

Scheme Status Report

September 2024

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

workcover.wa.gov.au



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TABLE OF CONTENTS

4 ----- INTRODUCTION	5 ----- OVERVIEW	6 - 14 ▶ ----- KEY INDICATORS	6 - 7 ----- CLAIM NUMBERS
8 - 10 ----- CLAIM PAYMENTS	11 - 12 ----- CLAIM MANAGEMENT	13 ----- CLAIM DISPUTES	14 ----- CLAIM SETTLEMENTS
15 - 20 ▶ ----- LICENSED INSURERS & SELF-INSURERS COMPARISON	15 ----- LICENSED INSURERS & SELF-INSURERS OVERVIEW	16 ----- LICENSED INSURERS & SELF-INSURERS CLAIM NUMBERS	17 ----- LICENSED INSURERS & SELF-INSURERS CLAIM PAYMENTS
18 ----- LICENSED INSURERS & SELF-INSURERS CURRENT CLAIM COSTS FOR OPEN CLAIMS	19 ----- LICENSED INSURERS & SELF-INSURERS CLAIM DURATION	20 ----- LICENSED INSURERS & SELF-INSURERS SETTLEMENT AGREEMENTS	21 - 22 ----- GLOSSARY

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 licensed 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 licensed insurer. Exempt employers are commonly referred to as self-insurers. During the period referenced in this report, there were six licensed insurers and 23 self-insurers operating within the WA workers compensation scheme.

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 licensed insurer within the WA workers compensation scheme, ICWA is considered to be more appropriately grouped with licensed insurers rather than self-insurers.

The *Workers Compensation and Injury Management Act 2023* came into effect on 1 July 2024, replacing the *Workers' Compensation and Injury Management Act 1981*.

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. licensed insurer and self-insurer comparison: detailed information for licensed 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 Mar (Q3) 2023/24 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 NIDS specification found on WorkCover WA's website at workcover.wa.gov.au.

CLAIM NUMBERS p. 6



Total claims lodged
7,404

-0.7% change from previous quarter



Incidence rate
1.11

+2.4% change from previous quarter



Active claims
27,627

-2.1% change from previous quarter

CLAIM PAYMENTS p. 8-10



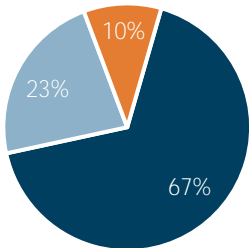
Total payments
\$356.4 m

-6.7% change from previous quarter



Average finalised payment
\$44,582

-4.8% change from previous quarter



- Direct compensation
- Treatment services
- Legal & other services

CLAIM MANAGEMENT p. 12



Median lost-time claim duration
6.6 months

-4.3% change from previous quarter



96.4%
of income claims

Initial liability decision made within
legislative timeframe

DISPUTES p. 13



Dispute applications
534 disputes

-27.3% change from previous quarter



Disputation rate
4.6 disputes
per 100 active claims

-7.0% change from previous quarter

SETTLEMENTS p. 14-15



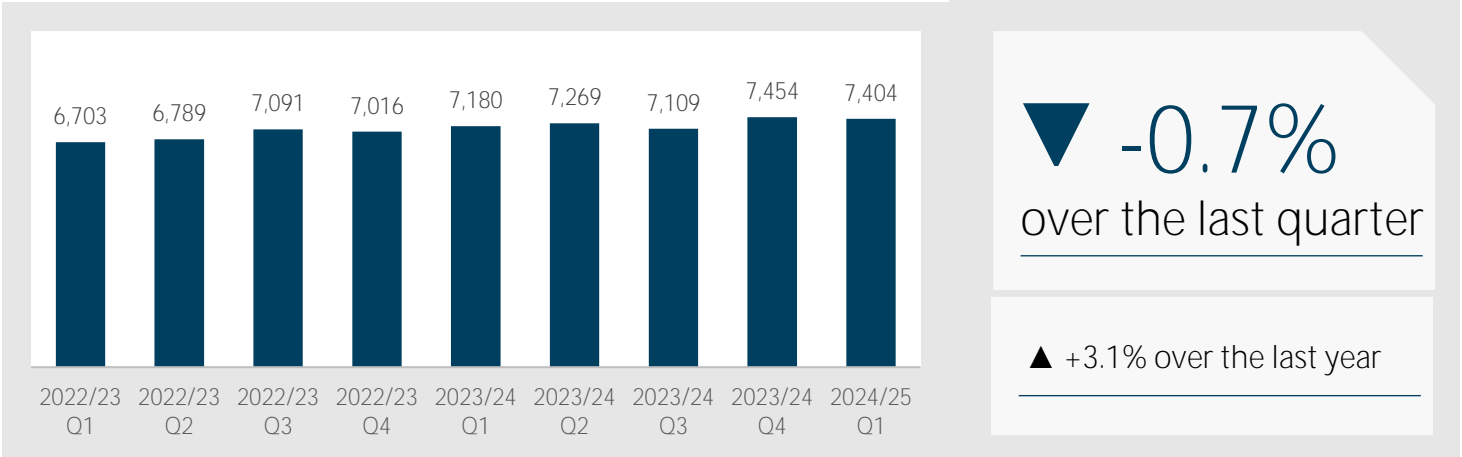
Proportion of claims finalised by
settlement agreement

13.5%

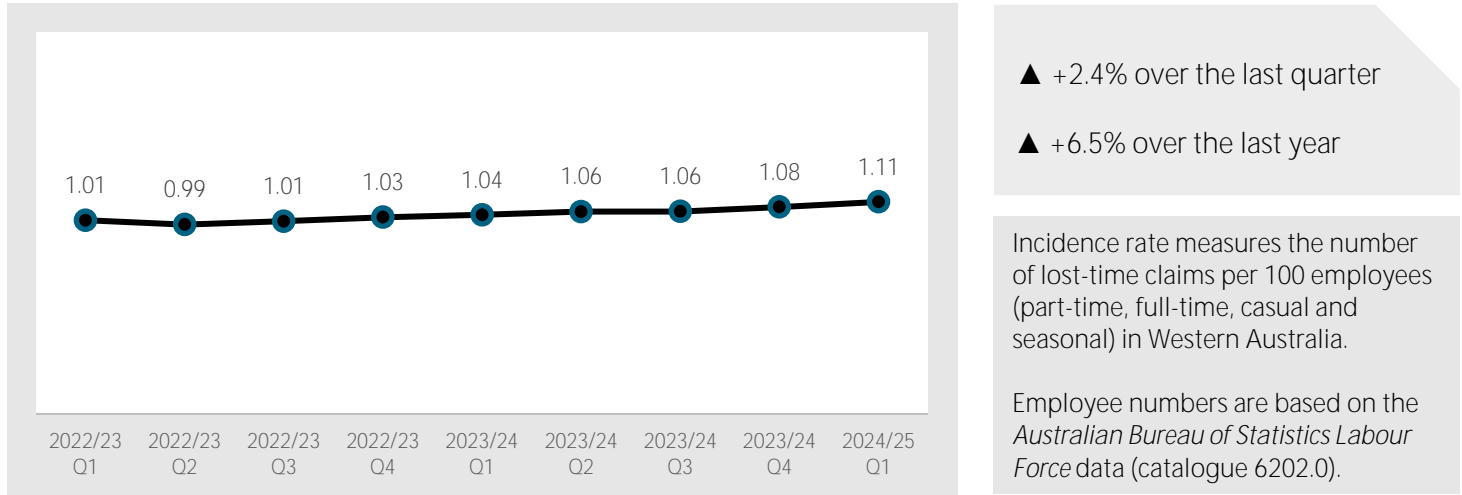
-17.2% change from previous quarter

CLAIM NUMBERS

Total number of claims lodged | by insurer received quarter

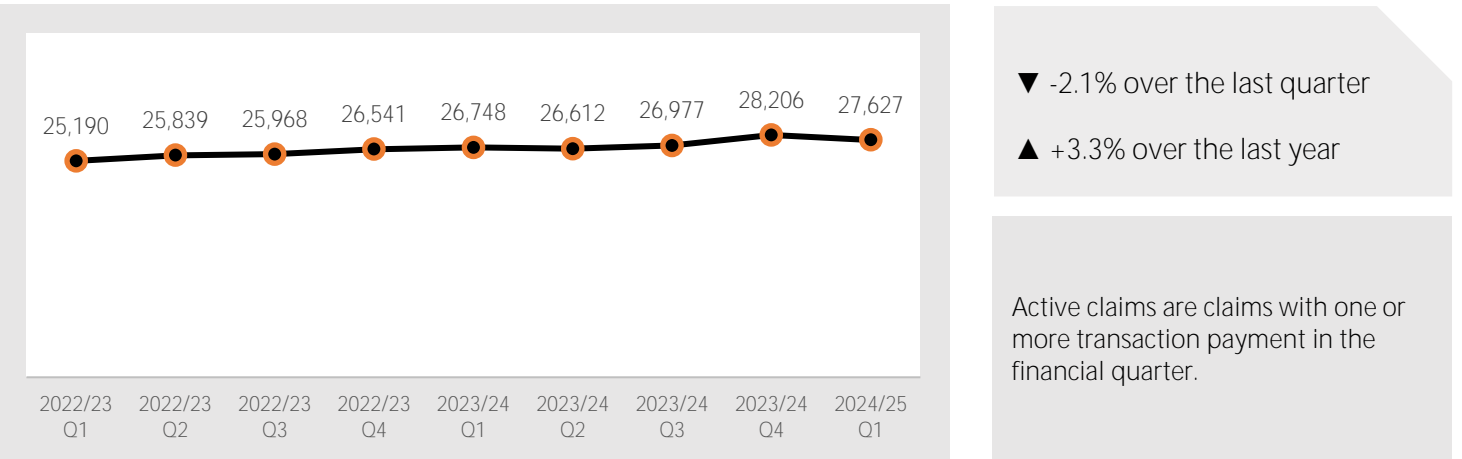


Incidence rate* | number of lost-time claims per 100 employed persons



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

Active claims | by transaction quarter



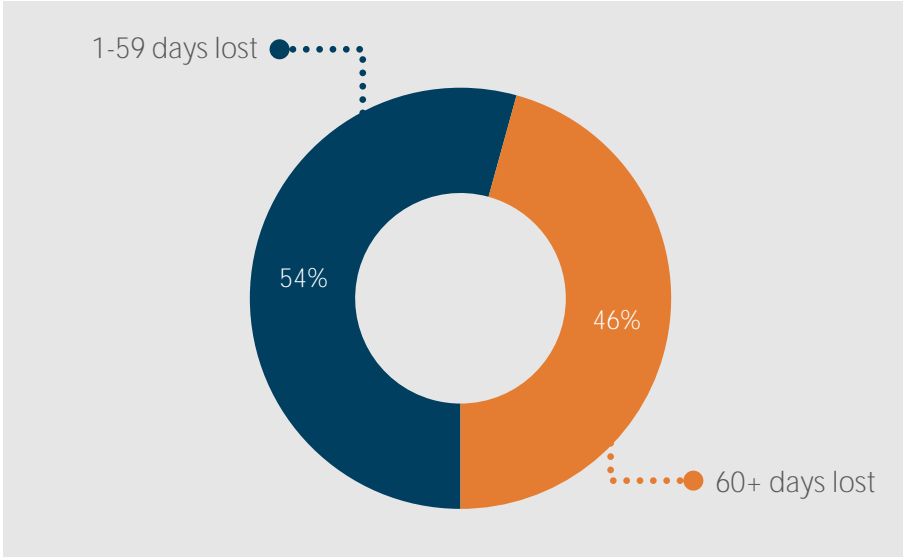
CLAIM NUMBERS

SHORT VS. LONG DURATION CLAIMS | 2023/24 Q3



Indicators on this page refer 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 | 2023/24 Q3

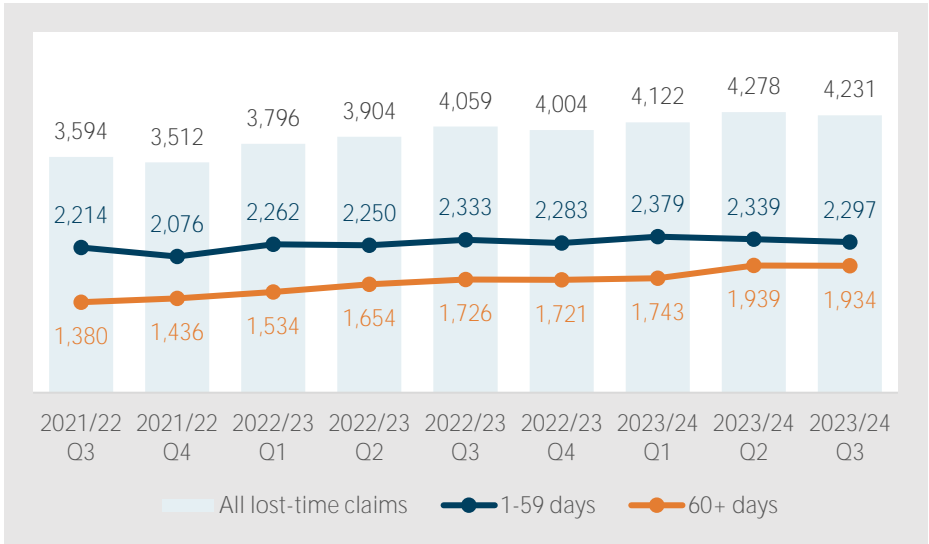


There were 4,231 lost-time claims lodged in Mar (Q3) 2023/24.

Short duration claims accounted for 54% of lost-time claims and long duration claims accounted for 46% of lost-time claims.

Long duration claims increased from 41% to 46% from Mar (Q3) 2021/22 to Mar (Q3) 2023/24. Short duration claims decreased from 59% to 54% over the same period.

Claim numbers | short vs. long duration claims



1-59 days lost

▼ -1.8% over the last quarter

▼ -1.5% over the last year

60+ days lost

▼ -0.3% over the last quarter

▲ +12.1% over the last year

CLAIM PAYMENTS

2024/25 Q1 | AT A GLANCE

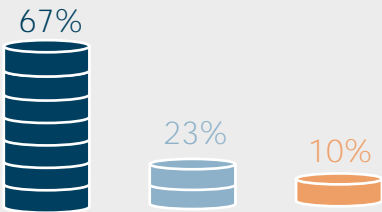


TOTAL PAYMENT TRANSACTIONS
\$356.4 m
▼ -6.7% over the last quarter



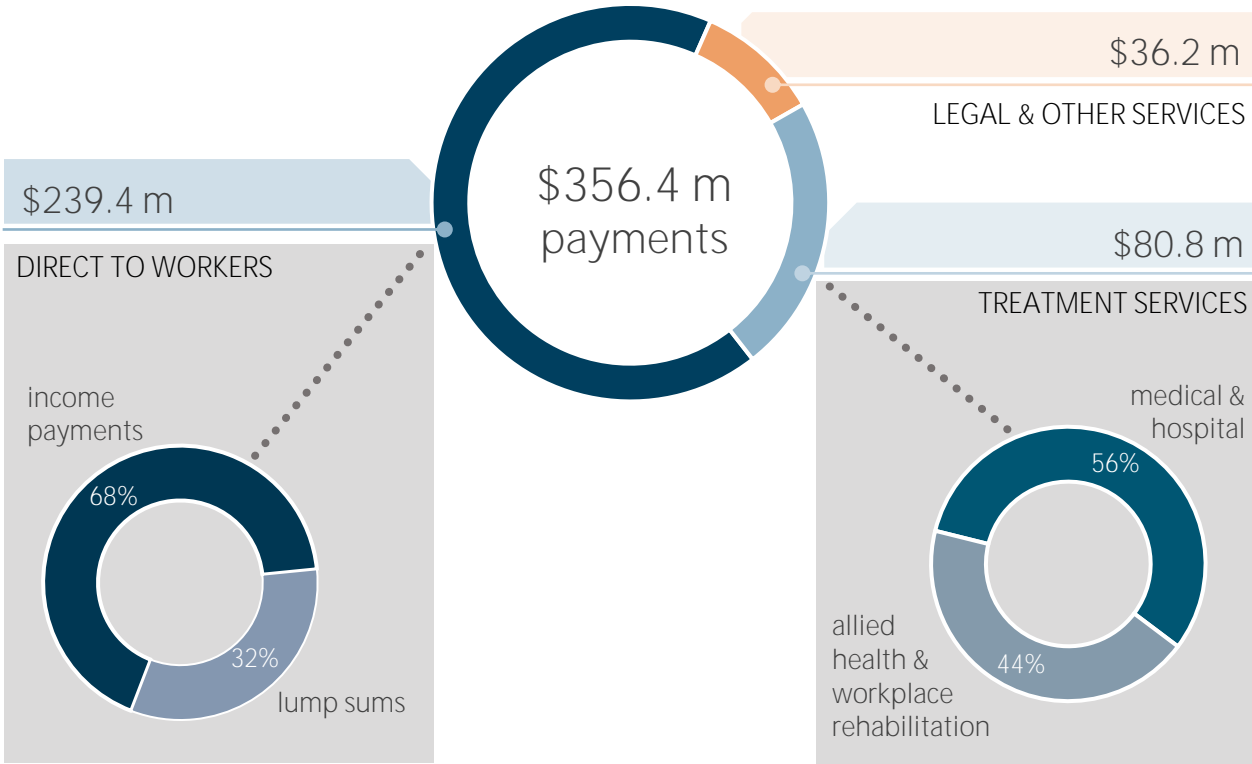
AVERAGE PAYMENT
\$44,582 per finalised claim
▼ -4.8% over the last quarter

TRANSACTION TYPES



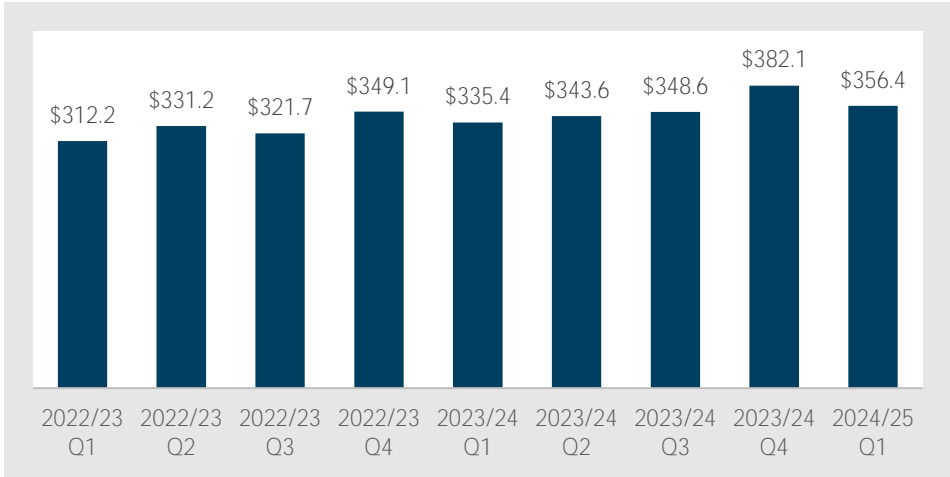
DIRECT TO WORKERS **\$239.4 m**
TREATMENT SERVICES **\$80.8 m**
LEGAL & OTHER SERVICES **\$36.2 m**

TRANSACTION TYPES BREAKDOWN



CLAIM PAYMENTS

Total claim payments | \$million

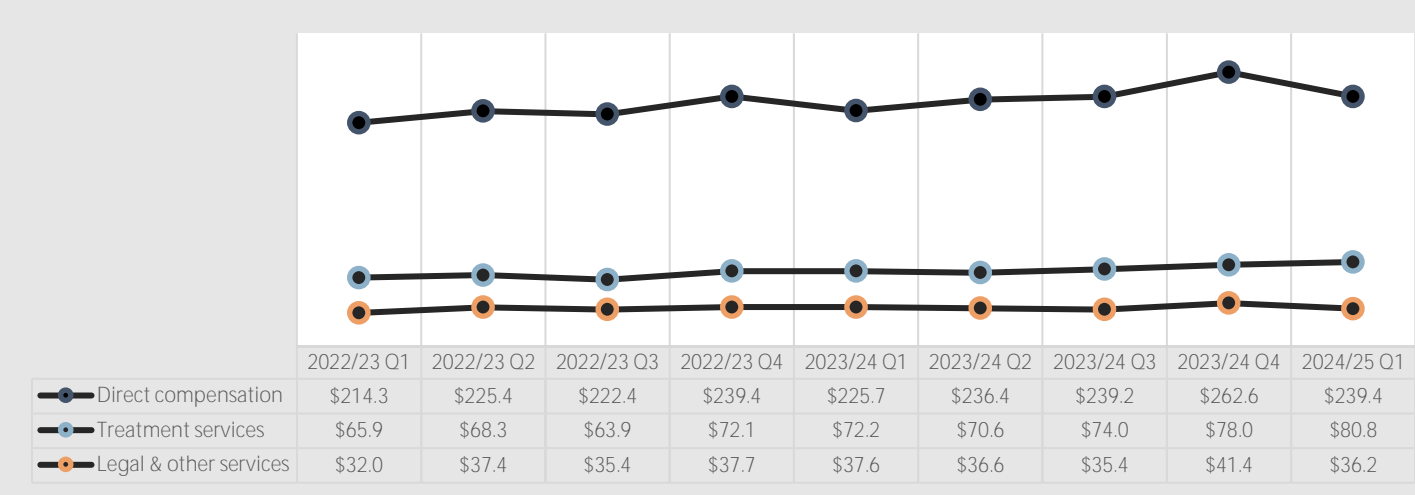


Payments are adjusted for inflation to allow for meaningful comparisons over time.

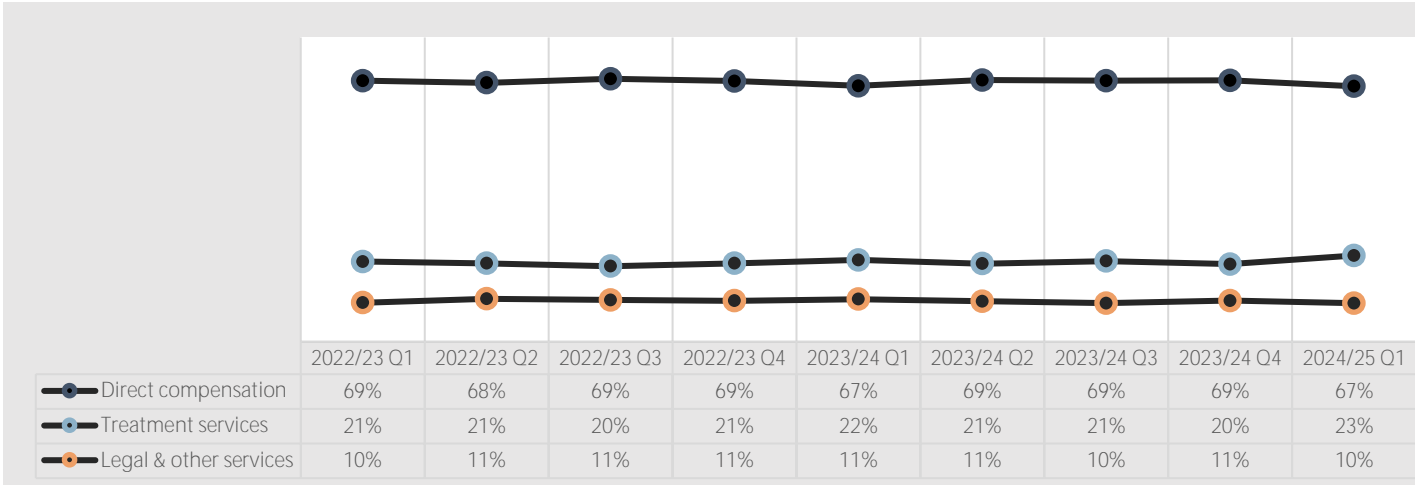
Total claim payments show a **steady to increasing trend** over the reporting period.

- ▼ -6.7% over the last quarter
- ▲ +6.2% over the last year

Claim payments by payment type | \$million

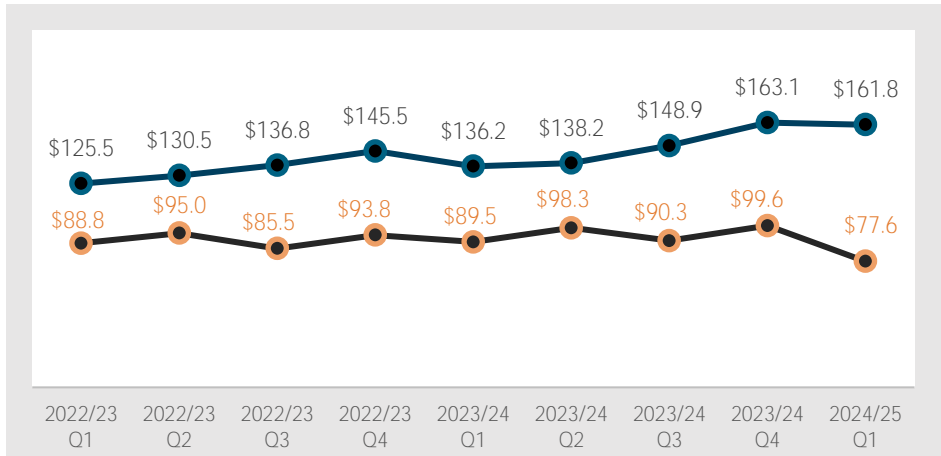


Claim payments | proportion of payment types



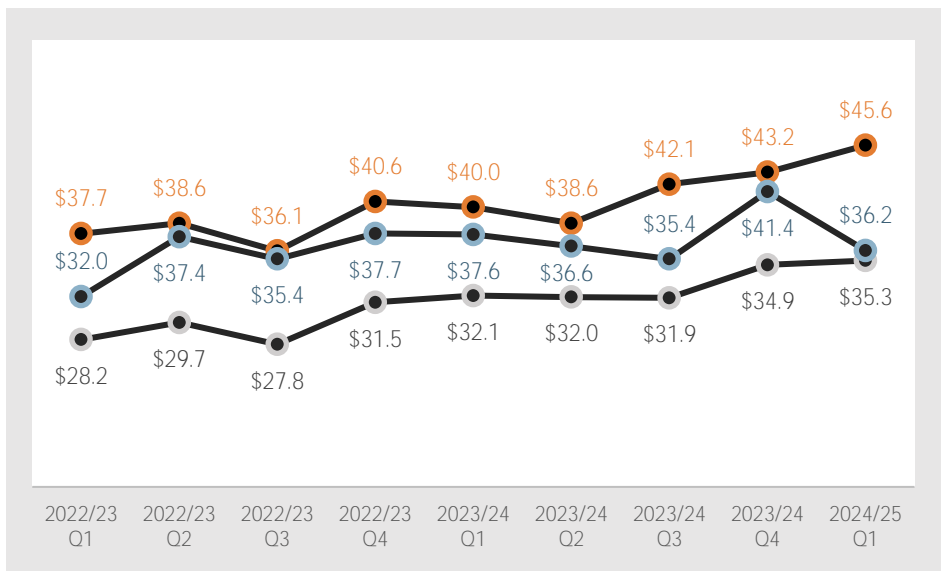
CLAIM PAYMENTS

Payments direct to workers | \$million



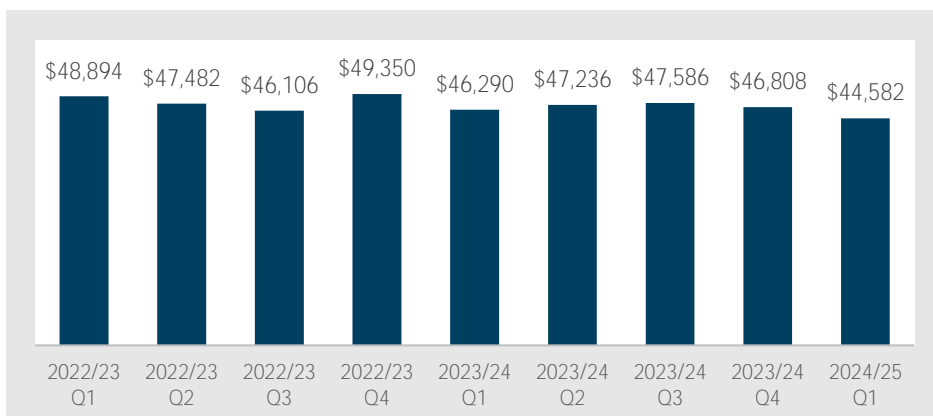
- Income payments
 - ▼ -0.8% over the last quarter
 - ▲ +18.8% over the last year
- Lump sums
 - ▼ -22.1% over the last quarter
 - ▼ -13.3% over the last year

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



- Medical & hospital
 - ▲ +5.6% over the last quarter
 - ▲ +13.8% over the last year
- Legal & other services
 - ▼ -12.7% over the last quarter
 - ▼ -3.8% over the last year
- Allied health & workplace rehab
 - ▲ +1.1% over the last quarter
 - ▲ +9.8% over the last year

Average claim payments | per finalised claim



Average finalised claim payments **decreased** over the last quarter and currently stands at **\$44,582** for Sep (Q1) 2024/25.

▼ -3.7% over the last year

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

2024/25 Q1 | AT A GLANCE



LOST-TIME CLAIM DURATION

MEDIAN 6.6 months ▼ -4.3% over the last quarter ▼ -4.3% over the last year



EMPLOYER LODGEMENT PERIOD
for income claims

injury claims: 18 days
disease claims: 54 days

Employer lodgement period is the time 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 and lodgement of a workers compensation claim with an employer will typically be less for injury than disease claims.

Disease claims usually have a longer latency period with symptoms taking an extended period to appear after exposure.



INSURER LODGEMENT PERIOD
within 7 days

average days: 3.8 days

Insurer lodgement period is the time between an employer receiving a workers compensation claim and lodging the claim with their insurer.

The legislative timeframe is within seven calendar days, and only applies to licensed insurers.



INITIAL LIABILITY DECISION
made within
legislative timeframe

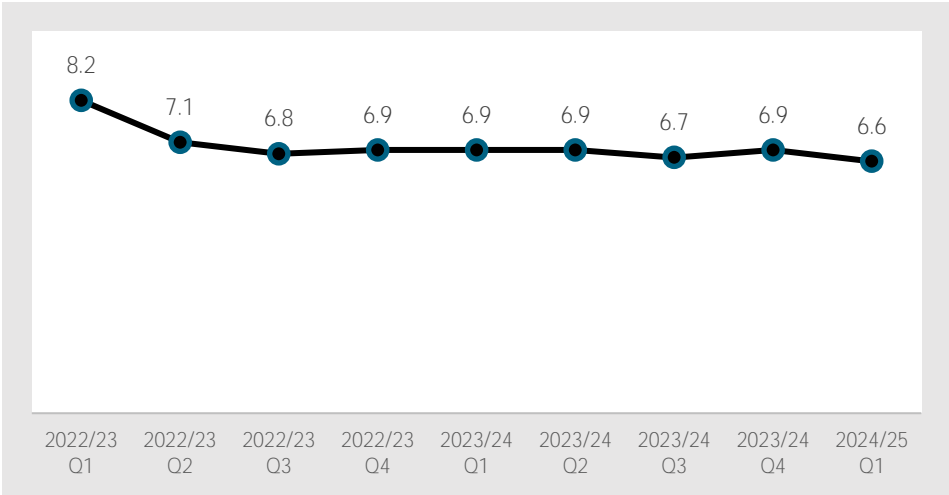
insurer: 97%
self-insurer: 94%

After receiving a worker's compensation claim from an employer, licensed insurers and self-insurers are required to make an initial decision as to whether to accept, not accept, or defer their decision on the liability for the claim within 14 days.

This indicator provides insight as to whether the claim was accepted or not accepted within 14 days.

CLAIM MANAGEMENT

Median lost-time claim duration | months

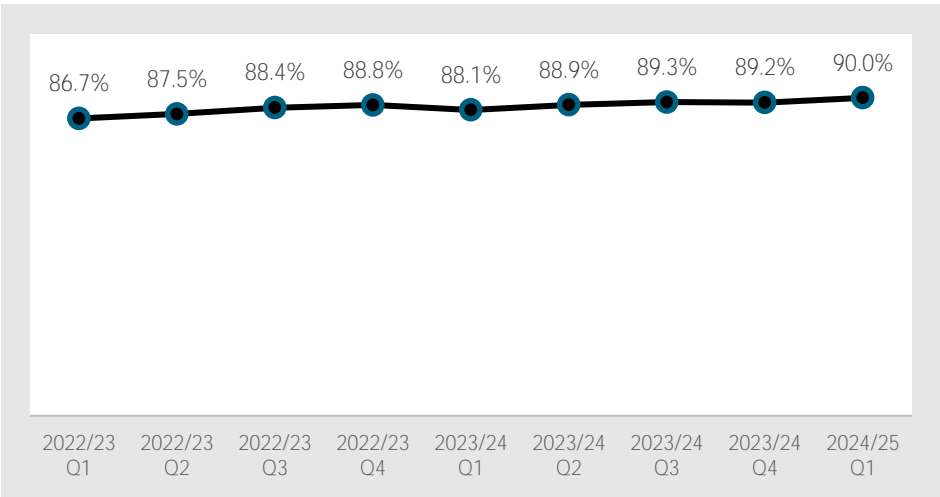


▼ -4.3% over the last quarter

▼ -4.3% over the last year

Over the reporting period, the median lost-time claim duration ranges between **6.6** and **8.2** months.

Proportion of income claims lodgement by insurers | within 7 days

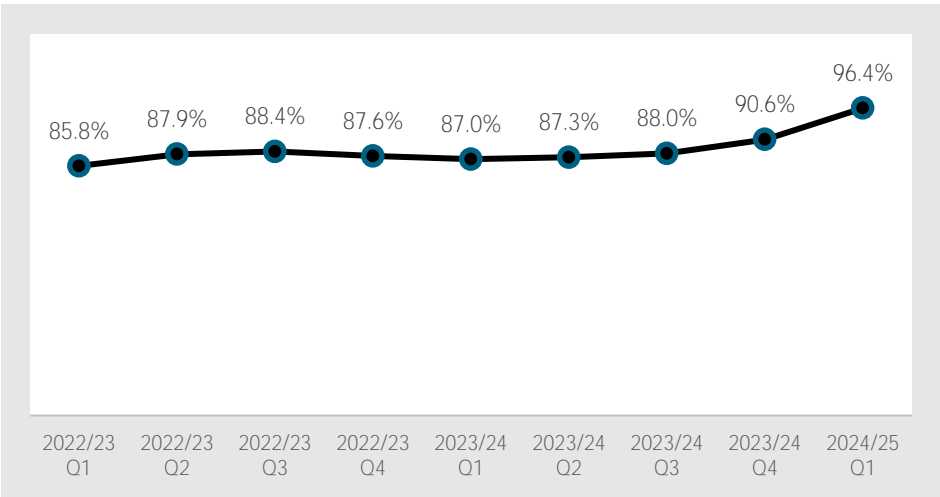


▲ +0.7%p over the last quarter

▲ +1.9%p over the last year

After receiving a worker's compensation claim, an employer is required to lodge the received claim with their insurer within **seven** calendar days (insurer lodgement period).

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



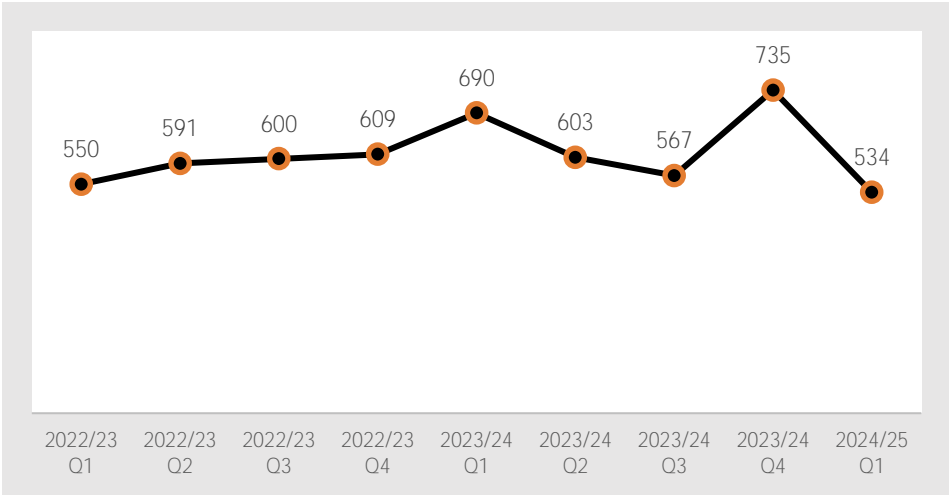
▲ +5.8%p over the last quarter

▲ +9.4%p over the last year

Licensed insurers and self-insurers are required to give a worker a liability decision notice (accept or not accept) or deferred decision notice for the worker's claim within **14** days.

CLAIM DISPUTES

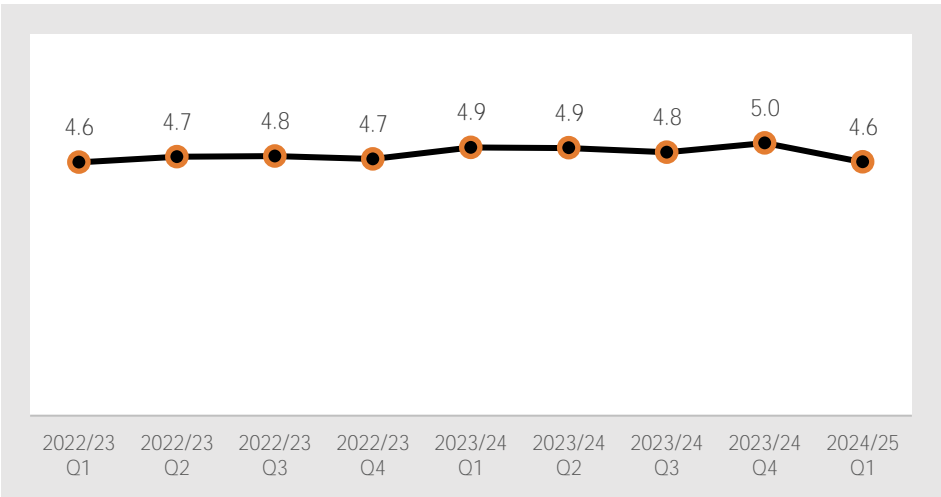
Number of dispute applications | by acceptance quarter



- ▼ -27.3% over the last quarter
- ▼ -22.6% over the last year

Over the quarter, the number of disputes accepted remained stable at **534 disputes**, with a spike in Jun (Q4) 2023/24 coinciding with the conclusion of the previous Act.

Disputation rate* | by acceptance quarter



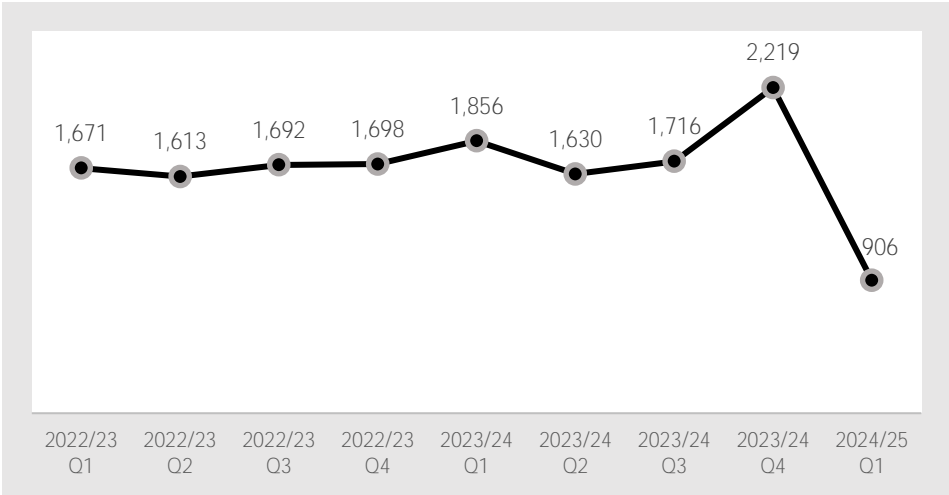
- ▼ -7.0% over the last quarter
- ▼ -5.5% over the last year

For 12 months ending 30 Sep 2024 (2024/25 Q1), the disputation rate was **4.6 disputes** per 100 active claims.

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

CLAIM SETTLEMENTS

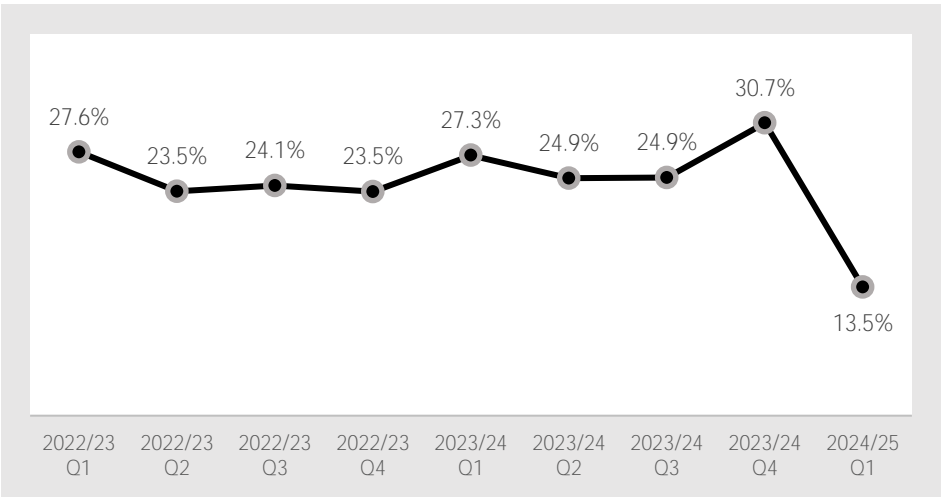
Number of settlement agreements | by settlement recorded quarter



- ▼ -59.2% over the last quarter
- ▼ -51.2% over the last year

For Sep (Q1) 2024/25, there were 906 settlement agreements recorded. These include Memorandum of Agreements and section 92(f) deeds prior to 1 July 2024.

Settlement agreements | as a proportion of finalised claims



- ▼ -17.2%p over the last quarter
- ▼ -13.8%p over the last year

For Sep (Q1) 2024/25, the proportion of claims finalised by settlement agreement was 13.5%, the decrease coinciding with the implementation of the new Act.

LICENSED INSURER & SELF-INSURER COMPARISON

2024/25 Q1 | AT A GLANCE

Licensed Insurer

6,820 claims
92.1%

\$328.6 million
92.2%

\$45,154
per finalised claim

6.4 months

96.6%

13.4%



Claim Count



Claim Payments



Average Payment
Per Finalised Claim



Median Lost-Time
Claim Duration



Initial Liability Decision Within
Legislative Timeframe



Settlement Rate

Self-Insurer

584 claims
7.9%

\$27.8 million
7.8%

\$38,997
per finalised claim

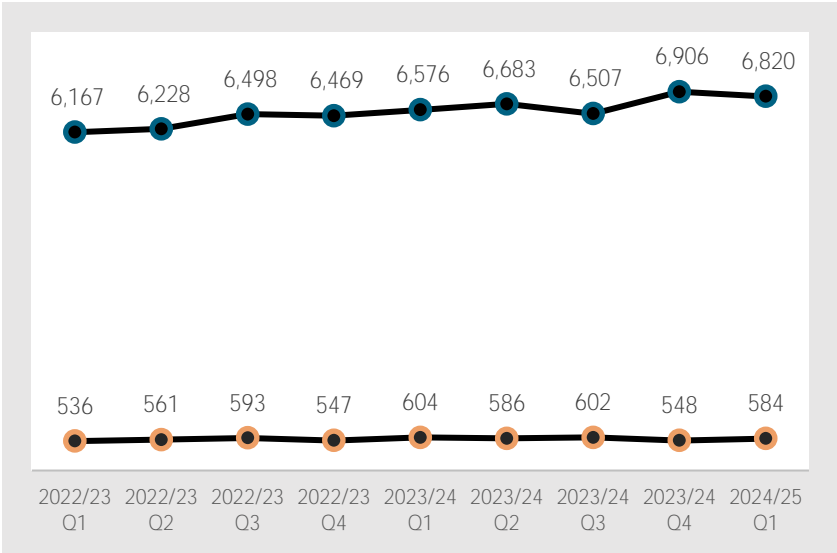
7.9 months

93.5%

13.9%

LICENSED INSURER & SELF-INSURER COMPARISON

Total number of claims lodged

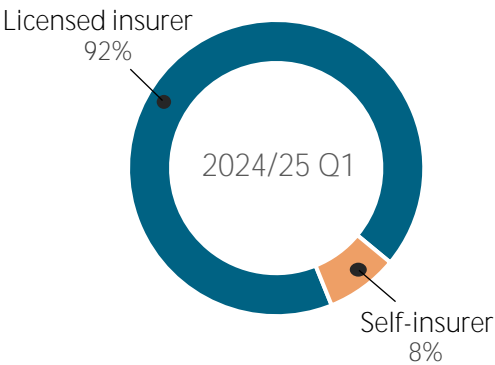
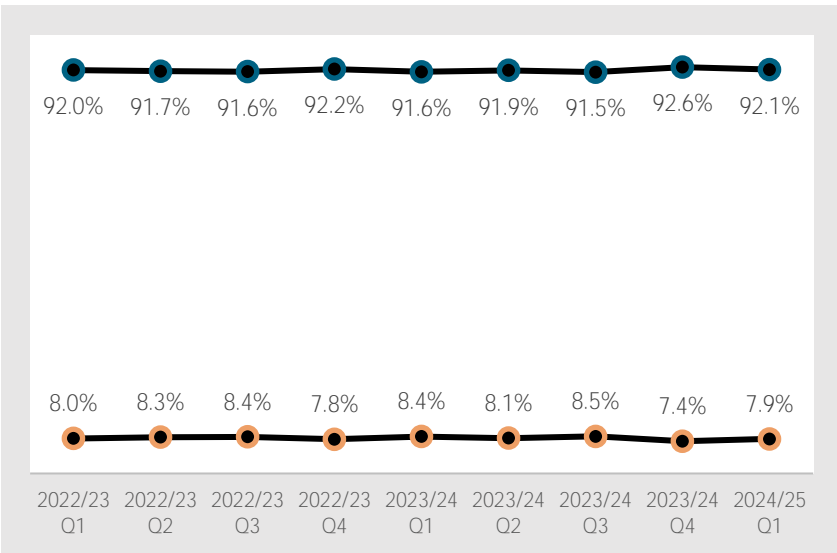


Over the reporting period, there is a steady to increasing trend for claims lodged by licensed insurers and for self-insurers.

Over the last year, the number of claims lodged increased for licensed insurers (+3.7%), however, decreased for self-insurers (-3.3%).

- Licensed insurer
 - ▼ -1.2% over the last quarter
 - ▲ +3.7% over the last year
- Self-insurer
 - ▲ +6.6% over the last quarter
 - ▼ -3.3% over the last year

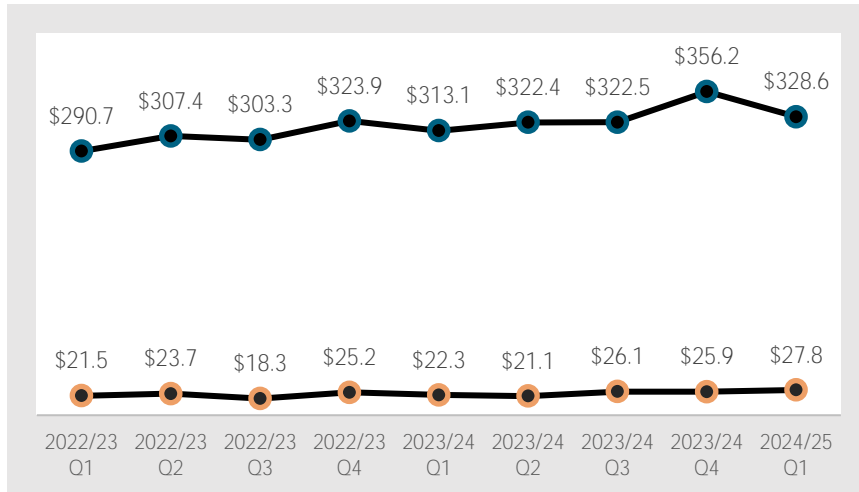
Proportion of claims



- Licensed insurer
 - ▼ -0.5%p over the last quarter
 - ▲ +0.5%p over the last year
- Self-insurer
 - ▲ +0.5%p over the last quarter
 - ▼ -0.5%p over the last year

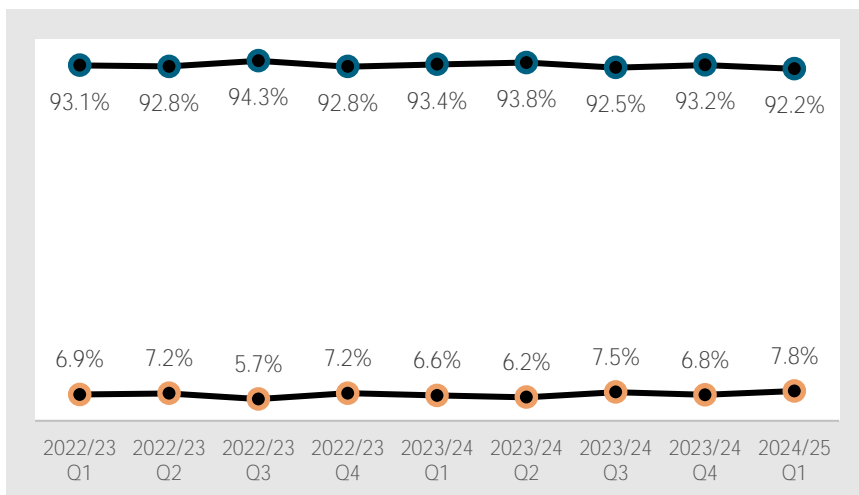
LICENSED INSURER & SELF-INSURER COMPARISON

Total payments | \$million



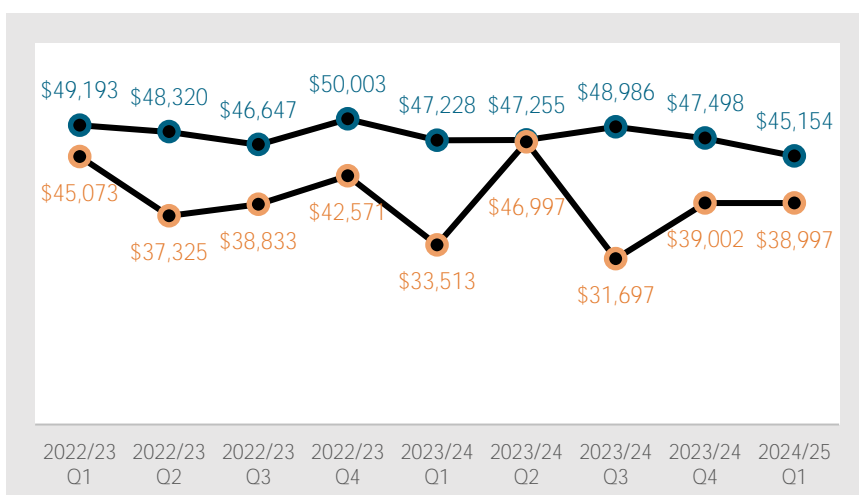
- Licensed insurer**
 - ▼ -7.7% over the last quarter
 - ▲ +4.9% over the last year
- Self-insurer***
 - ▲ +7.1% over the last quarter
 - ▲ +24.5% over the last year

Proportion of payments



- Licensed insurer**
 - ▼ -1.0%p over the last quarter
 - ▼ -1.1%p over the last year
- Self-insurer**
 - ▲ +1.0%p over the last quarter
 - ▲ +1.1%p over the last year

Average claim payments | per finalised claim



- Licensed insurer**
 - ▼ -4.9% over the last quarter
 - ▼ -4.4% over the last year
- Self-insurer***
 - ▼ 0.0% over the last quarter
 - ▲ +16.4% over the last year

* Self-insurers may be subject to greater variation across quarters due to the low number of claims lodged.

LICENSED INSURER & SELF-INSURER COMPARISON

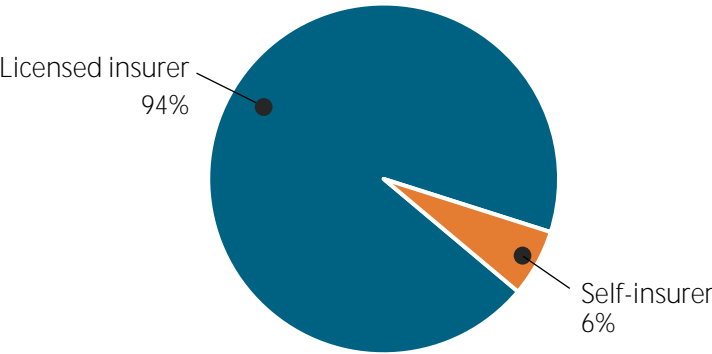
Current claim costs for open claims | Licensed Insurer

Insurer received year	Open claims	Total estimated \$	Actual paid \$	Outstanding estimated \$	% outstanding estimate for all open claims
All earlier years	97	14,626,133	9,759,826	4,866,306	33.3
2015/16	12	2,200,362	1,557,732	642,630	29.2
2016/17	52	10,607,158	7,856,308	2,750,850	25.9
2017/18	58	13,198,655	8,334,424	4,864,230	36.9
2018/19	98	41,261,777	26,849,205	14,412,572	34.9
2019/20	236	85,645,367	52,084,133	33,561,233	39.2
2020/21	462	161,588,132	97,725,401	63,862,732	39.5
2021/22	1,067	309,765,598	173,587,403	136,178,195	44.0
2022/23	2,980	638,870,606	355,901,051	282,969,555	44.3
2023/24	7,157	976,944,802	451,051,458	525,893,344	53.8
Total	12,219	2,254,708,589	1,184,706,942	1,070,001,647	47.5

Current claim costs for open claims | Self-Insurer

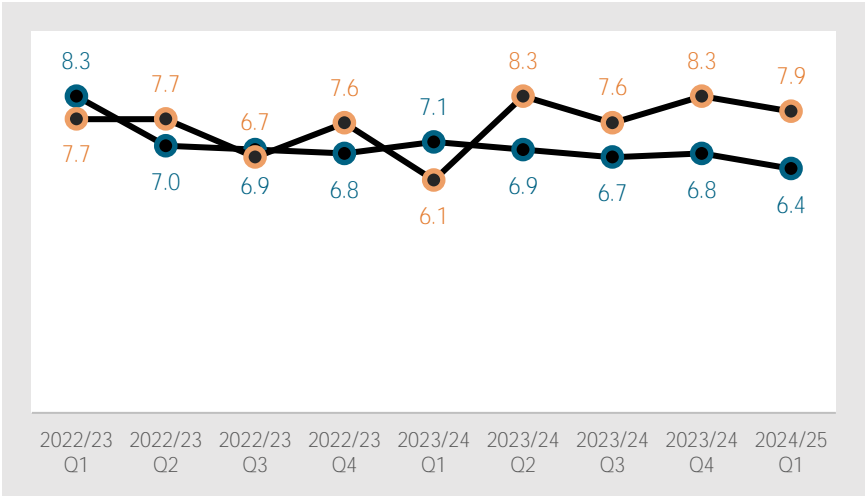
Insurer received year	Open claims	Total estimated \$	Actual paid \$	Outstanding estimated \$	% outstanding estimate for all open claims
All earlier years	7	885,337	641,832	243,505	27.5
2015/16	0	0	0	0	n/a
2016/17	<5	95,117	84,117	11,000	11.6
2017/18	8	1,518,806	997,416	521,390	34.3
2018/19	7	3,739,745	1,931,355	1,808,390	48.4
2019/20	16	3,444,660	2,235,554	1,209,106	35.1
2020/21	36	11,810,687	6,832,835	4,977,851	42.1
2021/22	87	19,185,461	13,568,844	5,616,617	29.3
2022/23	240	43,922,583	28,058,393	15,864,190	36.1
2023/24	660	64,598,529	38,667,702	25,930,828	40.1
Total	1,062	149,200,924	93,018,047	56,182,877	37.7

Proportion of total estimated claim costs for open claims | up to 30 June 2024



LICENSED INSURER & SELF-INSURER COMPARISON

Median lost-time claims duration by initial finalisation | months



self-insurers

On average over the last two years, **licensed insurers** had shorter claim duration (6.8 months) compared to **self-insurers** (7.6 months).

—●— Licensed insurer

▼ -5.9% over the last quarter

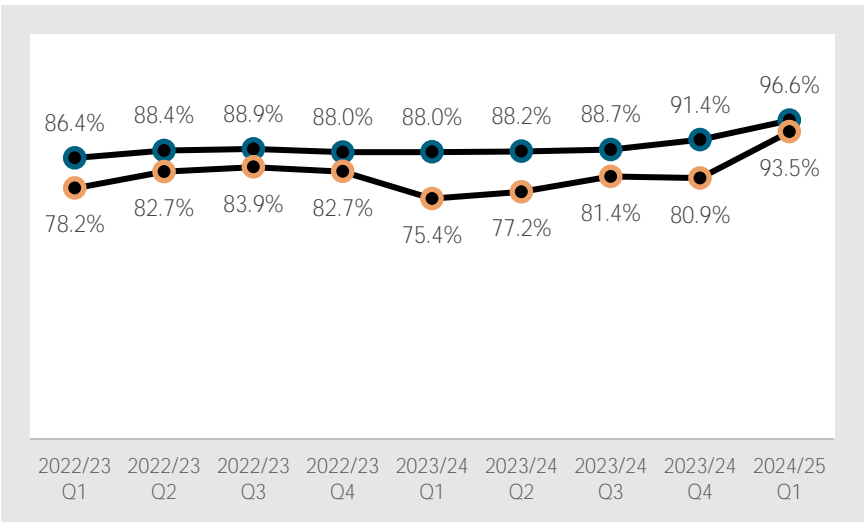
▼ -9.9% over the last year

—●— Self-insurer

▼ -4.8% over the last quarter

▲ +29.5% over the last year

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



legislative time requirement shows an increasing trend over the reference period.

Over the last two years, income claims with liability decisions made within the required time for **licensed insurers** improved from 86.4% to 96.6%, and **self-insurers** from 78.2% to 93.5%.

—●— Licensed insurer

▲ +5.3%p over the last quarter

▲ +8.6%p over the last year

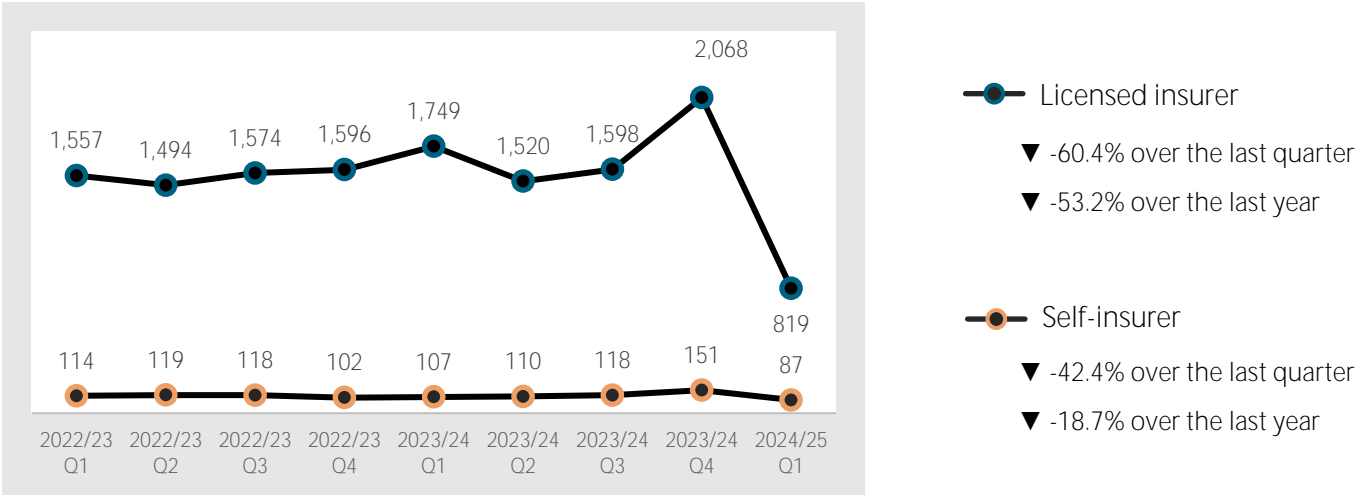
—●— Self-insurer

▲ +12.6%p over the last quarter

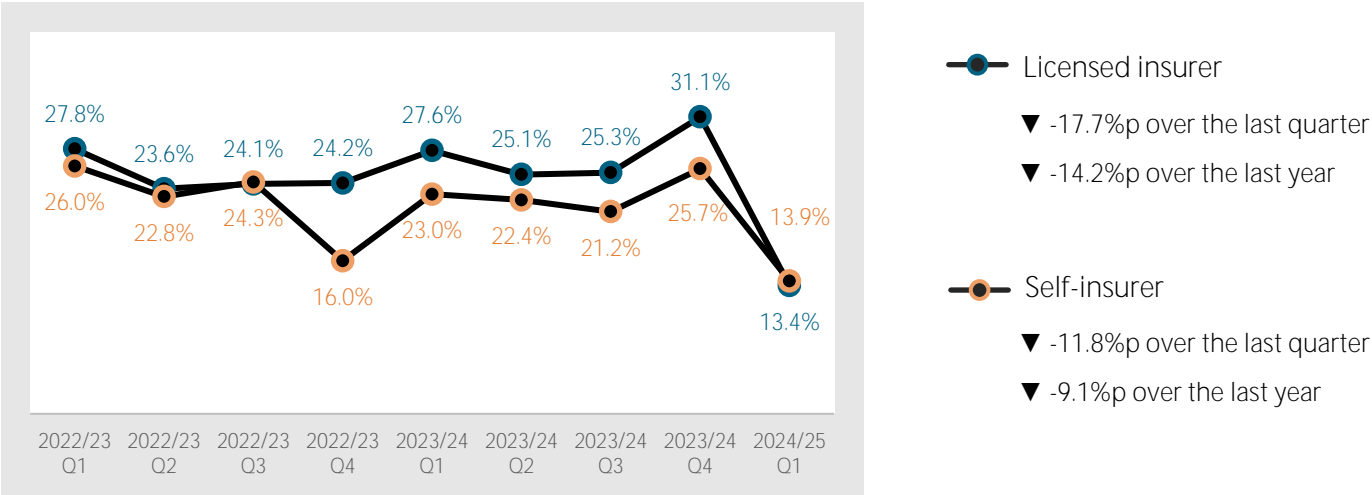
▲ +18.2%p over the last year

LICENSED INSURER & SELF-INSURER COMPARISON

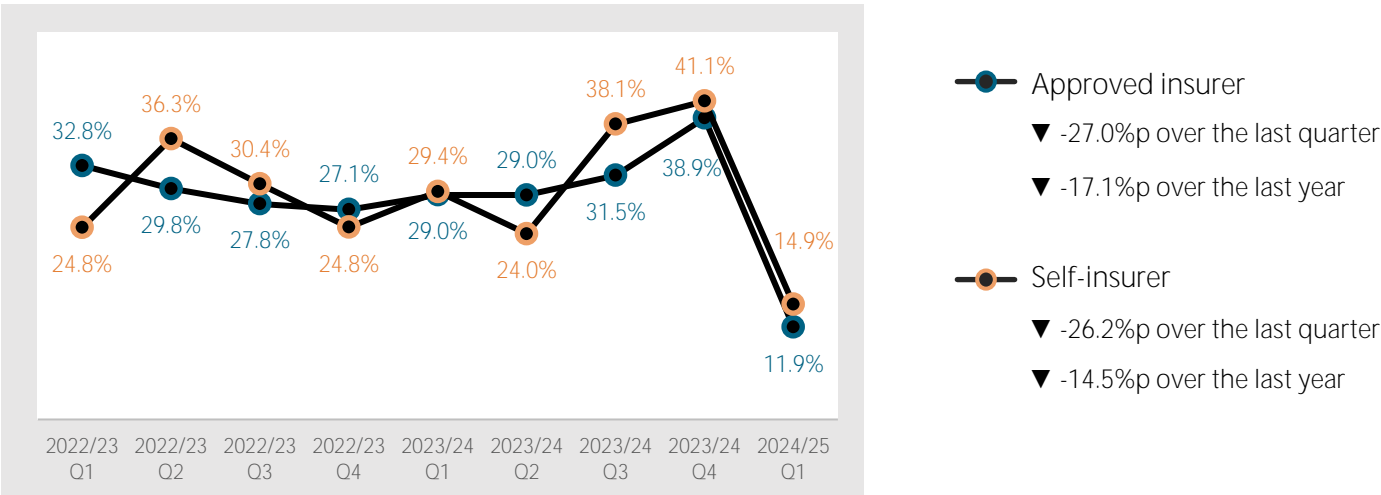
Number of settlement agreements | by settlement recorded quarter



Settlement agreements | as proportion of finalised claims



Settlement agreement payments | as proportion of finalised claim payments



GLOSSARY

TERM	DEFINITION / EXPLANATION
Act	The <i>Workers Compensation and Injury Management Act 2023</i> came into effect on 1 July 2024, replacing the <i>Workers' Compensation and Injury Management Act 1981</i> .
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 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 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: <ul style="list-style-type: none"> - specific injury payments - 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. licensed 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 workers compensation claim by parties involved (e.g. worker, employer, insurer). 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 workers 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.

GLOSSARY

TERM	DEFINITION / EXPLANATION
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).
Initial liability decision for licensed insurers and self-insurers insurers	After receiving a worker's compensation claim from an employer, a licensed insurer/self-insurer within the WA workers compensation scheme is required to make an initial decision as to whether to accept, not accept, or defer their decision on the liability for the claim within 14 days. See section 28 of the <i>Workers Compensation and Injury Management Act 2023</i> .
Initial liability decision period	The number of days between the date the income claim was lodged with the insurer and the first date the insurer made a decision to accept or not accept liability.
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 2023</i>) is required to lodge the received claim with their insurer within seven working days. See section 26 (1) of <i>Workers Compensation and Injury Management Act 2023</i> .
Long duration claims	Workers compensation claims where the work-related injury or 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.
Settlement agreement	A legal instrument which, if registered with the Conciliation and Arbitration Services of WorkCover WA, records a statutory settlement of a workers compensation claim.
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.
Percentage point (%p)	The unit for the arithmetic difference between two percentages points. For example, moving up from 10% to 15% is an increase of 5%p.
Settlement rate	The number of settlements recorded as a proportion of finalised claims.
Transaction quarter	The date a payment was processed.