

# Injury Schemes Seminar

Balancing Outcomes

10-12 November 2013  
Sheraton Mirage Gold Coast



## Restoring Trust & Confidence: the latest developments at ACC

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*This presentation has been prepared for the Actuaries Institute 2013 Injury Schemes Seminar.  
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- What have been the key recent trends?
- What is the focus going forward?



ACC



# What do we do?

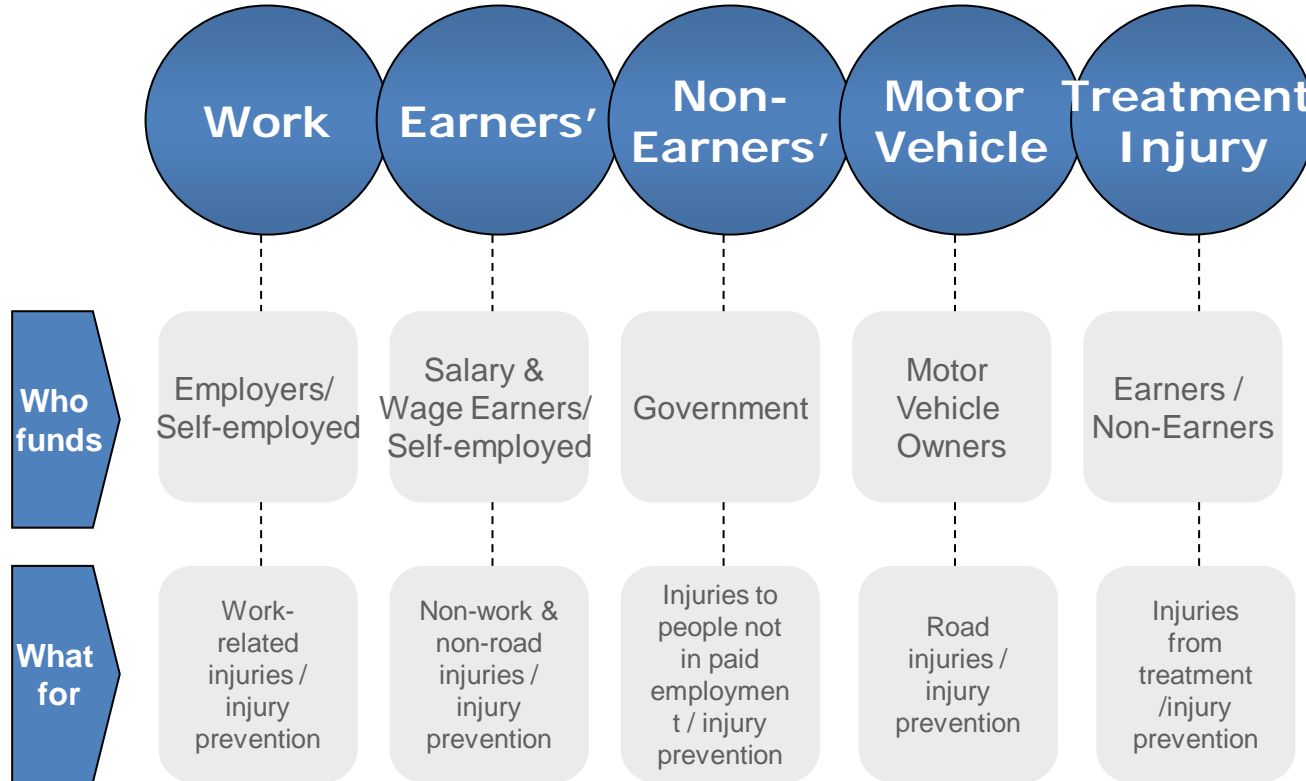
- Governed by the Accident Compensation Act 2001
- Comprehensive, no-fault personal injury cover for all New Zealand residents and visitors to New Zealand
- Funded by New Zealanders through five accounts

The ACC logo is a large blue circle containing the letters 'ACC' in a white, stylized, blocky font. The letters are bold and have a slight shadow effect, giving them a three-dimensional appearance as if they are floating within the circle.

**ACC**



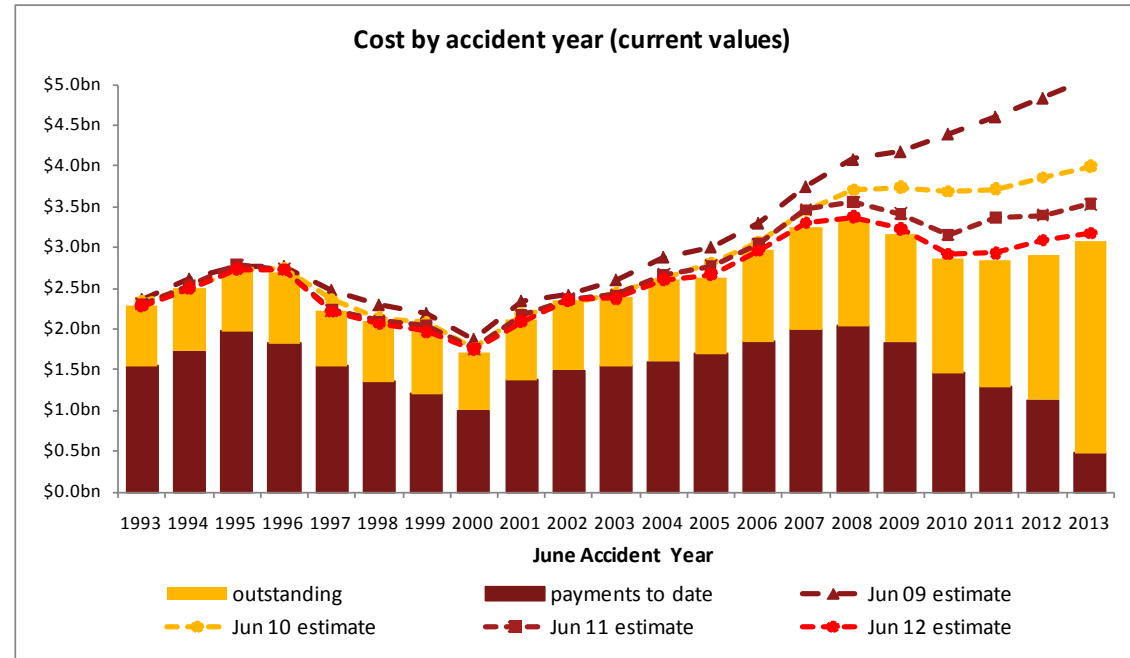
# What do we do?





# What have been the key recent trends?

- Rapidly increasing claims costs and levies undermining long term Scheme financial sustainability
- Reductions to more sustainable levels through operational focus on rehabilitation and appropriateness of claim costs





# What have been the key recent trends?

- ACC's strong recent financial performance has given the Government the confidence to signal it believes decreases in ACC levies in 2014/15 and 2015/16 are sustainable

ACC's solvency position	2011/12	2012/13
Work Account	100.4%	126.7%
Earners' Account	106.3%	126.1%
Motor Vehicle Account	67.8%	87.3%
Non-Earners' Account	40.0%	47.1%
Treatment Injury Account	53.2%	67.0%
ACC Scheme Total	74.7%	91.7%



# What have been the key recent trends?

- ACC is trying to better price levies for the underlying risk:
  - Experience Rating in the Work account
  - Motorcycles priced separately
  - Proposal to implement a Vehicle Safety Rating.

Vehicle class	Current licence fee	Licence fee based on past claims experience	Licence fee if only considering motorcycle claims that did not involve other vehicles
Passenger vehicles	\$151	\$90	N/A
Motorcycles, 600cc or less	\$297	\$2,066	\$887
Motorcycles, over 600cc	\$397	\$3,837	\$1,671



# What have been the key recent trends?

## Brain-damaged mum wins compo fight

AMY MAAS

## Labour: Stop filthy fleecing of ACC claimants

By Adam Bennett, Newstalk ZB staff

## Cavalier attitude lead to NZ's biggest privacy breach

DANYA LEVY

## Damning ACC report 'heartening' - whistleblower





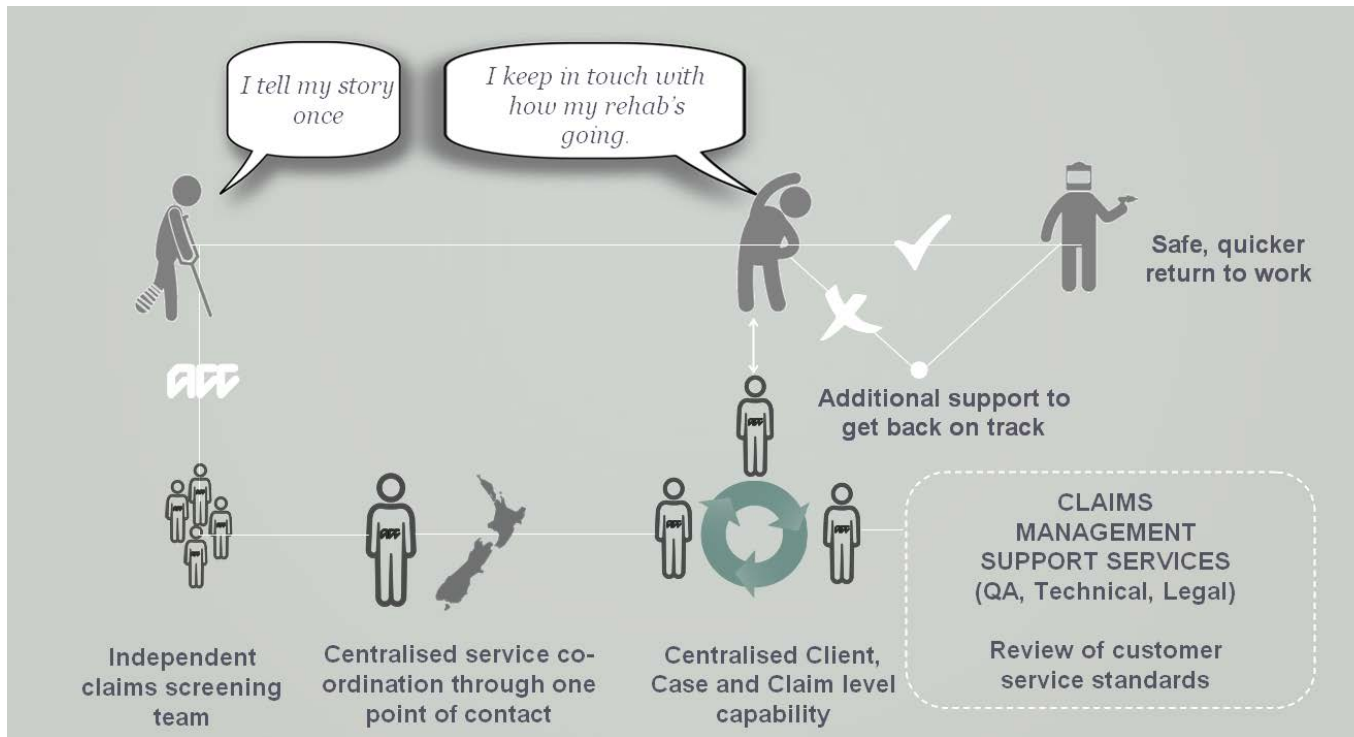
# What have been the key recent trends?

- Privacy breaches caused considerable public concern.
- This has led to:
  - complete change in Board & ELT
  - significant operational changes
  - focus on customer service levels
- ACC's goal is to be recognised as a leader in privacy management within the next year to 18 months.



# What is the focus going forward?

## Client Service Optimisation





# What is the focus going forward?

- ACC will continue to focus on increasing our long term **financial sustainability**.
- A \$4.9b surplus in the most recent financial year, was driven by:
  - Strong investment performance (\$1b over budget)
  - Increase in the discount rate (reducing OCL by \$1.2b)
  - \$1.1b from assumption changes driven by improving rehabilitation rates and scheme costs.
- We are still \$2.3b in deficit.
- Embedding recent trends is crucial to reduce future volatility in levy rates.