



# Scheme Exits Report

March 2024

A workers compensation and injury  
management scheme that works for all



# CITATION



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## **Scheme Exits 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 seven 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 quarterly Scheme Exits Report measures trends and characteristics of finalised claims where claimants' injuries occurred over the past ten years. This report provides a summary of elements relating to claimants exiting the workers compensation scheme based on the initial finalisation date. The elements for analysis include:

- Lump sum payments
- Claim costs
- Days lost
- Workplace rehabilitation services
- Legal services.

## 6,632

Claims finalised

- ▼ -0.1% over 6 months
- ▼ -2.3% over 12 months

### New to closed claims ratio

Number greater than one indicates more new claims lodged than claims finalised

1.03

- ▼ -2.3% over 6 months
- ▲ +2.0% over 12 months

### Average finalised claim cost

The two-year trend for average finalised claim cost increased

\$47,229

- ▲ +5.4% over 6 months
- ▲ +4.5% over 12 months

### Service utilisation



of lost-time claims had **workplace rehabilitation** services

- ▼ -1.3%p over 6 months
- ▲ +0.2%p over 12 months



of claims had **legal payments** recorded

- ▼ -0.4%p over 6 months
- ▲ +0.6%p over 12 months

24% of claims finalised with a lump sum payment



24%

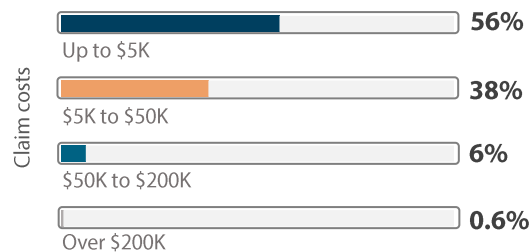
With lump sum

76%

Without lump sum

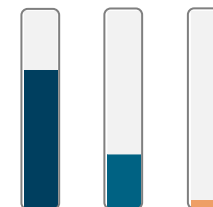
5,042 claims finalised without lump sum

- ▲ +2.0% over 6 months
- ▼ -2.3% over 12 months



1,590 claims finalised with lump sum

- ▼ -6.2% over 6 months
- ▼ -2.2% over 12 months



70%

Lump sum - general

27%

Lump sum - permanent impairment

3%

Lump sum - election registered

### Average claim cost - with lump sum



### Permanent impairment

\$80,365

- ▼ -3.9% over 6 months
- ▲ +2.5% over 12 months

### General lump sum

\$145,934

- ▲ +0.3% over 6 months
- ▼ -2.7% over 12 months

### Election registered

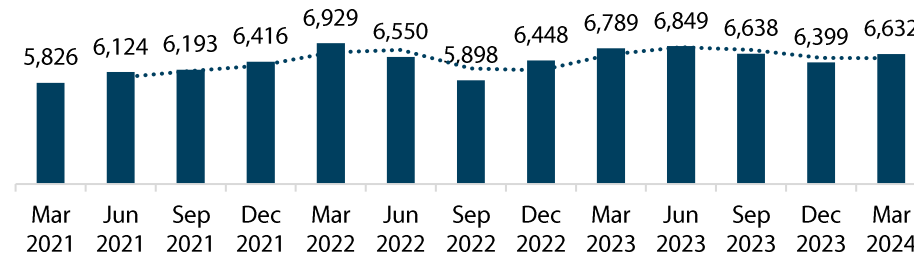
\$840,258

- ▲ +44.3% over 6 months
- ▲ +1.4% over 12 months

# SCHEME EXIT TRENDS

## Number of claims finalised

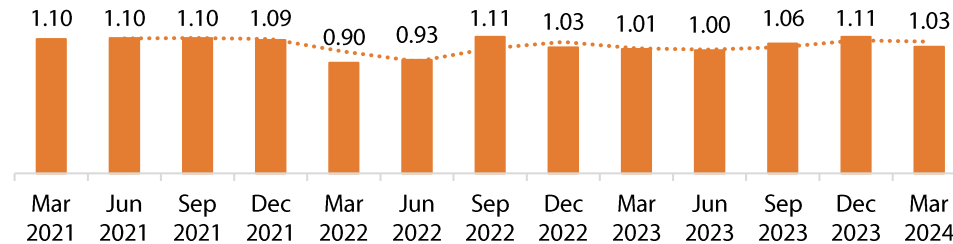
Current	% change over		
	2 years	1 year	6 months
6,632	-4.3%	-2.3%	-0.1%



- ▲ The number of finalised claims decreased (-2.3%) over the last year to 6,632.

## New to closed claims ratio

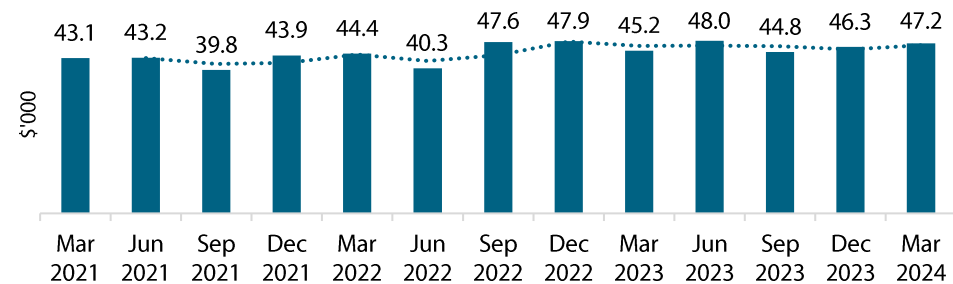
Current	% change over		
	2 years	1 year	6 months
1.03	14.6%	+2.0%	-2.3%



- ▲ New to closed claims ratio compares the number of new claims to the number of closed claims.
- ▲ The new to closed claims ratio increased (+2.0%) over the last year to 1.03, indicating more new claims lodged than claims finalised.

## Average finalised claim cost

Current	% change over		
	2 years	1 year	6 months
\$47,229	+6.4%	+4.5%	+5.4%

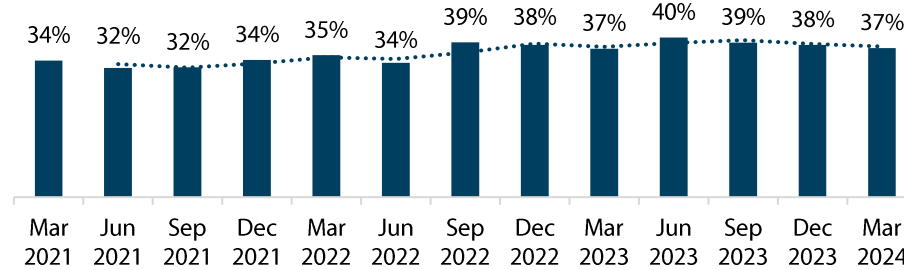


- ▲ The trend for average finalised claim cost increased (+6.4%) over the last two years.
- ▲ The last 12 months show an increase (+4.5%) in the average finalised claim cost.
- ▲ Payments are adjusted for inflation to allow meaningful comparisons over time.

# SERVICE UTILISATION FOR FINALISED CLAIMS

## Proportion of lost-time claims with workplace rehabilitation services

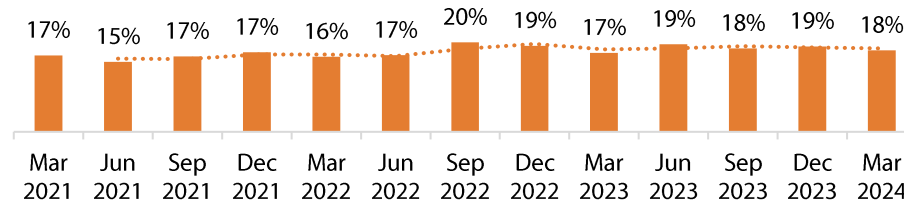
Current	%p change over		
	2 years	1 year	6 months
37%	+1.8%	+0.2%	-1.3%



- ▲ For the Mar 2024 quarter, 37% of lost-time claims had workplace rehabilitation services recorded.
- ▲ The proportion of lost-time claims with workplace rehabilitation services increased (+1.8%p) over two years.

## Proportion of claims with legal payments recorded

Current	% change over		
	2 years	1 year	6 months
18%	1.5%	+0.6%	-0.4%

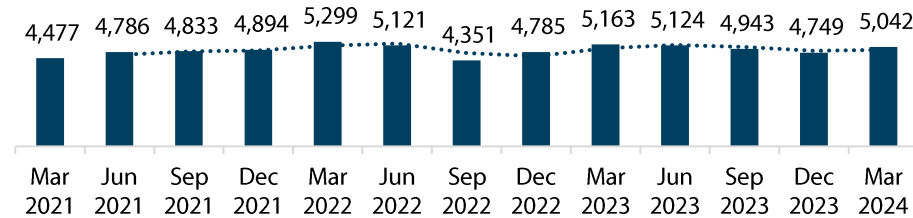


- ▲ The proportion of claims with legal payments increased (+0.6%p) over a year.
- ▲ For the Mar 2024 quarter, 18% of claims had legal payments recorded.

# CLAIMS FINALISED WITH OR WITHOUT LUMP SUMS

## Number of claims finalised without lump sums

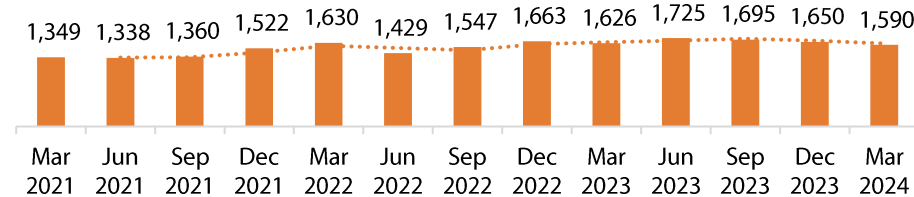
Current	% change over		
	2 years	1 year	6 months
5,042	-4.8%	-2.3%	+2.0%



- Over the six months, the number of finalised claims without lump sums increased (+2.0%).
- The number of finalised claims without lump sum payment stands at 5,042 for the Mar 2024 quarter.

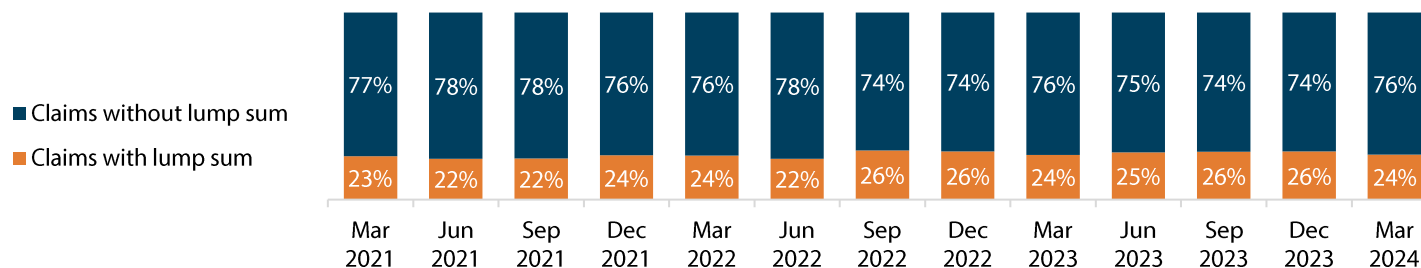
## Number of claims finalised with lump sums

Current	% change over		
	2 years	1 year	6 months
1,590	-2.5%	-2.2%	-6.2%



- The number of finalised claims with lump sums decreased (-6.2%) over six months.
- The number of claims finalised with lump sums payments stands at 1,590 for the Mar 2024 quarter.

## Proportion of claims finalised with or without lump sum



- Since the Mar 2021 quarter, the proportion of claims with lump sums ranges between 22% to 26%.
- Claims without lump sums continue to account for the larger proportion of finalised claims.

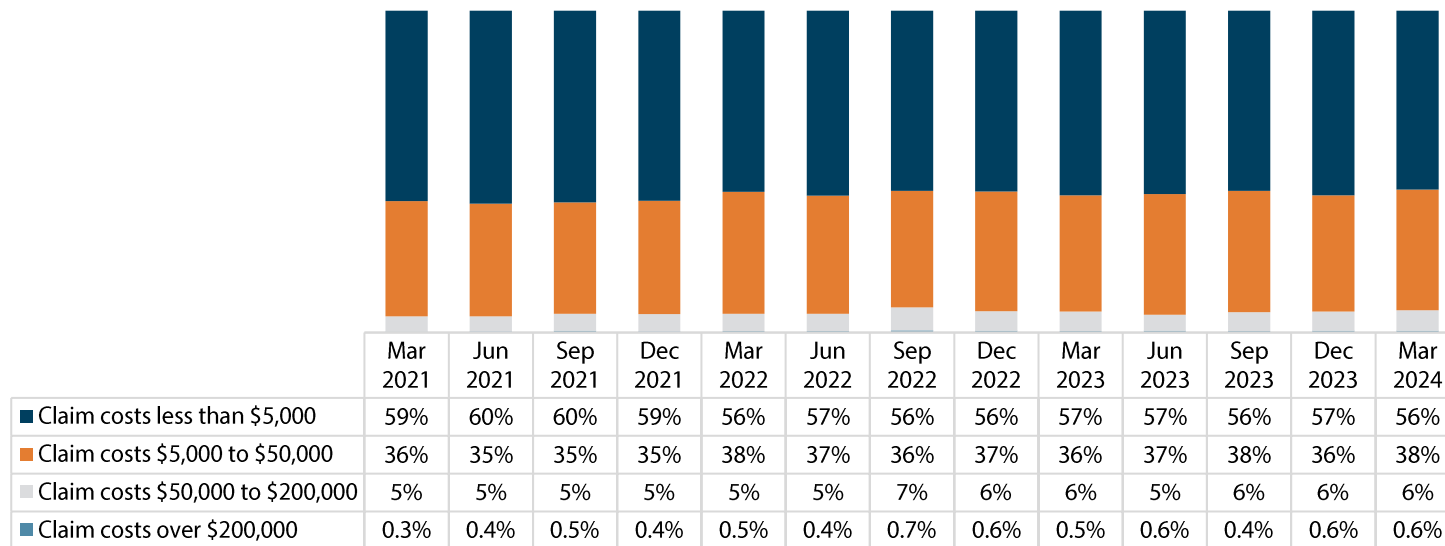


# SCHEME EXITS WITHOUT LUMP SUMS | CLAIM COSTS

## Claims finalised without lump sum – proportion of claims by claims costs

Claims finalised without lump sum	Current	%p change over		
		2 years	1 year	6 months
Claim costs less than \$5,000	56%	-0.7%	-1.8%	-0.4%
Claim costs \$5,000 to \$50,000	38%	-0.4%	+1.5%	-0.2%
Claim costs \$50,000 to \$200,000	6%	+1.0%	+0.3%	+0.4%
Claim costs over \$200,000	0.6%	+0.1%	+0.1%	+0.1%

- ▲ The majority of finalised claims without lump sums cost less than \$5,000.
- ▲ The last two-year period shows this proportion remained stable at 56%.
- ▲ For the current quarter, 38% of finalised claims without lump sums cost between \$5,000 to \$50,000. This is a -0.4%p decrease over the two-year period.

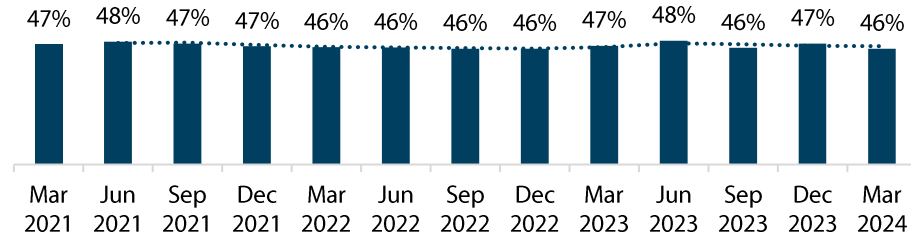


# SCHEME EXITS WITHOUT LUMP SUMS | DAYS LOST

## Claims finalised without lump sums

### No days lost

Current	%p change over		
	2 years	1 year	6 months
46%	-0.5%	-0.9%	-0.2%

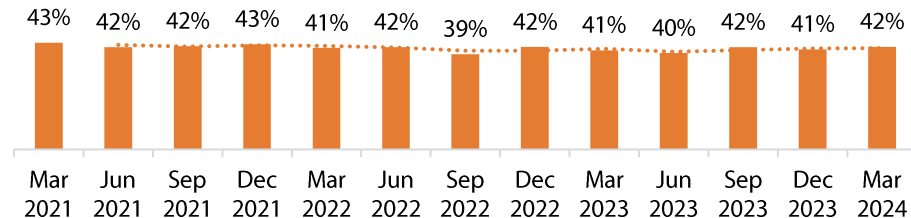


- ▲ In the Mar 2024 quarter, 46% of claims finalised without lump sums had no days lost recorded.
- ▲ In annual terms, the proportion of finalised claims without lump sums and no days lost decreased (-0.9%p).

## Claims finalised without lump sums

### 1 to 59 days lost

Current	%p change over		
	2 years	1 year	6 months
42%	+0.3%	+1.1%	+0.1%

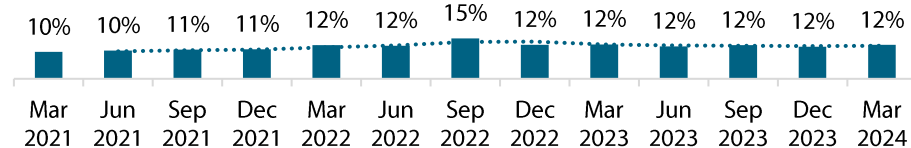


- ▲ The proportion of claims with 1 to 59 days lost accounted for 42% of finalised claims without lump sums in the Mar 2024 quarter.
- ▲ This proportion increased (+1.1%p) over the last year.

## Claims finalised without lump sums

### 60 or more days lost

Current	%p change over		
	2 years	1 year	6 months
12%	+0.1%	-0.2%	+0.1%

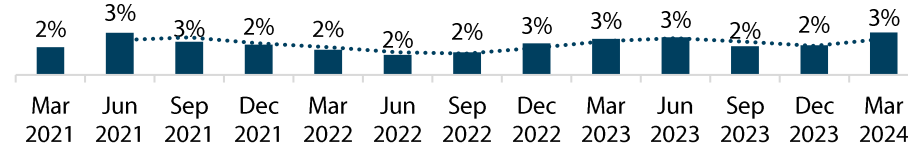


- ▲ Claims resulting in 60 days or more off work accounted for 12% of finalised claims without lump sums in the Mar 2024 quarter.
- ▲ Over three years, this proportion ranges from 10% to 15%.

# SCHEME EXITS WITH LUMP SUMS

## Proportion of claims finalised with lump sum – election registered

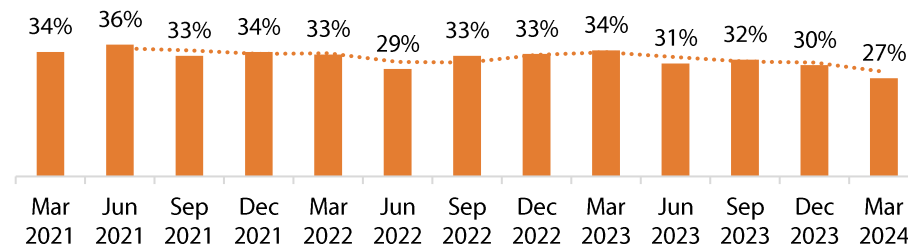
Current	%p change over		
	2 years	1 year	6 months
3%	+1.4%	+0.5%	+1.1%



- ▲ In the current quarter, 3% of finalised claims with lump sums had elections registered.
- ▲ This proportion increased (+0.5%p) over the last year.

## Proportion of claims finalised with lump sum – permanent impairment

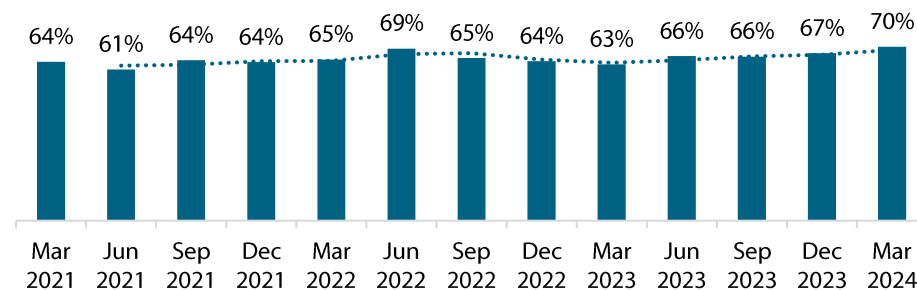
Current	%p change over		
	2 years	1 year	6 months
27%	-6.5%	-7.6%	-5.1%



- ▲ Around a quarter of finalised claims with lump sums were for permanent impairment (Schedule 2).
- ▲ This proportion decreased (-7.6%p) over the last year.

## Proportion of claims finalised with lump sum – general

Current	%p change over		
	2 years	1 year	6 months
70%	+5.1%	+3.3%	+4.0%

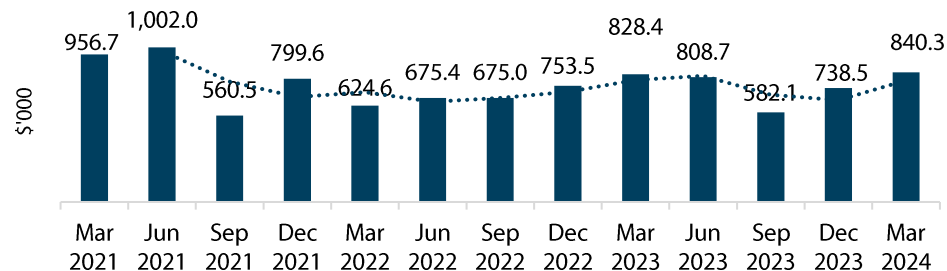


- ▲ The proportion of finalised claims with general lump sum payments was 70% in the current quarter.
- ▲ Over two years, the proportion increased (+5.1%p).

# SCHEME EXITS WITH LUMP SUMS | AVERAGE CLAIM COST

## Average claim cost - finalised claims with lump sum – election registered

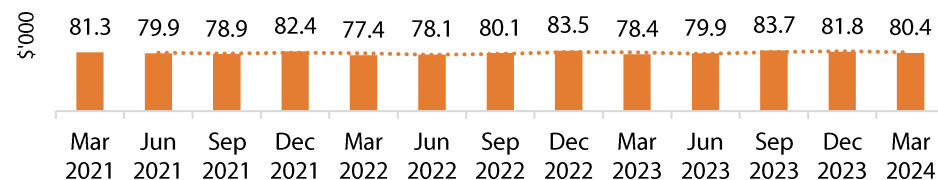
Current	% change over		
	2 years	1 year	6 months
\$840,258	+34.5%	+1.4%	+44.3%



- ▲ The average claim cost for finalised claims with lump sums and election registered is subject to fluctuation due to the small number of claims.
- ▲ In annual terms, the average claim cost for this category increased (+1.4%) to \$840,258 in the Mar 2024 quarter.

## Average claim cost - finalised claims with lump sum – permanent impairment

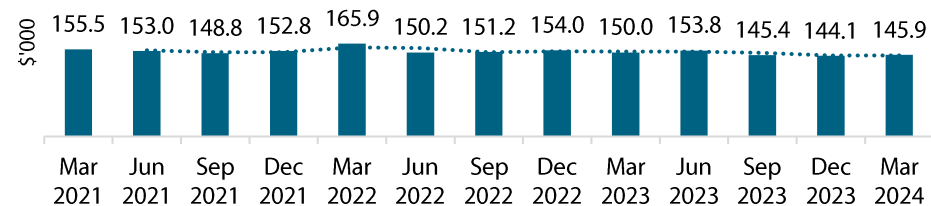
Current	% change over		
	2 years	1 year	6 months
\$80,365	+3.8%	+2.5%	-3.9%



- ▲ The average claim cost for finalised claims with lump sum for permanent impairment (Schedule 2) was \$80,365 in the Mar 2024 quarter.
- ▲ Over six months, the average cost for claims finalised with lump sums for permanent impairment decreased (-3.9%).

## Average claim cost - finalised claims with lump sum – general

Current	% change over		
	2 years	1 year	6 months
\$145,934	-12.0%	-2.7%	+0.3%

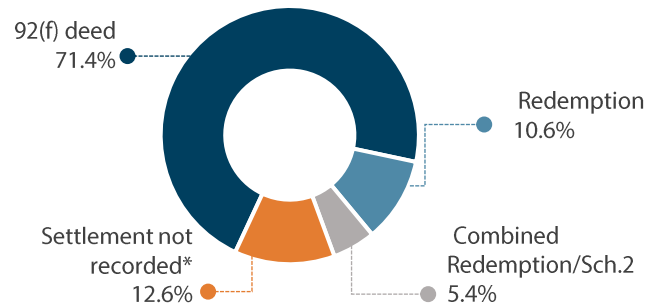


- ▲ In the current quarter, the average claim cost for finalised claims with general lump sums is \$145,934.
- ▲ The average claim cost decreased (-2.7%) from the previous year.

# BREAKDOWN OF LUMP SUM - GENERAL

## Lump sum – general claims finalised in the last four quarters (2022/23 Q4 to 2023/24 Q2)

Lump sum - general	Claims
Section 92(f) deed	3,199
Redemption	477
Combined Redemption/Schedule 2	242
Settlement not recorded*	563

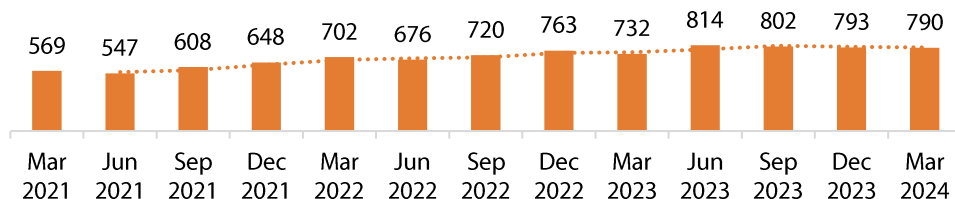


- ▲ The number of Section 92(f) deeds finalised over the last four quarters was 3,199, accounting for more than two-thirds of total lump sum - general claims.
- ▲ Redemptions accounted for 10.6% of total lump sum -general claims over the same period.

\*'Settlement not recorded' are claims with lump sum payments not recorded in the settlement database. Settlements can only be linked to one claim even though a settlement may be for more than one claim. Therefore, these claims are considered as 'Settlement not recorded' and often associated with noise induced hearing loss and industrial disease claims with exposure over a period of time and multiple employers. Claims settled through Section 67 consent order and some fatalities are also categorised in this group.

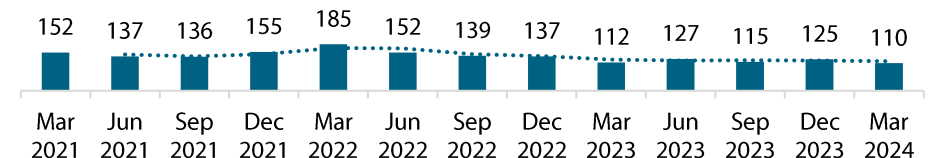
## Number of claims finalised through Section 92(f) deeds

Current	% change over		
	2 years	1 year	6 months
790	+12.5%	+7.9%	-1.5%



## Number of claims finalised through Redemptions

Current	% change over		
	2 years	1 year	6 months
110	-40.5%	-1.8%	-4.3%



# GLOSSARY

**Claim cost**

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

**Finalised claims**

Claims closed during a period (i.e. an initial finalisation date is recorded).

**Lump sum – election registered**

Finalised claim recorded in the settlement database with an election registered.

**Lump sum - permanent impairment**

Finalised claim which had no election registered but recorded as a Schedule 2 settlement in the settlement database.

**Lump sum - general**

Includes Section 92(f) deed settlement, Redemption, Combined Redemption/Schedule 2 and claims with lump sum payment but not recorded in the settlement database.

**%p change over**

Percentage point change measures the difference of two percentage values.

**Section 92(f) deed election application**

Section 92(f) deeds registered following the lodgement of a "Form 34 Election to retain right to seek damages". The worker's injury cannot be deemed less than 15% whole person impairment for these types of settlements.

**Section 92(f) deed no election application**

Section 92(f) deeds registered without the lodgement of a "Form 34 Election to retain right to seek damages".

**Schedule 2 settlement**

A Schedule 2 settlement compensates a permanent impairment based on a fixed formula that measures the type and severity of the permanent injury or illness.