

# Injury Schemes Seminar

Balancing Outcomes

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# How does your scheme measure?

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# Agenda

- Background
- Purpose
- Our approach
- Australian scheme findings
- International scheme findings
- What else could be publically disclosed?
- Pros and cons of additional disclosures
- What next?



# Background

- Schemes aim to operate on a “commercial” basis
- Private insurers have Pillar 3 disclosure requirements under LAGIC
- APRA proposes to make to make more general insurance data collected non-confidential
  - Such as income statement, balance sheet, capital risk charges
- Overseas schemes are perceived to provide “more” disclosure about participants

**Emerging theme of more disclosure?**



# Purpose

## Generate discussion and debate amongst stakeholders

- Discuss level of public disclosure about the performance of key service providers:
  - Insurers
  - Agents
  - Treatment, rehab and care providers
  - Legal providers
- Compare Australian schemes to overseas schemes



# Approach

- Review select sample of Australian schemes
- Different scheme structures

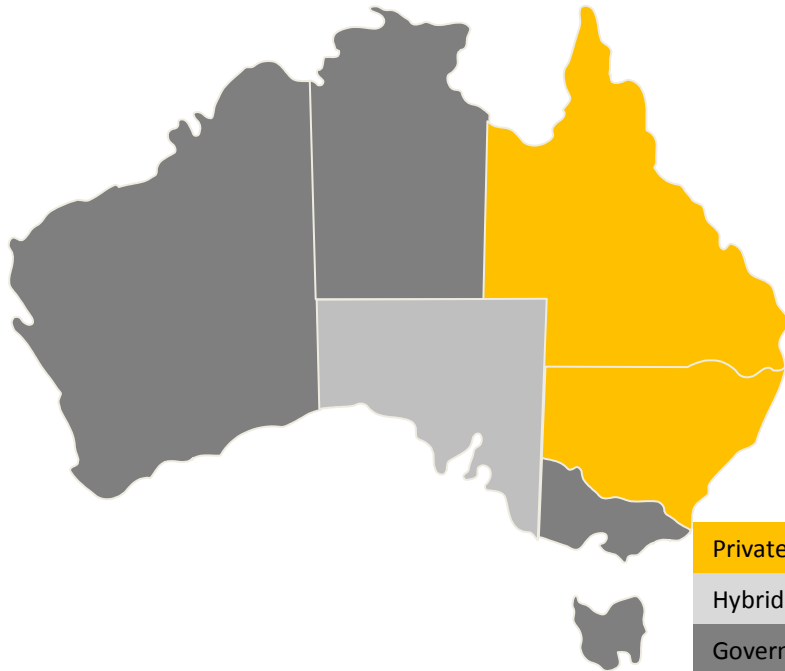


- Review similarly structured overseas schemes
- Identify differences between Australian and overseas schemes and determine what else could be disclosed

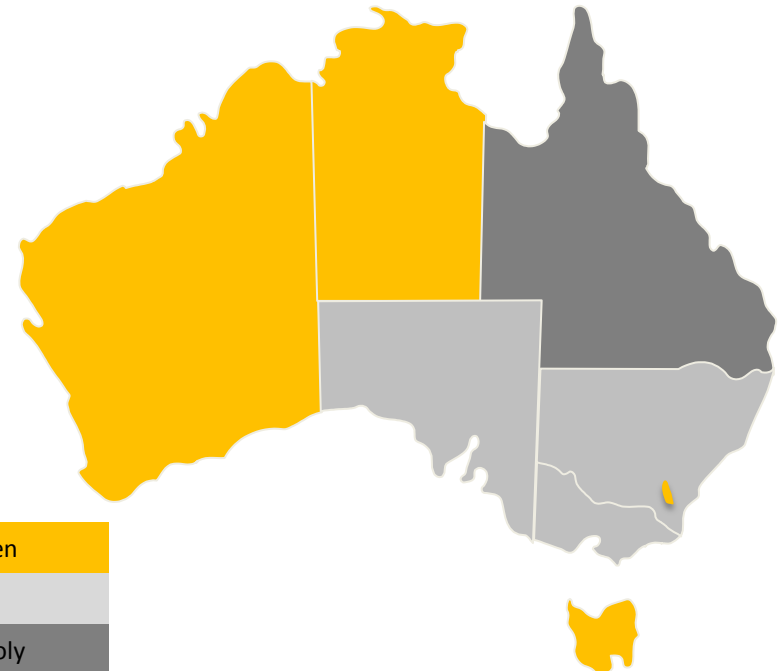


# Scheme structure recap

## CTP



## Workers Comp



Privately Underwritten

Hybrid schemes

Government Monopoly



# What could be publically disclosed?

Insurers/agents	Treatment, rehab and care providers (MP)	Legal providers (LP)
Price	Prescribed rates	Prescribed rates
Profitability	Actual charged rates	Actual charged fees including party/party
Efficiency value of coverage	Service categories available	Success rate
Claims management performance <ul style="list-style-type: none"> <li>• RTW</li> <li>• Time to settlement</li> </ul>	Injury recovery rate	% of settlement amount received by claimant
Disputation rate		
Remuneration performance		



# AUSTRALIAN SCHEMES





# Government monopoly

Metric	CTP	Workers Comp
MP and LP prescribed rates	✓	✓
MP injury recovery rate	✗	✗
LP success rate	✗	✗
LP - % of settlement received by claimant	✗	✗



# Hybrid schemes

	CTP	Workers Comp
Agent RTW rates / time to settlement	X	✓
Agent disputation rate	X	X
Agent remuneration performance	X	X
MP and LP prescribed rates	X	✓
MP injury recovery rate	X	X
LP success rate	X	X
LP - % of settlement received by claimant	X	X

MP = medical providers; LP = Legal providers



# Privately underwritten

	CTP	Workers Comp
Insurer price	✓	✗
Insurer profitability	✗	✗
Insurer efficiency value	✗	✗
Insurer RTW rates / time to settlement	✓	✓
Insurer disputation rate	✗	✗
MP and LP prescribed rates	✓	✓
MP injury recovery rate	✗	✗
LP success rate	✗	✗
LP - % of settlement received by claimant	✗	✗



# Should the level of disclosure be different?



# OVERSEAS SCHEMES



# USA – Government Monopoly

	Workers Comp
MP and LP prescribed rates	✓
MP injury recovery rate	✗
LP success rate	✗
LP - % of settlement received by claimant	✗



# USA – Privately underwritten

	Workers Comp
Insurer price	✓
Insurer profitability	✗
Insurer efficiency value	✗
Insurer RTW rates / time to settlement	✗
Insurer disputation rate	✗
MP and LP prescribed rates	✓
MP injury recovery rate	✗
LP success rate	✗
LP - % of settlement received by claimant	✗



# Canada – Government Monopoly

	Workers Comp	CTP
MP and LP prescribed rates	✓	✗
MP injury recovery rate	✗	✗
LP success rate	✗	✗
LP - % of settlement received by claimant	✗	✗





# WHAT DOES THIS MEAN



# What else could be publically disclosed?

## Insurers/agents

- Profitability
- Claims management performance
- Disputation rate

## Treatment, rehab and care providers

- Injury recovery rate

## Legal providers

- Success rate
- % of settlement amount received by claimant

**Disclosure depends on data availability, quality and collection**



# But what are the pros and cons?

## Advantages

More informed stakeholders

Greater accountability

Better claimant and policyholder experience with scheme

Encourages consistent "best practice" to maintain reputation

Better measurement of scheme objectives

Encourage innovation in new areas to differentiate against competitors

Prioritise and influence behaviour of service providers

Stop fringe providers exploiting the market

## Disadvantages

May reduce competitive advantage

May reduce incentive to innovate?

Extra costs

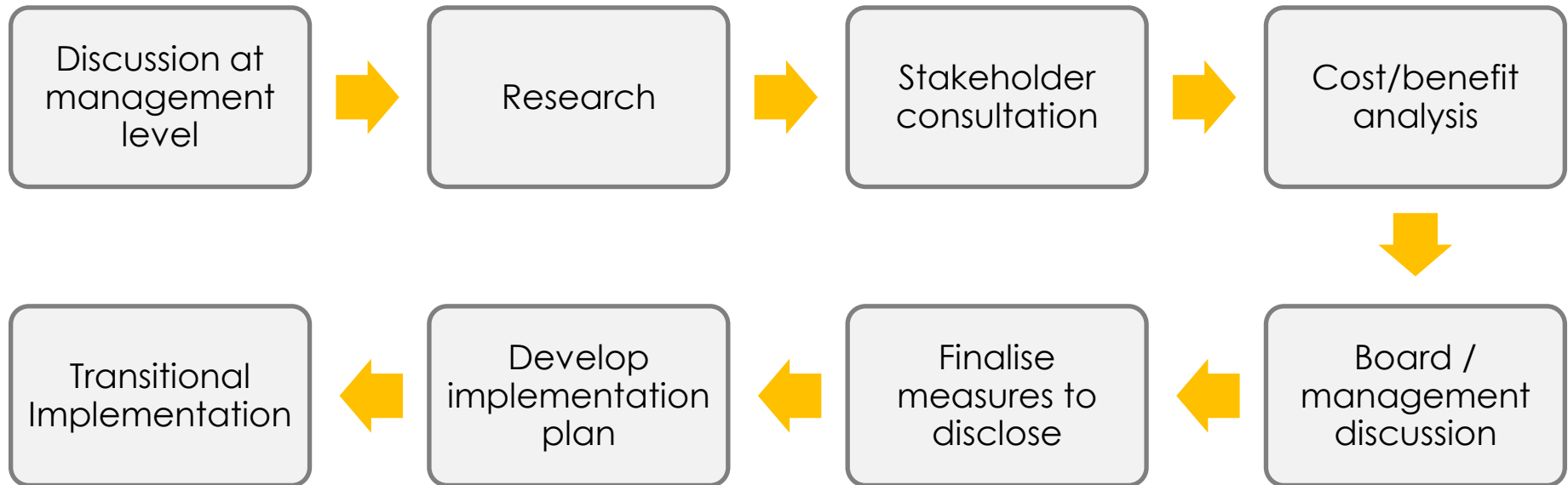
Extra Administrative burden for stakeholders and scheme regulators

Possible exit from scheme of some scheme stakeholders?

Uninformed analysis provides misleading views in market



## So, what next? More disclosure?





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