



Injury Schemes Seminar*

Balancing Outcomes

10–12 November 2013
Sheraton Mirage Gold Coast

* Formerly the Accident Compensation Seminar



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SYNOPSIS

A NEW WORLD: EMERGING EXPERIENCE IN A POST-REFORM NSW WORKERS COMPENSATION SCHEME

Roland Fan, Harry Haggith, Gary Jeffery

Key words: reforms, June 2012, benefit design, emerging experience, PwC, NSW WorkCover

Purpose of your paper: Using the 2012 NSW Workers Compensation reforms as a case study, we start to answer these questions:

What are the drivers of reform?

How do we learn from emerging experience post-reform?

What are the challenges and opportunities in this 'new world'?

Synopsis: *What are the drivers of reform?*

The June 2012 legislative reforms represented the most significant benefit reforms to the NSW workers compensation scheme since 2001. Challenges through deteriorating claims experience, a continued difficult economic climate, the potential for significant upward pressure on premiums and the need to better support injured workers returning to work were some of the drivers of reform in a scheme under financial pressure.

How do we learn from emerging experience post-reform?

While previous scheme reforms have focused on common law, the benefit design for the June 2012 legislative reforms was more wide-reaching. Costing these reforms required significant actuarial judgment in the face of uncertainty.

A little more than 12 months on, we examine the experience immediately before the reforms and the emerging experience in the post reform world, with some changes having a greater impact than expected.

What are the challenges and opportunities in this 'new world'?

As the Scheme continues to transition into this new world, we also explore some of the key challenges and opportunities faced by NSW WorkCover in delivering a Scheme that supports the state's workers and employers. The renewed focus of the scheme on 'recovery at work' means the relationship between stakeholders is particularly important.



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SYNOPSIS

HOW DOES YOUR SCHEME MEASURE?

Vincent Chen, Hardik Dalal

Key words: scheme measurement, insurers, agents, medical providers, legal providers

Purpose of your paper: To generate discussion and debate amongst injury scheme stakeholders about the level of public disclosure regarding the performance of the main commercial participants' (insurers, agents, medical providers, legal providers) performance in scheme operations.

Synopsis:

Besides the schemes themselves (via regulators etc) the main commercial participants in injury schemes are insurers, claim agents, medical and legal providers. Given their share of the total scheme expenditure is enough information about their performance publically disclosed? This paper analyses the nature of information disclosed by a range of schemes in Australia, compares this to the level of disclosure to selected international schemes and discusses if additional information should be disclosed. This is also consistent with the disclosure theme in the private insurance market with the introduction by Pillar 3 requirements under LAGIC and APRA's proposal earlier this year to make more general insurance data collected non-confidential.



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SYNOPSIS

MEDICAL RATES BENCHMARKING

Bevan Damm, Foo Xin, Jennifer Dang

Key words: medical rates benchmarking, medical costs, medical utilisation

Purpose of your paper: To benchmark medical rates between injury schemes within and between jurisdictions, and assess the potential cost impact of alternate rate structures. This paper will outline areas of further investigation/action that could be considered by schemes.

Synopsis: This presentation will outline differences in medical schedule rates of injury schemes in different jurisdictions and the concomitant cost impacts on a base scenario. Consequences and cost impacts of scheme features will be discussed.

This presentation will outline pros and cons of a national schedule of benefits and assess the difficulties in achieving such a system.

This presentation will also describe differences in activities of medical providers, regulatory structures of each scheme and potential utilisation of medicals and attendant care. It will also consider the data collected from each scheme and outcome measurement requirements for medical providers.

In identified areas of differences, we will outline options for further investigation or action for each scheme to improve scheme performance and medical outcomes for present/future claimants.

The analysis will be conducted on publicly available information published by the schemes, other information provided by the schemes and via interview with scheme managers.



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SYNOPSIS

SUPPORT AND COMPENSATION – LESSONS FROM VICTIMS OF CRIME

Peter Hardy, Ben Edwards, Andrew Ngai, Betty Chan

Key words: victim compensation, victim support, violent crime,

Purpose of your paper: To increase awareness of victims compensation and support schemes as an example of non accident compensation schemes relevant to actuaries.

Synopsis: Victim's compensation and support schemes play an important role in rehabilitating victims of violent crimes. While these schemes often receive limited air time, they are increasingly relevant to the broadening health and wellness focus of injury support schemes.

Our paper highlights:

- The role of victim's compensation and support schemes in assisting victims of violent crime.
- The support and compensation these schemes offer.
- The challenges faced by these schemes and parallels with conventional injury support schemes.



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SYNOPSIS

CONSIDERATIONS IN MOVING FROM A THIRD PARTY FAULT BASED CTP SCHEME TO A FIRST PARTY NON-FAULT SCHEME

Vivian Tse, Peter McCarthy, Merry Tang

Key words: First party, Third party, premium system, fault, no fault

Purpose of your paper: To assist CTP scheme regulators, managers and scheme stakeholders identify and address the issues that need to be considered in moving from a third party fault based CTP scheme to a first party no-fault CTP scheme.

Synopsis:

Moving from a largely third party fault based scheme to a first party no-fault based scheme in a privately underwritten environment will present a range of challenges that need to be dealt with in the design of the scheme.

This paper identifies the matters that need to be addressed and the options that can be considered. We consider:

- The impact on how claims are reported
- Which insurer bears the cost of claims
- Relationships between insurer and claimants
- Impact on claims management
- Premium rating issues
- Issues of premium affordability
- Transition of the scheme, and
- Other aspects.



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SYNOPSIS

FROM INSURANCE TO SOCIAL WELFARE AND BACK: A LOOK AT BEST PRACTICE IN LIABILITY MANAGEMENT

Hugh Miller and Richard Brookes

Key words: Liability management, segmentation, case estimation, social welfare, KPIs

Purpose of your paper: To describe a framework of management control that spans the aggregate, operation and tailored intervention levels. It will draw on our experience on workers compensation, CTP and social welfare.

Synopsis: There are many dimensions to effectively managing an injury scheme, even when restricting attention to management of the liabilities:

- Understanding **aggregate** trends and apportionments
- Identifying key operational **segments** of the liability and setting up appropriate KPIs for these
- Recognizing the drivers of cost at an **individual** level and ensuring interventions are tailored and appropriate.

Taylor Fry has been assisting the New Zealand government in implementing these key ideas from insurance liabilities in a social welfare context – how to best manage the future cost of future unemployment, sickness and other benefits to the general population. This enables management to make better decisions, such as understanding the long term implications of potential policy reforms.

However, our experience in NZ welfare has reminded us that there are many areas where insurance operations can continue to improve. In particular, there is progress to be made in establishing a framework where liability management and operation are tightly integrated and working together at all levels of injury management. This paper aims to describe such a framework and progress towards it in both injury schemes and social welfare.