

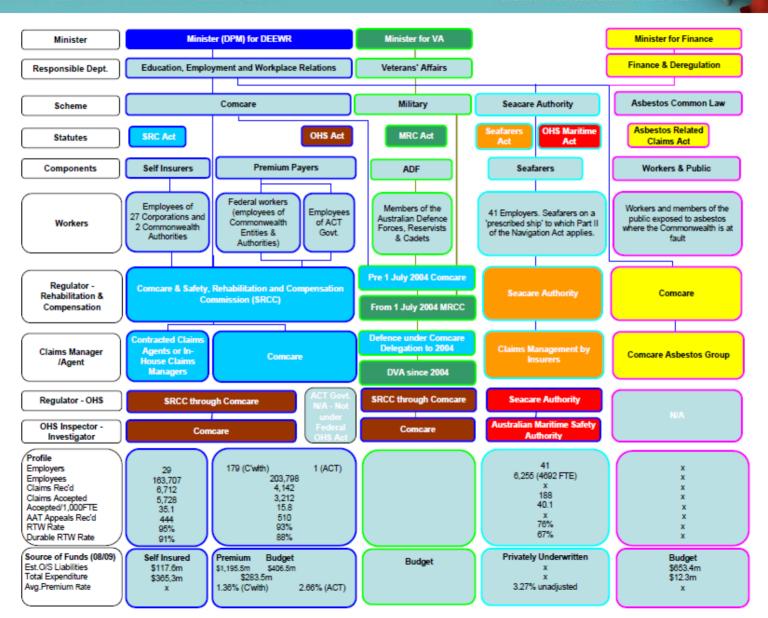


Comcare scheme update 2009

Paul O'Connor

Institute of Actuaries of Australia

Melbourne 22nd - 24th November 2009



Melbourne 22nd - 24th November 2009



Overview



- **Australian Government** Comcare

- One of three federal schemes
- Australia's only national, integrated scheme
- Statutory framework is co-joint responsibility
- Coverage
 - OHS for the Australian Defence Force
 - 367,500 employees
 - 29 self-insurers
 - 185 federal sector premium paying agencies.
- Diversity
 - Industries and occupations
 - Operating environments and risk profiles
 - Special character of federal workforce.

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Licensees









- SRCC has prudential oversight
 - Financial monitoring
 - Liability valuations
 - Provisions based on net central estimates (50% probability)
 - Excess of loss reinsurance above approved retentions
 - Bank guarantees (95% probability)
 - Principal officer certification of adequacy
 - No central fund.

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Performance





- Excellent injury prevention
- Active OHS inspectorate
- Excellent return to work outcomes
- Low standardised premium rate
- Fully funded with strong margins
- Excellent platform for future activity.



Developments

- Scheme review
 - DEEWR and Taylor Fry reports
 - Government response in September 2009
 - Focus federal activity on model safety laws.
- Changes
 - Extension of moratorium on new licensees
 - Strengthened OHS enforcement and guidance
 - Improved claim decision timeframes
 - Reintroduce recess claims
 - Medical and like support during claim suspension.

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Developments



- OHS model safety laws
 - Supporting Safe Work Australia
 - Implementing new framework in the federal jurisdiction
 - Potential state-based OHS regulation of self-insurers
 - Imperative for national consistency
 - Need to avoid 'competitive differentials'.



- Comcare's strategic review for 2015
 - Testing operational and regulatory excellence
 - Benchmarking service delivery
 - Supporting the productivity and social inclusion agendas
 - Partnering with other regulators and accident insurers.





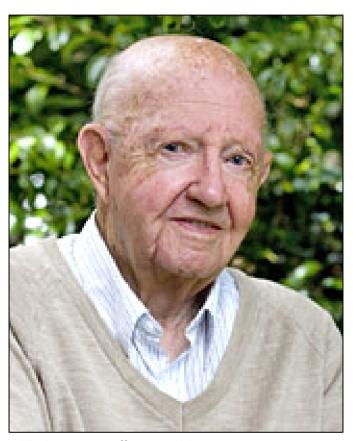
Seacare scheme update 2009

Paul O'Connor

Melbourne 22nd - 24th November 2009



First principles



Sir Owen Woodhouse DSC

- Make workplaces safer

 promoting health,
 safety and welfare as a shared responsibility for mariners and ship owners.
- Caring for injured mariners – helping them cope with change, challenge and disability.



Jurisdiction

- Australia's only national industry-based scheme
- Seafarers employed on 'prescribed ships'
 - engaged in trade or commerce on interstate or intra-territory voyages
 - voyages outside Australia
 - if the 'prescribed ship' is declared under the Navigation Act 1912.
- 'Prescribed ship' (Part II of the Navigation Act applies)
 - Ships registered in Australia
 - Ships otherwise registered and engaged in the coasting trade
 - Ships with a majority of crew Australian residents and operated by Australian based entity.

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Scheme administration



Australian Government

Seafarers Safety, Rehabilitation and Compensation Authority





Regulator

- Seafarers Safety,
 Rehabilitation and
 Compensation Authority
 (Seacare Authority)
- Comcare provides secretariat.

OHS inspectorate

- Australian Maritime
 Safety Authority
- National Offshore
 Petroleum Authority.



Legislative regime

- Seacare Authority establishment:
 - Seafarers Rehabilitation and Compensation Act 1992
- Functions and powers:
 - Seafarers Rehabilitation and Compensation Act 1992
 - Occupational Health and Safety (Maritime Industry) Act 1993
- Administers levies:
 - Seafarers Rehabilitation and Compensation Levy Act 1992
 - Seafarers Rehabilitation and Compensation Levy Collection Act 1992.



Scheme features

- Privately underwritten
- Relatively high premium rates
 - small market
 - high claims incidence
 - generous benefits
 - Lower range of RTW rates.
- Policies can have high excesses.

- Safety Net Fund
 - nominal insurer in event of default
 - Funded by levy on seafarer berths (crew complement)
 - Levy rate (\$15 per berth per quarter)
 - Supported by reinsurance
 - Managed by Comcare for the Seacare Authority.



Benefit structure

- Statutory time limits on claims determination
- Coverage for journey to/from work and recess
- Incapacity payments:
 - 100% of NWE for first 45 weeks
 - 75% after 45 weeks.
- Reasonable medical expenses
- Lump sum compensation
 - Permanent impairment
 - Limited access to common law.
- Dispute resolution
 - Internal reconsiderations
 - AAT and Federal Court of Australia.



Scheme facts

Coverage

- 41 employers
- 6,255 employees (across 4,692 FTEs)
- 21.0 million hours worked (average 64.6 hours per week).

Claims

- 188 compensation claims accepted FY2008/2009
- Adjusted incidence rate 40.1 per 1,000 workers
- Adjusted frequency rate 8.9 per 1,000 workers
- 76% RTW rate
- 67% durable RTW rate.
- 3.27% unadjusted premium rate.

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Challenges



Scheme design

- fragmented model
- Sustainability
- Diseconomies of scale
- Review of federal maritime legislation.

Performance

- OH&S focus
- Deaths and injuries
- Nature of offshore working environment
- Impact of ageing workforce.