



## Injury Schemes Seminar\*

Balancing Outcomes

10–12 November 2013  
Sheraton Mirage Gold Coast

\* Formerly the Accident Compensation Seminar



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### SYNOPSIS

#### OPPORTUNITIES AND CHALLENGES IN CROSS-JURISDICTIONAL COMPARISON OF COMPENSATION SCHEMES

*Rasa Ruseckaite, Megan Bohensky, Alex Collie, Chris McLeod, Jonathan Fan*

**Key words:** workers' compensation, work disability, prevention, benchmarking

**Purpose of your paper:** The purpose of our paper is to describe and compare the cumulative incidence of workers compensation claims in Victoria, Australia and British Columbia, Canada.

**Synopsis:** It is common practice for workers' compensation authorities to publish reports on the characteristics of accepted claims, return to work outcomes and client satisfaction. In Australia there is a regular benchmarking report produced by the national coordinating authority comparing outcomes between workers' compensation jurisdictions; however this report provides only statistical information on systems' performance.

Comparative studies across workers' compensation jurisdictions have the potential to assess and evaluate occupational health and safety and workers compensation system performance and improve the health and safety of workers in Australia and internationally. Results from comparative research are more powerful than those from single jurisdiction studies, as it is possible to control for scheme policy sources of variation that may be driving the findings and take advantage of natural policy experiments. Single jurisdiction studies attempt to do this using variation over time, but often temporal variation is confounded by other factors (e.g., technological change) or is too small for meaningful inference to be drawn. Comparisons between jurisdictions can provide more meaningful information on scheme performance and emerging health issues which require further attention.

In this paper we report preliminary results of the comparative pilot project on the workers' compensation claims data, extracted from the compensation system database of WorkSafe Victoria in Australia and British Columbia, Canada. Both countries have similar political, economic and demographic environments. The legislative and regulatory organization of worker's compensation schemes is broadly similar in both countries and it is based on no-fault publicly administered insurance; however there are substantial variations in policies and practices. For instance, in Victoria workers' compensation claims may be lodged once the employee has been off work 10 days or when a threshold level of medical expenses has been reached, while in British Columbia there is no minimum threshold for expenses or days off work.

This study sought to describe and compare cumulative incidence of claims per 1,000 employed workers in both jurisdictions. Since the coding of the occupations and injuries is different, the comparisons were performed across the similar type of



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occupation and injury in both jurisdictions. For this reason “nurses” and “truck and transport drivers” who sustained fractures at work, were chosen for this study.

All time-loss claims lodged by persons of working age (15-65 years of age) during a five year period (2006 to 2010) were extracted from workers' compensation administrative data in the state of Victoria, Australia and British Columbia, Canada. Descriptive analysis of claims by nature of affliction, bodily location, industry segment and occupation was undertaken. A cumulative incidence of claim rates per 1,000 employed workers was calculated at 1, 5, 10, 15, 20, 30, 60, 90 and 180 days post injury. Given Victoria's minimum thresholds for days off work, the calculation of incidence of claim rates for Victorian injured workers starts at 10 days.

The results of this pilot study indicated similar overall injury rates and patterns in disability duration across same type of occupation and injury in both schemes. The apparent spike in claim rate at claim initiation in Victoria pointed out some system and structural differences between jurisdictions. The more detailed results and outcomes of this study will be presented during the seminar in November. At present, as per conditions of the data access policy in British Columbia, the results cannot be reported in this synopsis prior the institutional ethics approval for the study has been gained. The ethics application for the study is currently being considered and the findings expected to be available for public release as soon as possible.

The comparative studies identify areas for system and policy improvement across these two jurisdictions and presents many opportunities. For example, policy variations can aid in program and impact evaluation; learning across jurisdictions can lead to improvements in system efficiency and worker safety. Such studies also present a number of challenges, such as comparability across jurisdictions, differences in content, availability and access to the data. Next steps in our work will involve further research to describe occupational health and safety issues, impact of psychological injury and return to work outcomes across jurisdictions in Australia, New Zealand and Canada.



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## SYNOPSIS

### **A RAMBLE: SOME ACTUARIAL ISSUES WITH THE VALUATION OF INJURY SCHEMES**

*Michael Playford*

**Key words:** Risk free discount rates, risk margins, superimposed inflation, claim handling expenses

**Purpose of your paper:** The author intends to be just a bit controversial, to challenge the status quo, and make some observations based on his experience on several actuarial issues associated with the valuation of accident compensation schemes in an attempt to get people to think about things. Issues include: risk free discount rates, risk margins, claim handling expenses and superimposed inflation.

**Synopsis:** This paper provides some thoughts by the author on several issues where he feels either the status quo approach to valuing government owned accident compensation schemes needs to be challenged or he struggles to know how to best address some particular

The author struggles with the concept of what a risk free discount rate actually means in the context of a government owned accident compensation scheme and the proxy typically adopted based on observed yields on Commonwealth Government Securities.

Similarly the role of a risk margin for Government owned schemes which are able, and often do, operate with a deficit is another perplexing issue to the author. What should the capital standards be for a government owned accident compensation scheme?

The author then intends to make some observations on his experience with some other challenging valuation assumptions including claim handling expenses, superimposed inflation, and mortality and morbidity assumptions for catastrophically injured claimants.



## SYNOPSIS

### A REINSURER'S VIEW OF BODILY INJURY ISSUES, INCLUDING EUROPEAN SCHEMES

*Scott Reeves*

#### **Key words:**

Scheme design, risk of change, Europe schemes, comparative benefits, reinsurance, superimposed inflation, catastrophic scenarios

#### **Purpose of your paper:**

Presenting a reinsurer's view of the financial implications to be understood from international bodily injury schemes, where significant redesign of benefits, including retrospective change, has been introduced.

In addition, the presentation will cover a reinsurer's view of catastrophic losses experienced, and how this informs our view of potential future loss scenarios.

#### **Synopsis:**

Look at an insurer in a developed country and you will see a strong focus on risk management against a backdrop of high regulation. Global reinsurers can bring information from other territories to the CRO's attention.

Over the past 10 years, European bodily injury schemes have undergone substantial change with enormous financial impact. The benefits passing to the injured from these changes have been taken up by insurers and reinsurers alike.

Without questioning the merit of the benefit changes, the paper does seek to identify the critical issues to be managed by the insurance / reinsurance sector, particularly in the context of a strong risk management culture.

This 'risk of change' is considered alongside catastrophic loss events both historical and potentially occurring in the future. A framework for loss potential can be derived to inform the CRO.



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## SYNOPSIS

### **TAC CLAIMS MODEL TRANSFORMATION – AN UPDATE ON THE JOURNEY**

*David Gifford, Natalie Pocock, Bruce Crossett*

**Key words:** CTP, Claims Model, Segmentation, Return to Work

**Purpose of your paper:** Update on the TAC Claims Model Transformation presented at the Accident Compensation Seminar in 2011.

**Synopsis:** An Update on the TAC Claims Model Transformation presented at the Accident Compensation Seminar in 2011.

In October 2010 TAC implemented its Recovery model covering mild to moderate injuries. The model and some of the early results were presented at the previous Accident Compensation Seminar.

With two further years' experience further results and learning have emerged. TAC has implemented Phase 2 of the model (a number of changes to Claims management practices) and have made a number of changes to the model in response to emerging experience.



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## SYNOPSIS

### WESTERN AUSTRALIAN WORKERS' COMPENSATION SCHEME UPDATE

*Michelle Reynolds*

**Key words:** Western Australian workers' compensation scheme update

**Purpose of your paper:** To provide an update on the Western Australian workers' compensation scheme

#### **Synopsis:**

##### **Privately underwritten system and approach to regulation**

- largest of Australian privately underwritten workers' compensation schemes
- market structure - licensed insurers and self insurers
- where we are on the regulatory spectrum and approach

##### **Performance of the scheme and challenges by reference to key trends and issues**

- scheme health
- review of dispute resolution framework introduced in December 2011
- results of National injured workers survey
- long duration claims and return to work
- importance of scheme viability framework for business intelligence and monitoring in sustainability of private insurance market and utilising available levers to influence provider behaviour

##### **Legislative agenda**

- review of legislative changes introduced in December 2011, i.e. removal of age limits for weekly benefits, common law safety net where employer uninsured
- increased entitlements for jockeys and fire fighters
- reviewing settlement utilisation
- addressing a range of minor issues



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## SYNOPSIS

### MAKING BETTER USE OF SCHEME DATA

*Aaron Cutter, David Gifford, Nat Pocock*

**Key words:** Accident compensation, CTP, workers compensation, big data, unstructured data

**Purpose of your paper:** To examine the use of unstructured data and additional data sources to improve claims management and the identification of intervention points.

**Synopsis:** Accident compensation schemes collect significant information on their claimants, on the services they are being provided and on the interactions between various parties along the way. Historically this information has been used in a limited way.

With the assistance of new technologies, many of the restrictions imposed by traditional methods of data mining/data analytics can be overcome and new learnings on the factors impacting on claim outcomes can be obtained.

This paper uses real examples to demonstrate how accident compensation analytics can be taken to the next level.