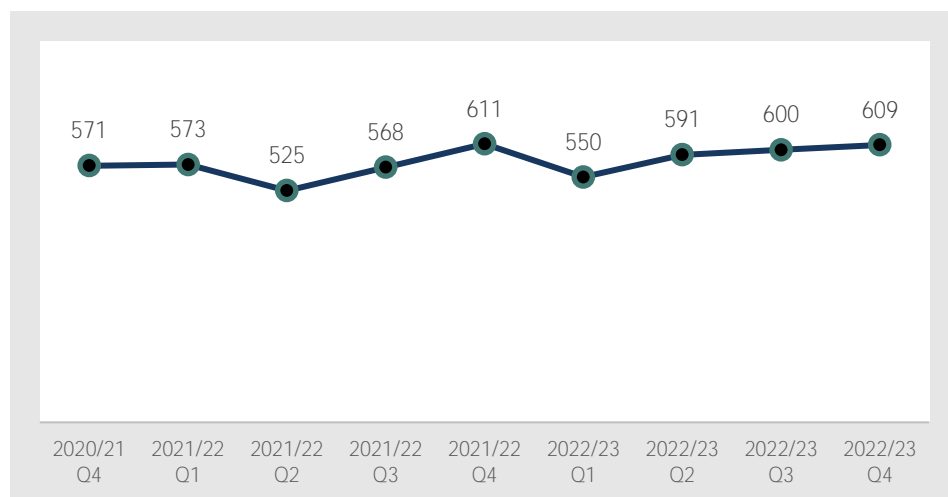


▲ +1.3%p over the last quarter

▲ +3.3%p over the last year

Approved insurers are required to make an initial decision as to whether to accept or decline liability for claims within **14 days**. For **self-insurers** an initial decision should be made within **17 days**.

Number of dispute applications | by acceptance quarter



▲ +1.5% over the last quarter

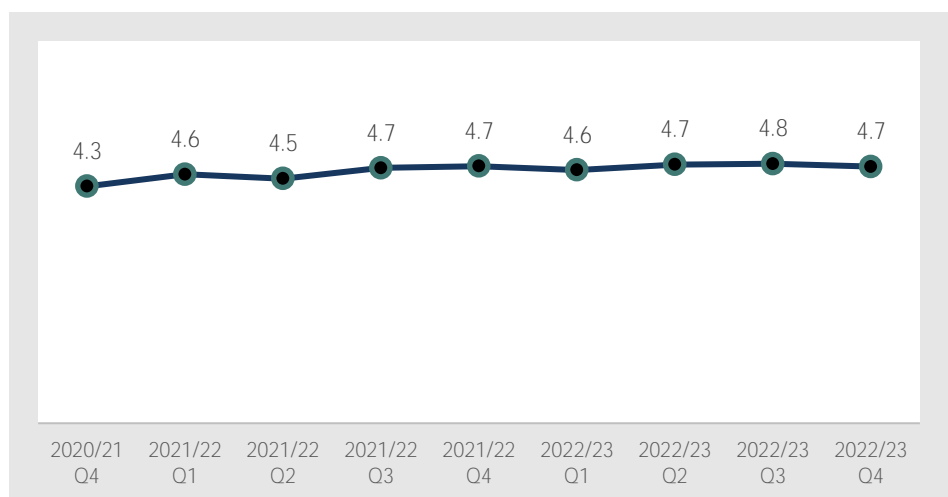
▼ -0.3% over the last year

For Jun (Q4) 2022/23, the number of dispute applications was **609**.



Between Jun (Q4) 2020/21 and Jun (Q4) 2022/23 the dispute rate increased.

Disputation rate* | by acceptance quarter



▼ -1.1% over the last quarter

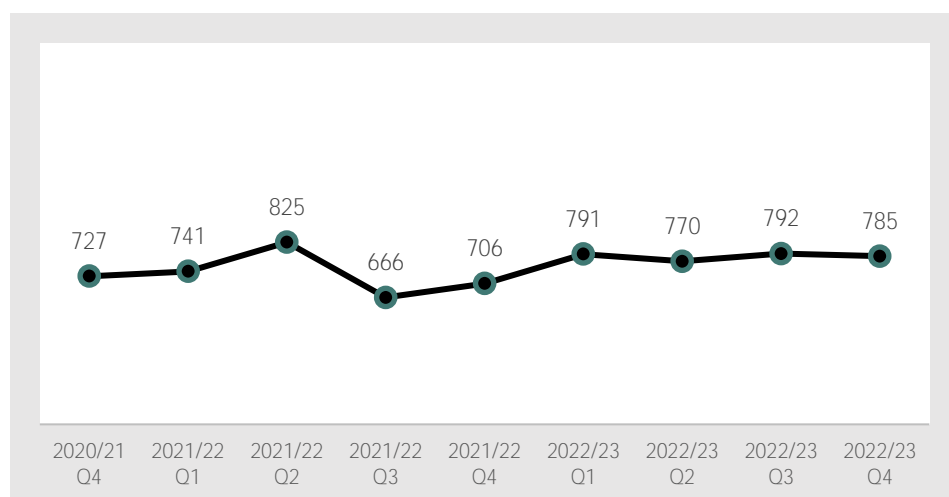
▼ -0.2% over the last year

For 12 months ending 30 Jun 2023 (2022/23 Q4), the disputation rate was **4.7** disputes per 100 active claims.

* Disputation rate is based on a four-quarter rolling period.

Claim Settlements

Number of memoranda of agreement | by settlement recorded quarter



▼ -0.9% over the last quarter

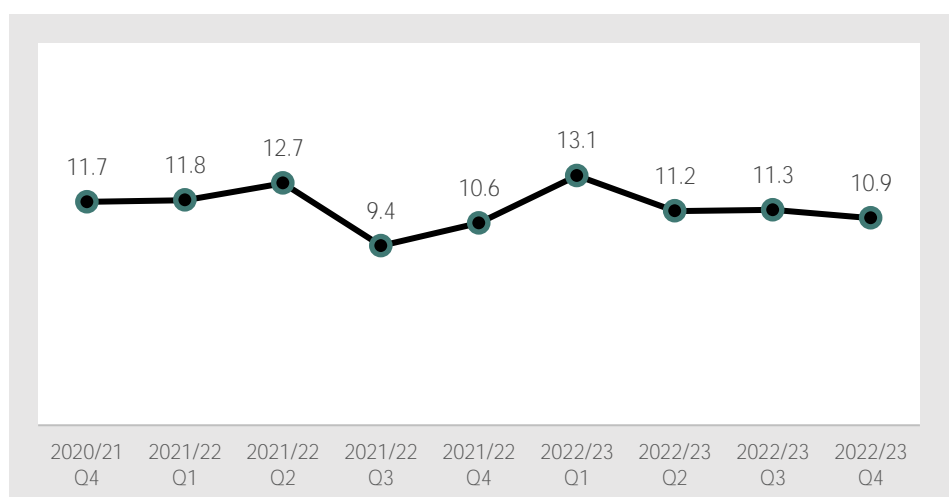
▲ +11.2% over the last year

For Jun (Q4) 2022/23, the number of Memoranda of Agreement was **785**.



Between Jun (Q4) 2020/21 and Jun (Q4) 2022/23 the number of MoA increased.

Memoranda of agreement | as a proportion of finalised claims

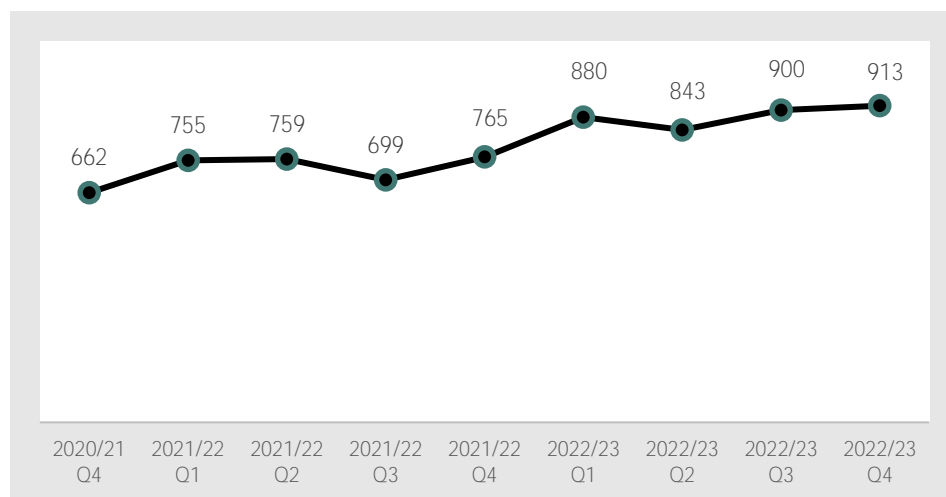


▼ -3.8% over the last quarter

▲ +2.5% over the last year

For Jun (Q4) 2022/23, the proportion of claims finalised by Memoranda of Agreement was **10.9%**.

Number of section 92(f) deeds | by settlement recorded quarter



▲ +1.4% over the last quarter

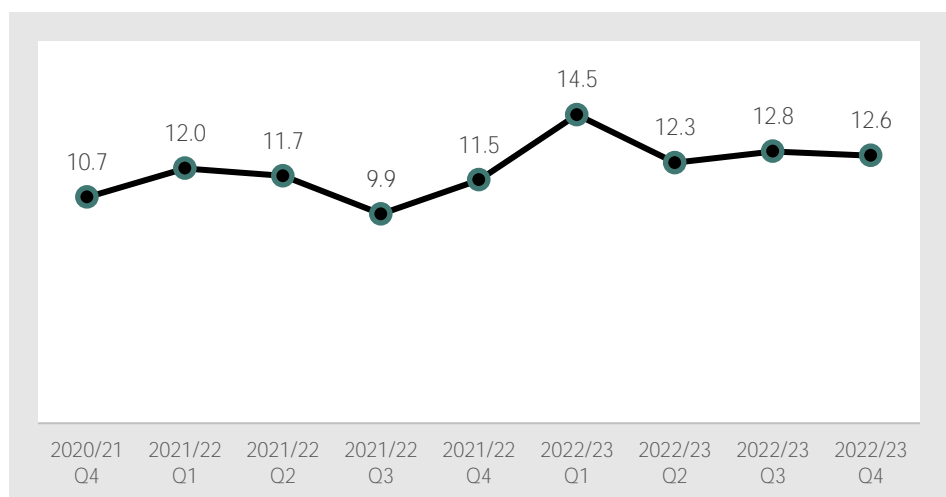
▲ +19.3% over the last year

For Jun (Q4) 2022/23, the number of Section 92(f) deeds was **913**.



Between Jun (Q4) 2020/21 and Jun (Q4) 2022/23 the number of S.92(f) deeds increased.

Section 92(f) deeds | as a proportion of finalised claims



▼ -1.5% over the last quarter

▲ +10.0% over the last year

For Jun (Q4) 2022/23, the proportion of claims finalised through Section 92(f) deeds was **12.6%**.

Approved Insurer & Self-Insurer Comparison

2022/23 Q4 | AT A GLANCE

Approved Insurer

6,458 claims
92%

\$308.2 million
93%

\$46,063
per finalised claim

6.9 months

90.9%

24.2%



Claim Count



Claim Payment



Average Payment
Per Finalised Claim



Median Lost-Time
Claim Duration



Initial Liability Decision Within
Legislative Timeframe



Settlement Rate

Self-Insurer

548 claims
8%

\$24 million
7%

\$39,419
per finalised claim

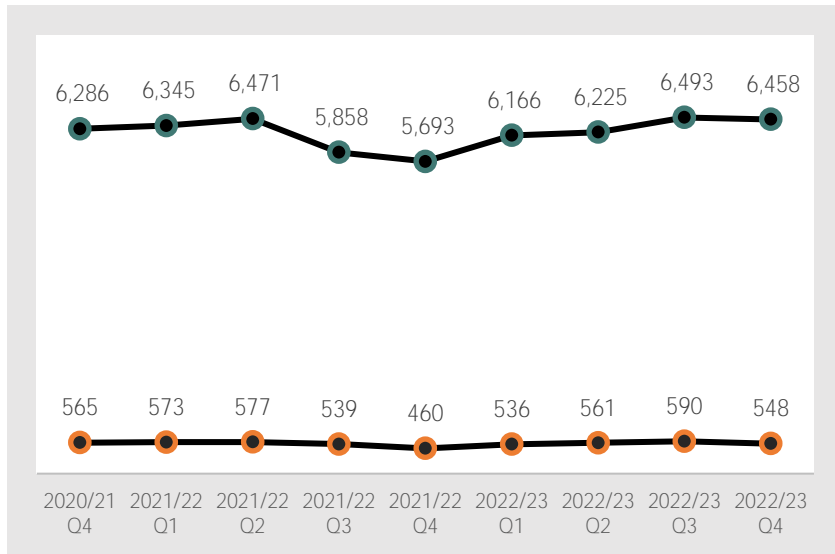
7.6 months

86.5%

16.0%

Approved Insurer & Self-Insurer Comparison

Total number of claims lodged



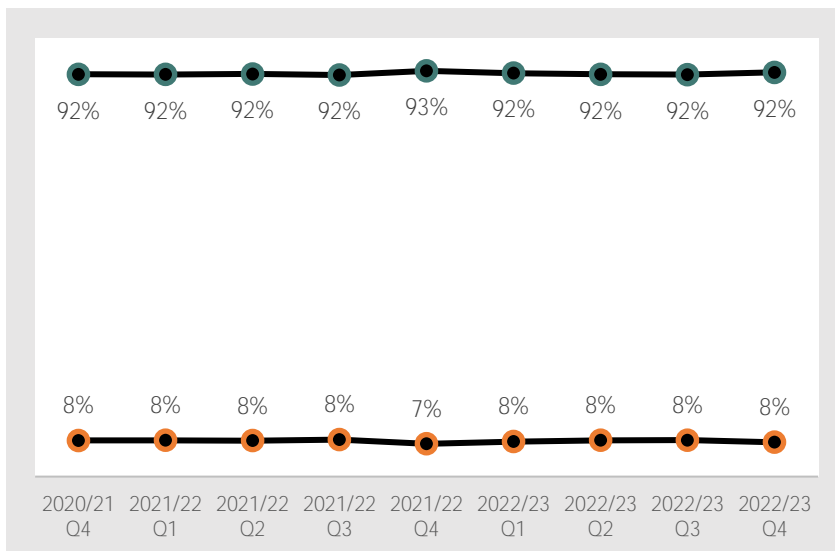
- Approved insurer
 - ▼ -0.5% over the last quarter
 - ▲ +13.4% over the last year
- Self-insurer
 - ▼ -7.1% over the last quarter
 - ▲ +19.1% over the last year



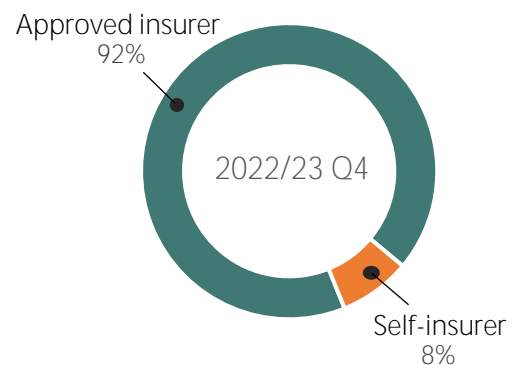
Over the reporting period, there is a steady to increasing trend for claims lodged by approved insurers and for self-insurers.

Over the last year, the number of claims lodged increased for approved insurers (+13.4%) and self-insurers (+19.1%).

Proportion of claims



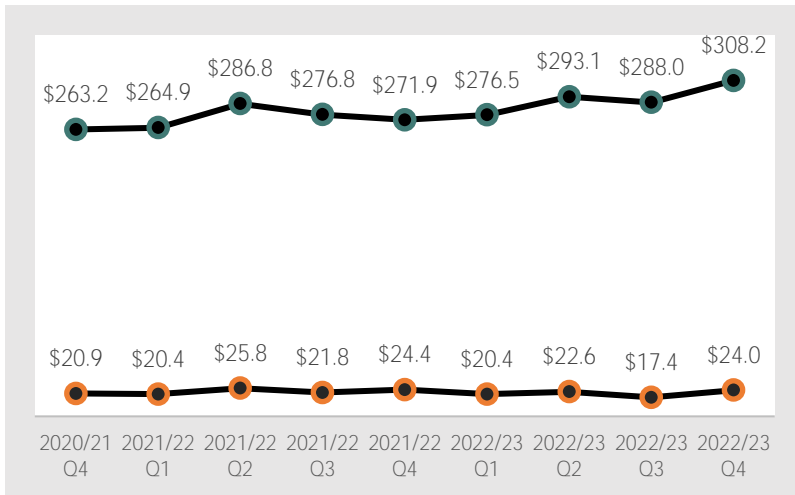
- Approved insurer
 - ▲ +0.6% over the last quarter
 - ▼ -0.4% over the last year
- Self-insurer
 - ▼ -6.1% over the last quarter
 - ▲ +4.6% over the last year



Between Jun (Q4) 2020/21 and Jun (Q4) 2022/23, the proportion of claims remained stable for approved insurers and self-insurers.

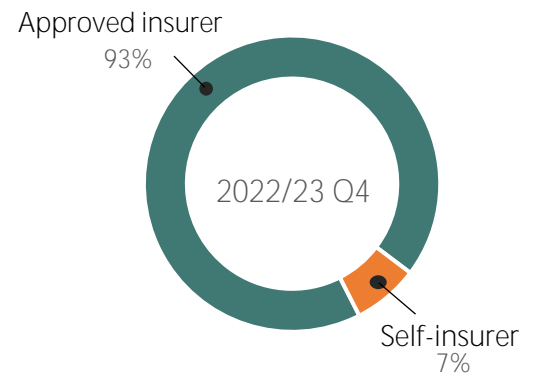
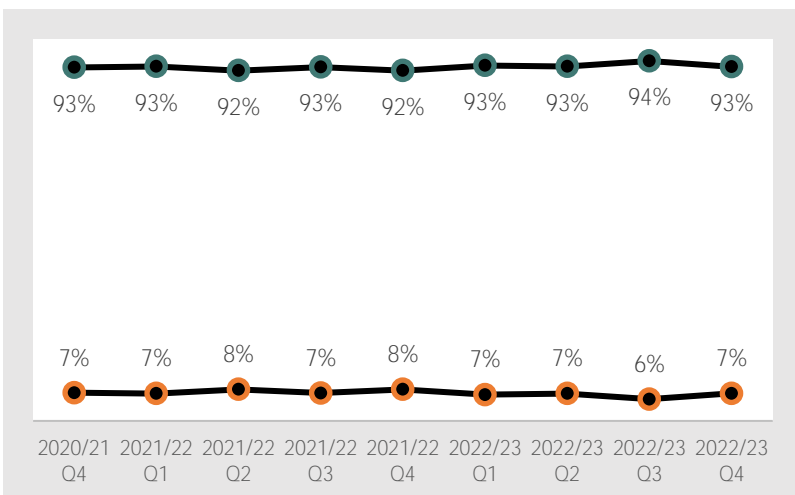
Approved Insurer & Self-Insurer Comparison

Total payments | \$million

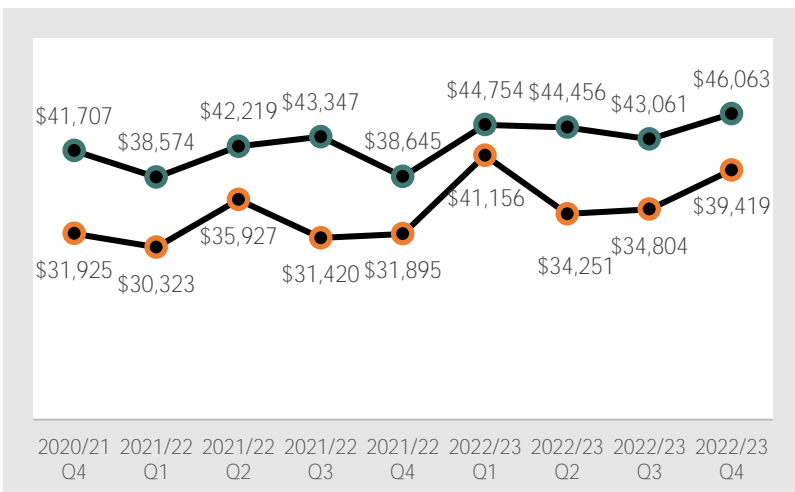


- Approved insurer
 - ▲ +7.0% over the last quarter
 - ▲ +13.3% over the last year
- Self-insurer
 - ▲ +37.4% over the last quarter
 - ▼ -1.9% over the last year

Proportion of payments



Average claim payments | per finalised claim



- Approved insurer
 - ▲ +7.0% over the last quarter
 - ▲ +19.2% over the last year
- Self-insurer
 - ▲ +13.3% over the last quarter
 - ▲ +23.6% over the last year

Approved Insurer & Self-Insurer Comparison

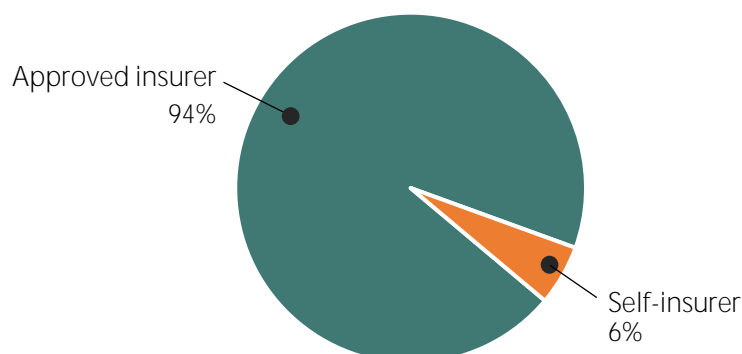
Current claim costs for open claims | Approved Insurer

Insurer received year	Open claims	Total estimated \$	Actual paid \$	Outstanding estimated \$	% outstanding estimate for all open claims
All earlier years	69	13,592,378	10,852,873	2,739,505	20.2
2014/15	24	5,972,785	2,932,557	3,040,229	50.9
2015/16	33	11,387,240	9,824,263	1,562,978	13.7
2016/17	72	16,398,823	11,229,564	5,169,258	31.5
2017/18	127	37,575,884	21,871,854	15,704,030	41.8
2018/19	251	102,057,889	57,253,043	44,804,845	43.9
2019/20	533	179,887,289	101,027,094	78,860,195	43.8
2020/21	1,276	342,187,208	202,753,298	139,433,910	40.7
2021/22	3,168	582,507,666	327,453,753	255,053,913	43.8
2022/23	9,495	894,881,426	345,699,762	549,181,664	61.4
Total	15,048	2,186,448,588	1,090,898,061	1,095,550,527	50.1

Current claim costs for open claims | Self-insurer

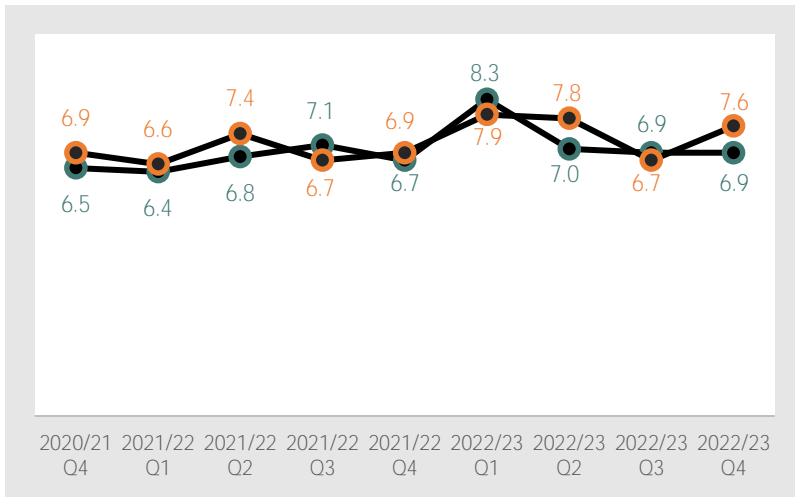
Insurer received year	Open claims	Total estimated \$	Actual paid \$	Outstanding estimated \$	% outstanding estimate for all open claims
All earlier years	<5	232,979	219,339	13,640	5.9
2014/15	<5	63,627	54,880	8,747	13.7
2015/16	0	0	0	0	-
2016/17	<5	976,031	371,614	604,417	61.9
2017/18	<5	1,122,494	656,828	465,666	41.5
2018/19	14	6,876,977	4,840,486	2,036,490	29.6
2019/20	37	8,482,972	5,748,611	2,734,361	32.2
2020/21	98	20,464,807	13,709,352	6,755,455	33.0
2021/22	258	37,406,399	24,195,841	13,210,557	35.3
2022/23	826	53,350,525	25,035,478	28,315,047	53.1
Total	1,241	128,976,810	74,832,429	54,144,380	42.0

Proportion of total estimated claim costs for open claims | up to 30 June 2023



Approved Insurer & Self-Insurer Comparison

Median lost-time claims duration by initial finalisation | months

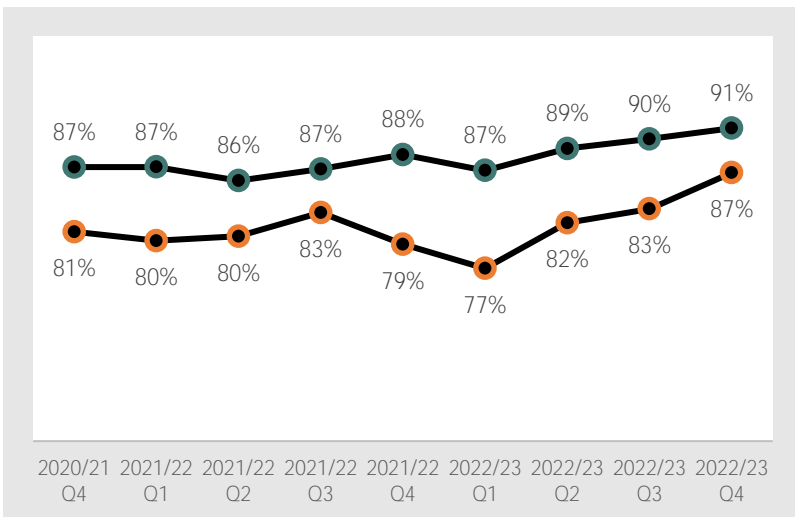


Over the reporting period, the median lost-time claim duration for both **approved insurers** and **self-insurers** show an **increasing** trend.

The median lost-time claim duration for approved insurers fluctuates between **6.4** and **8.3** months over the reporting period.

- Approved insurer
 - no change over the last quarter
 - +3.0% over the last year
- Self-insurer
 - +13.4% over the last quarter
 - +10.1% over the last year

Proportion of income claim initial liability decisions made | within legislative timeframe



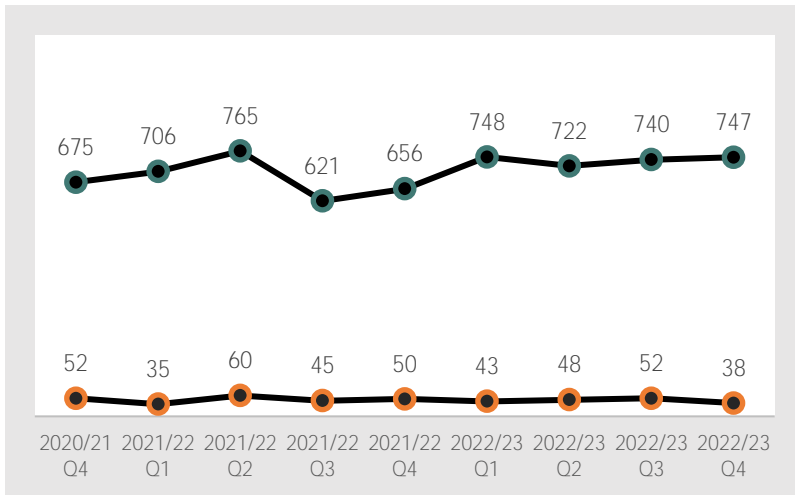
The proportion of income claims where an approved insurer/self-insurer makes an initial liability decision within the specified legislative time requirement **improved** over the reference period.

Between Jun (Q4) 2020/21 and Jun (Q4) 2022/23, income claims with liability decisions made within the required time for **approved insurers** improved from **87%** to **91%** and **self-insurers** from **81%** to **87%**.

- Approved insurer
 - +1.2%p over the last quarter
 - +3.0%p over the last year
- Self-insurer
 - +4.3%p over the last quarter
 - +8.9%p over the last year

Approved Insurer & Self-Insurer Comparison

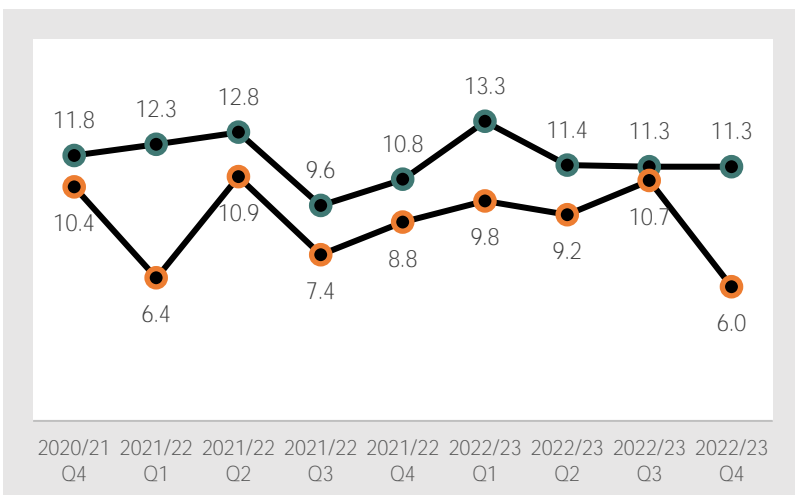
Number of memoranda of agreement



Approved insurer
 ▲ +0.9% over the last quarter
 ▲ +13.9% over the last year

Self-insurer
 ▼ -26.9% over the last quarter
 ▼ -24.0% over the last year

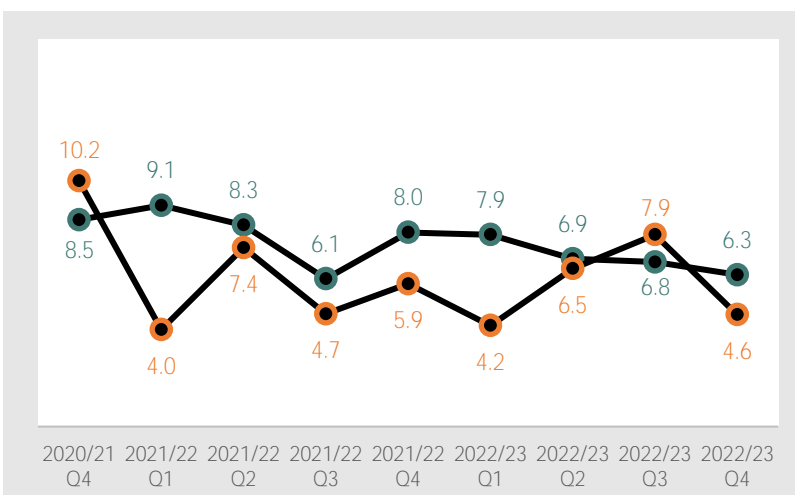
Memoranda of agreement | as proportion of finalised claims



Approved insurer
 ■ no change over the last quarter
 ▲ +5.3% over the last year

Self-insurer
 ▼ -44.2% over the last quarter
 ▼ -32.5% over the last year

Memoranda of agreement payments | as proportion of finalised claim payments

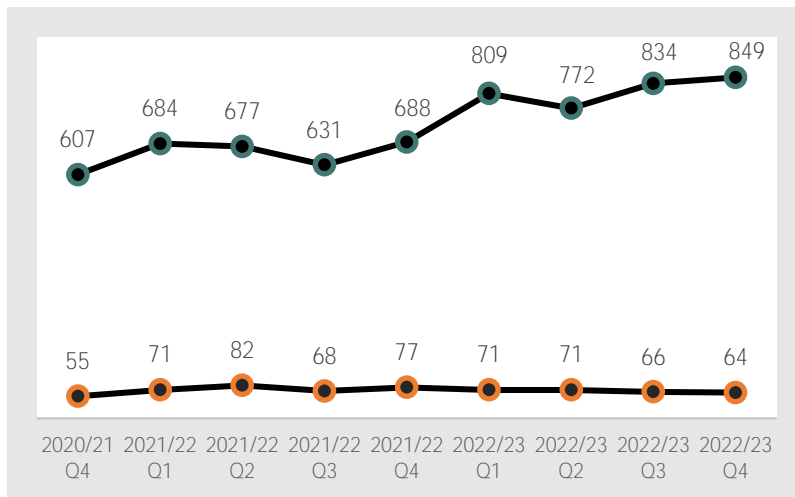


Approved insurer
 ▼ -7.8% over the last quarter
 ▼ -21.8% over the last year

Self-insurer
 ▼ -41.7% over the last quarter
 ▼ -21.7% over the last year

Approved Insurer & Self-Insurer Comparison

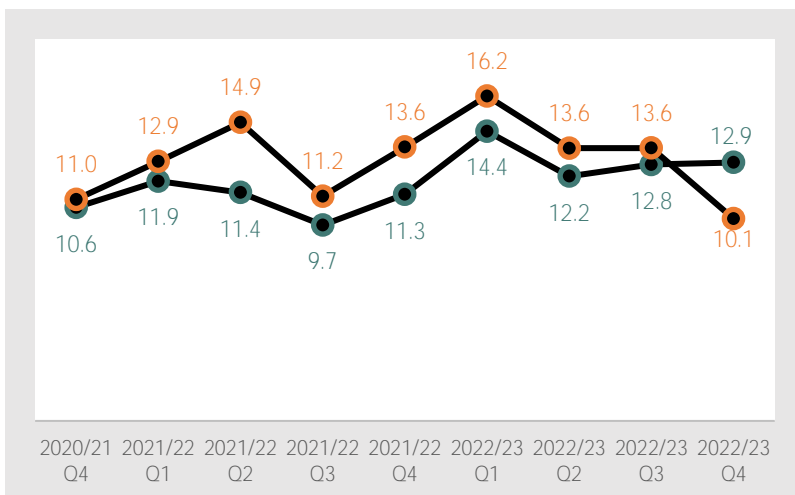
Number of section 92(f) deeds



Approved insurer
 ▲ +1.8% over the last quarter
 ▲ +23.4% over the last year

Self-insurer
 ▼ -3.0% over the last quarter
 ▼ -16.9% over the last year

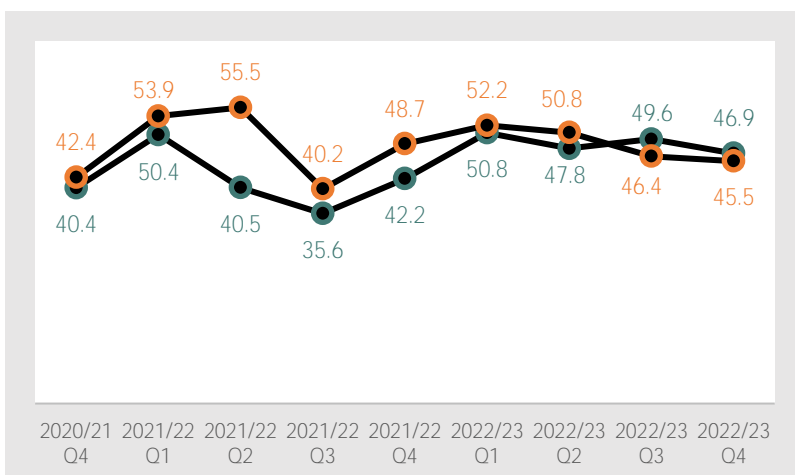
Section 92(f) deeds | as proportion of finalised claims



Approved insurer
 ▲ +0.8% over the last quarter
 ▲ +14.1% over the last year

Self-insurer
 ▼ -25.9% over the last quarter
 ▼ -26.2% over the last year

Section 92(f) deeds payments | as proportion of finalised claim payments



Approved insurer
 ▼ -5.3% over the last quarter
 ▲ +11.3% over the last year

Self-insurer
 ▼ -1.9% over the last quarter
 ▼ -6.6% over the last year

TERM	DEFINITION / EXPLANATION OF TERM
Active claim	A claim with one or more transaction payments in a financial year/quarter.
Average payments per finalised claim	The total cost of finalised claims divided by the number of finalised claims. Payments are attributed to the year in which the claims were finalised.
Claim costs	An estimate of costs for unfinalised claims, and the total cost of finalised claims attributed to the year in which a claim was lodged with an insurer.
Claim duration	The number of months between the date the claim was received by the insurer and the date at which the claim was first finalised.
Claim payment types	<p>Payments direct to worker:</p> <ol style="list-style-type: none"> 1. income payments (payments made for absences from work). 2. lump sum payments (including common law): <ul style="list-style-type: none"> - redemption payments made under Schedule 1 - specific injury payments made under Schedule 2 - fatal payments including funeral expenses. - common law and other Acts payments. <p>Payments for treatment services:</p> <ol style="list-style-type: none"> 1. medical and hospital payments: <ul style="list-style-type: none"> - medical practitioner and specialist payments - hospital expenses (hospital accommodation and hospital treatment). 2. allied health and workplace rehabilitation payments: <ul style="list-style-type: none"> - other treatment and appliance payments - workplace rehabilitation payments. <p>Payments for legal and other services:</p> <ol style="list-style-type: none"> 1. legal expenses 2. approved medical specialist service payment and third party referred report 3. miscellaneous payments.
Disputation rate	The number of dispute applications as a proportion of all active claims based on a four-quarter rolling period.
Dispute	A dispute over a worker's compensation claim by parties involved (e.g. insurer, employer, worker). A dispute can occur at any stage of a claim in relation to a number of matters.
Employer lodgement period	The number of days between occurrence of a work-related injury or diagnosis of a work-related disease and lodgement of a worker's compensation claim with an employer.
Estimated claim cost	The total estimated incurred claim costs, exclusive of development estimate and incurred but not reported (IBNR) amounts. Estimated costs are not adjusted for inflation and are attributed to the year in which a claim was lodged with an insurer.
Incidence rate	The number of lost-time claims per hundred employees (part-time, full-time, casual, and seasonal) in Western Australia. Employee numbers are based on the Australian Bureau of Statistics Labour Force data (catalogue number: 6202.0).

Section 4: Glossary

TERM	DEFINITION / EXPLANATION OF TERM
Initial liability decision for approved insurers	After receiving a worker's compensation claim from an employer, an approved insurer within the WA workers' compensation scheme is required to make an initial decision as to whether to accept or decline liability for the claim within 14 days. See S.57A (3) <i>Workers' Compensation and Injury Management Act 1981</i> .
Initial liability decision for self-insurers	After receiving a worker's compensation claim, a self-insurer within the WA workers' compensation scheme is required to make an initial decision as to whether to accept or decline liability for the claim within 17 days. See S.57B (2) <i>Workers' Compensation and Injury Management Act 1981</i> .
Insurer lodgement period	After receiving a worker's compensation claim, an employer (whose worker is covered by the <i>Workers' Compensation and Injury Management Act 1981</i>) is required to lodge the received claim with their insurer within five working days. See S.57A (2) <i>Workers' Compensation and Injury Management Act 1981</i> .
Long duration claims	Workers' compensation claims for which the injury/disease results in an absence from work of at least 60 days or shifts.
Lost-time claims	Claims for which the injury/disease results in an absence from work of at least one day or shift.
Memoranda of Agreement	A legal instrument which, if registered with the Conciliation and Arbitration Services of WorkCover WA, records a statutory settlement of a worker's compensation claim. See section 76 of the <i>Workers' Compensation and Injury Management Act 1981</i> .
Number of claims	Claims lodged during a given period and includes claims where no payment has been recorded at the date of data extract.
Outstanding estimated claim costs	Amount of liability that is yet to be paid for each incurred claim and as estimated by insurers.
Payment year or payment period or payment quarter	The year, period or quarter for when payments were made for workers' compensation claims.
Payments	Also see claim payments. Payments are adjusted for inflation to allow meaningful comparisons over time.
Section 92(f) deeds	A lump sum payment for damages against the employer without proceeding to court; no further claim can be made. See Section 92(f) of the <i>Workers' Compensation and Injury Management Act 1981</i> .
Settlement rate	The number of settlements recorded as a proportion of finalised claims.
Transaction quarter	The date a payment was processed.

- 1 **Due to the dynamic nature of workers' compensation claims, the interpretation of data contained within this report (the data) must be undertaken with some caution.** Data users are cautioned to consider carefully the provisional nature of the data before using it for decisions that concern personal or public safety or the conduct of business that involves substantial monetary or operational consequences.
- 2 The accuracy or reliability of the data is not guaranteed or warranted in any way. WorkCover WA has made a reasonable effort to ensure that the data is up-to-date, accurate, complete, and comprehensive at the time of disclosure. This data reflects data reported to this agency by insurers and self-insurers for the reporting periods indicated. Data users are responsible for ensuring by independent verification its accuracy, currency or completeness.
- 3 Neither WorkCover WA, or its agencies or representatives, are responsible for data that is misinterpreted or altered in any way. Derived conclusions and analysis generated from this data are not to be considered attributable to WorkCover WA.
- 4 This data is provided as is and in no event shall WorkCover WA, its agencies or representatives be liable for any damages, including, without limitation, damages resulting from lost data or lost profits or revenue, the costs of recovering such data, the costs of substitute data, claims by third parties or for other similar costs, or any special, incidental, punitive or consequential damages, arising out of the use of the data.
- 5 **Information concerning the accuracy and appropriate uses of the data or concerning other workers' compensation data may be obtained by contacting WorkCover WA.**