

Injury Schemes Seminar

Balancing Outcomes

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Risk management for insureds – a trend for the future? Katrina Ren and Laurel Kong © KPMG Actuarial Pty Ltd

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Overview

- Background: Where does risk management for insured fit in to the bigger picture?
- By class of business (WC, MI, CTP)
 - What support is made available to insureds?
 - Why do organisations make this support?
 - What are the current benefits, strengths and weaknesses of risk management for insureds?
- Comparisons
 - Which classes have got it covered and which are just beginning?
 - What opportunities are identified from class comparisons?



Purpose of risk management

- To identify potential risks
- To improve risk awareness
- To reduce injury rates
- To improve profitability (either direct or through agent remuneration)
- To sustain affordable premiums
- To differentiate from competitors
- To gain recognition amongst peers for insured
- Part of a 'business cycle' for policy terms and underwriting



Options for underwriters...

Decline covers (avoid risk)

- Adjust underwriting to alter risk profile and reject high risk

Reinsurance (transfer risk)

- Limit the cost of adverse experience

Premium adjustments(retain risk)

- Reflect potential high claims cost in premiums, e.g. experience rating

Internal claims management (reduce risk)

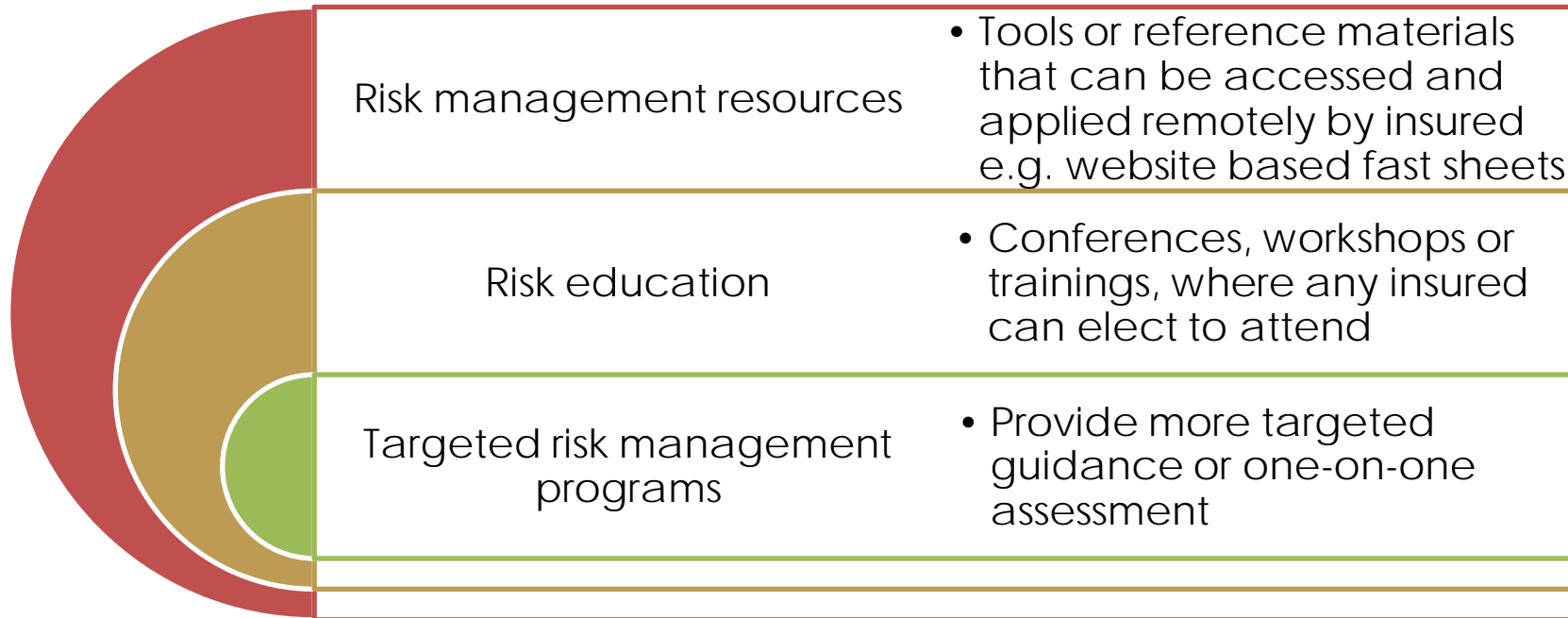
- Post-injury mitigation of cost impact

Risk management for insureds (reduce risk)

- Focus on promoting risk management at the insured level



Risk management for insureds





Overview of risk management for insured approach by class of business



Workers compensation: Why offer risk management?

- Stated reasons/benefits
 - Potential benefits in terms of rate of injury or reductions in cost (most common)
 - Prevention / reduction in injuries
 - Improved return to work outcomes
 - Reduced premiums / costs
 - Improved risk awareness and identification of risks (reasonably common)
 - Commitment to policyholder to offer more than just cover (sometimes)
- Other responses
 - Organisation has a mandated role in injury prevention /risk management
 - Awareness of the value of programs
 - Enhanced employer capability
- Reasons why not? – Not their role, resource constraints



Workers compensation

- Risk management resources are common (e.g. fact sheets or publications)
 - Emphasis on workplace safety, injury prevention and return to work management
 - Material may cover typical hazards or “hot topics” (e.g. stress, drugs and alcohol)
 - In some cases, can filter by industry group or may be targetted at specific worker groups
 - Less common resources include: checklists for self assessment, case studies, fact sheets on broader topics (e.g. communication skills)



Workers compensation

- Risk education (presentations or events that are face to face – common)
 - Topics similar to those in risk resources suggesting some substitution of one for the other
 - Potentially broader topics available
 - Training may be targeted to specific employer groups or individuals within the organisation
 - Training is also typically available covering “compliance” type topics such as understanding the scheme and employer obligations
- Other support offered
 - Funding of research
 - Awards nights to recognise employer innovation



Workers compensation

- Targeted risk management
 - Site visits or workplace inspection with tailored advice offered, such as
 - Risk control advice
 - Additional claims, WHS or rehabilitation support
 - Support in setting specific objectives
 - Usually available to a restricted group, and may be self nomination or required participation

Small
business

Medium size
employers

High risk
industries

Insurer
clients

Poor
performers

Self
insurers



Workers compensation

- Targeted risk management
 - Consultation services
 - Emphasis on managing a 1 to 1 relationship with employers
 - Telephone or email helpline
 - Risk co-ordinators: support services to assist with RTW
 - Other approaches
 - Facilitating exchange of ideas between insureds
- Explicit incentives for participation generally not common
 - Implicit premium impacts or recognition amongst peers the main benefit



Workers compensation

Strengths (as stated by organisations)	Frequency	Weaknesses (as stated by organisations)	Frequency
Measurable / quantitative benefits in cost reduction	Sometimes	Difficult to measure impact of program	Often
Qualitative benefits in cost reduction	Almost always	Costly to implement	Rarely
Cost effective	Sometimes	Limited take up	Never
Benefits in terms of wellness of workers or other insured parties	Sometimes	Higher demand than resources can deliver	Sometimes
Improved risk awareness	Sometimes	Unclear if risk factors aligned sufficiently to underlying risks	Never
Strong alignment of risk factors considered to underlying risks	Sometimes		
Other – Earlier return to work	Rarely	Other – Time consuming – Delays in taking up recommendations	Rarely



Medical Indemnity: Why offer risk management?

- Stated reasons/benefits
 - Commitment to policyholder to offer more than just cover (most common)
 - A way to differentiate amongst medical indemnity insurers
 - Reduction in complaints/claims
 - Potential benefits in terms of rate of injury/incidents
 - Enhanced awareness of exposures/risk/obligations at law
 - Opportunity for peer support
 - Assist high risk insureds to improve professional services / manage high risk members
 - Ensure premium is appropriate for risk



Medical Indemnity

- Risk management resources
 - Fact sheets / information
 - Emerging issues (e.g. tele/video consultations, documentation standards) with an emphasis on interactions with patients rather than treatments
 - Checklists and self-assessment tools to allow benchmarking to others
 - In some cases tailored to specialist groups but often covering general matters (e.g. complaints management)
 - Case studies available some of the time
 - Information on specific doctor groups (e.g. junior, retiring, international graduates) available in some cases



Medical Indemnity

- Risk education
 - Small group workshops, webinars, conferences etc
 - Engage insured face to face
 - Explore specific issues (e.g. patient health literacy)
 - Health of doctors and practice management may also be addressed
 - Topics are not generally “technical” in nature



Medical Indemnity

- Targeted risk management
 - 24/7 telephone advisory services
 - Can act as risk prevention and risk mitigant
 - Targeted review of doctor's practice
 - High risk/claim prone doctors are identified
 - Response can include provision of further literature, training, or practice risk assessments
 - Other approaches
 - Access to peers (may be part of targeted review)



Medical Indemnity

- Incentives offered for participation
 - Experience rated policies are uncommon, however special terms and conditions such as requirement for supervision or mentor may apply to insureds with poor claims experience
 - Explicit premium discounts are offered in only limited cases but are reportedly popular
 - Contribution to CPD requirements
 - In some cases there are no incentives – but It is compulsory to participate in these programs to remain in membership.



Medical Indemnity

Strengths	Frequency	Weaknesses	Frequency
Measurable / quantitative benefits in cost reduction	Never	Difficult to measure impact of program	Almost always
Qualitative benefits in cost reduction	Sometimes	Costly to implement	Sometimes
Cost effective	Rarely	Limited take up	Rarely
Benefits in terms of wellness of insured parties	Never	Higher demand than resources can deliver	Rarely
Improved risk awareness	Almost always	Unclear if risk factors aligned sufficiently to underlying risks	Never
Strong alignment of risk factors considered to underlying risks	Rarely		
Other – Benefit to members	Rarely	Other – Medical practitioner engagement	Rarely



Compulsory third party: Why offer risk management?

- Nature of claims different to other classes (i.e. commonly 3rd party injured and low likelihood of multiple accidents per insured)
- Emphasis is on public campaigns and publications with a goal of
 - Increasing road safety awareness
 - Influencing attitudes
 - Reducing the number of events
- Different approaches – targeted risk management, and even risk education offered to a fixed size group not wide reaching enough to achieve goals
- CTP scheme regulators who do not underwrite risks
 - Contribution to the reduction of incidence and impact of road trauma

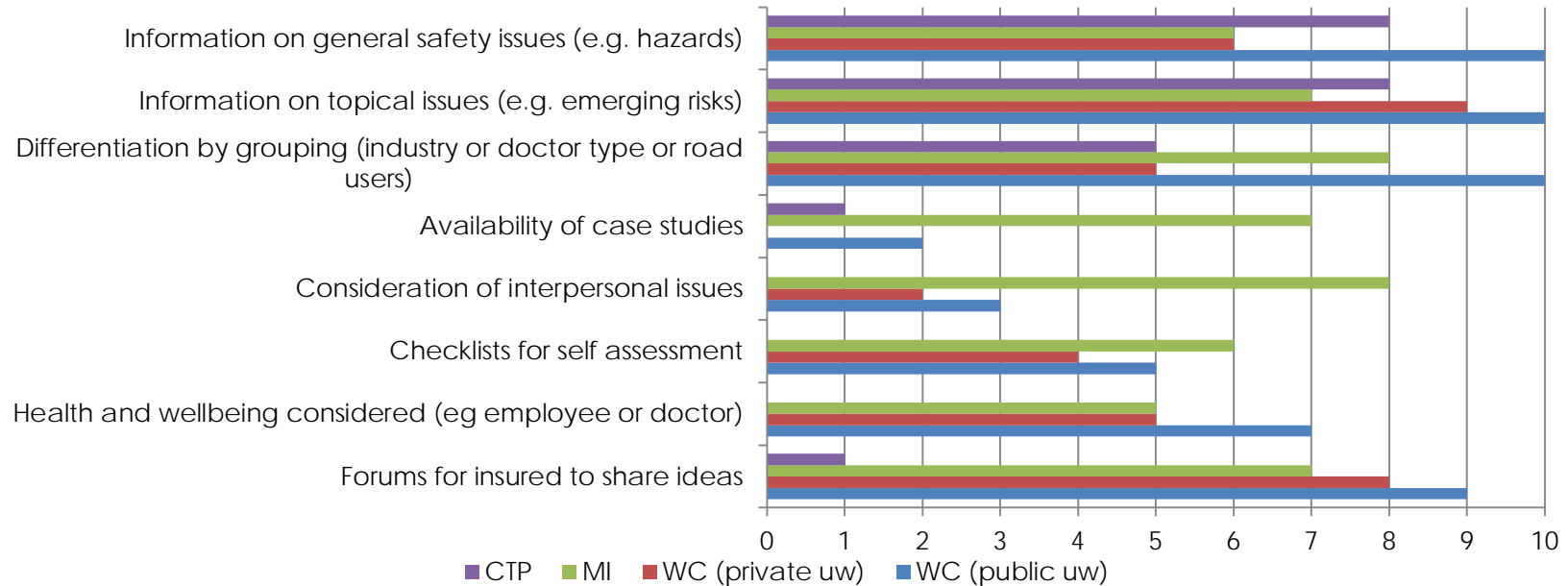


Compulsory third party

- Approach to risk management
 - Research used to inform public education campaigns by examining crash injury types, injury severity, etc
 - Priority given to areas that incur the greatest claim costs
 - The campaigns and supporting material cover identified behavioural issues (e.g. fatigue) as well as more vulnerable road users (e.g. children)
 - More targeted interventions may occur where relevant, reaching out to students, community groups, motorcyclists

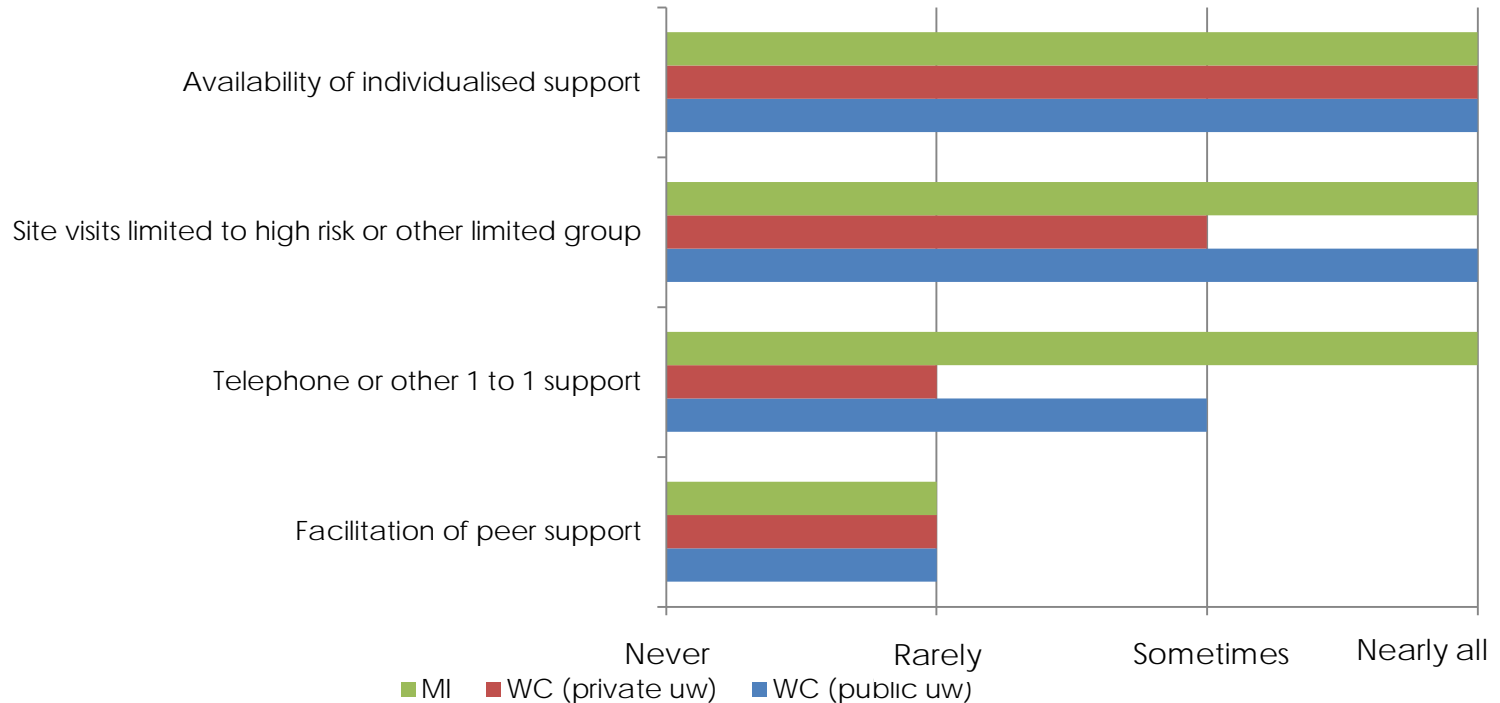


Comparisons – risk resources and education





Comparisons – targeted risk management





Conclusions

Gaps and opportunities will vary for an individual organisation but a industry view is...

Class	Strengths	Possible gaps/opportunities
Workers compensation	<ul style="list-style-type: none"> •Quantity of topic specific material – potential for information sharing •Clear understanding of emerging risks to target 	<ul style="list-style-type: none"> •Clarifying whose role it is to offer risk management support in underwritten states •The role of interpersonal skills and contact with claimants
Medical indemnity	<ul style="list-style-type: none"> •Clear understanding of emerging risks to target •Commitment to policyholders to offer broader support 	<ul style="list-style-type: none"> •Unclear what is offered to hospitals or doctors within government self managed funds •Should there be injury not just claim prevention?
CTP	<ul style="list-style-type: none"> •Clear responsibility of regulators for improving road safety 	<ul style="list-style-type: none"> •Adapt webinars? Case studies? Checklists?



Acknowledgement / Sources

- In preparing this presentation, we acknowledge the websites of the following organisations:

NSW Workcover	Avant	MAA	TMF/SICorp	GIO
VIC Worksafe	MDAN	TAC	VMIA	CGU
WA Workcover	MIGA	MAIC	SAICORP	Allianz
SA Safework	MIPS	ICWA	TRMF	QBE
ACT Worksafe	Qld Workcover	MAIB	Comcover	LGIS Workcare
Comcare	NT Worksafe	TIO	ACTIA	TAS Workcover
JLTA	QGIF			

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