

12th Accident Compensation Seminar 2009 Rising to the Challenge

Melbourne 22nd – 24th November 2009



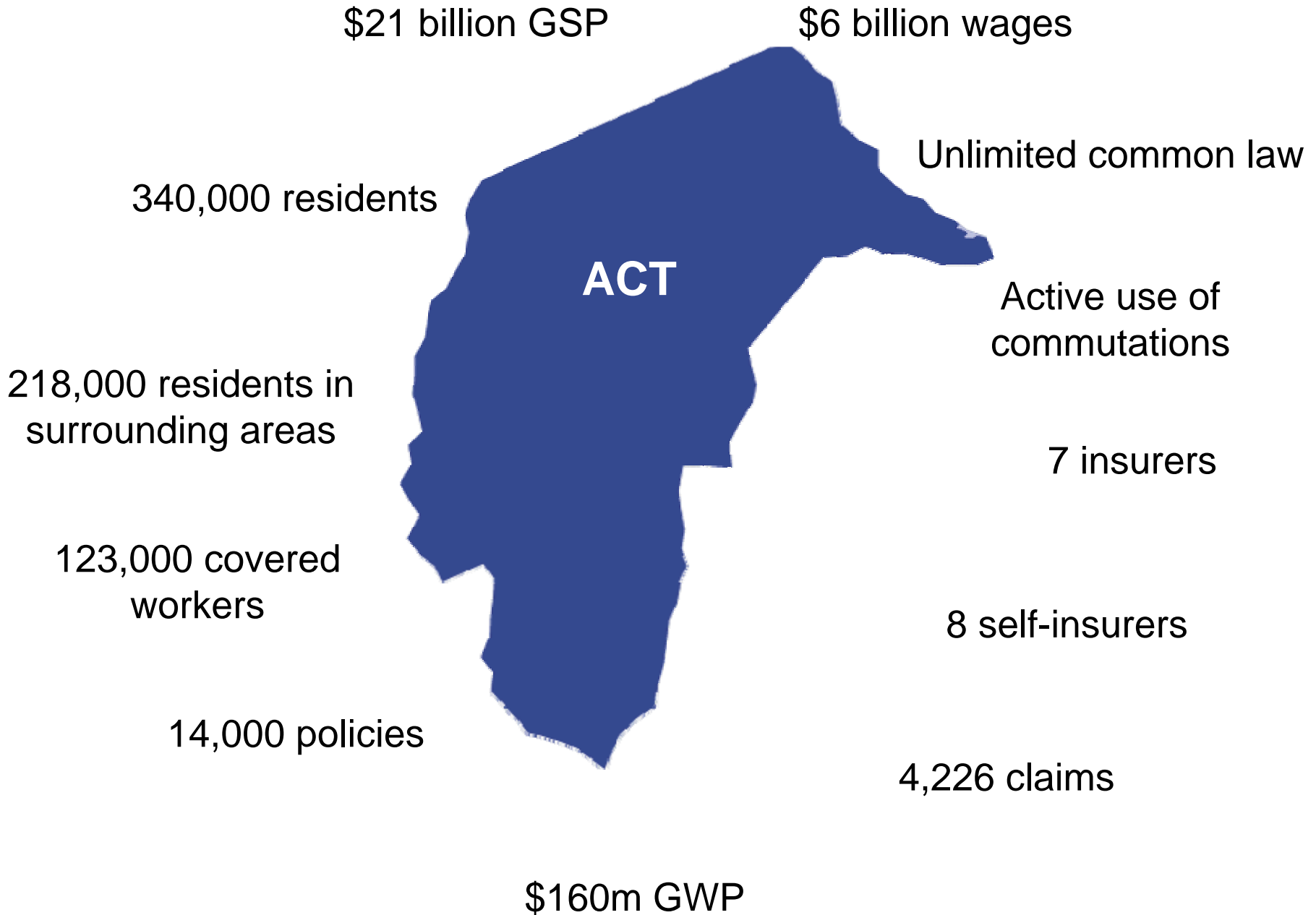
Institute of Actuaries of Australia



ACT Workers' Compensation Scheme

Meg Brighton

**Senior Manager, Workers' Compensation Policy
Office of Industrial Relations
Chief Minister's Department**

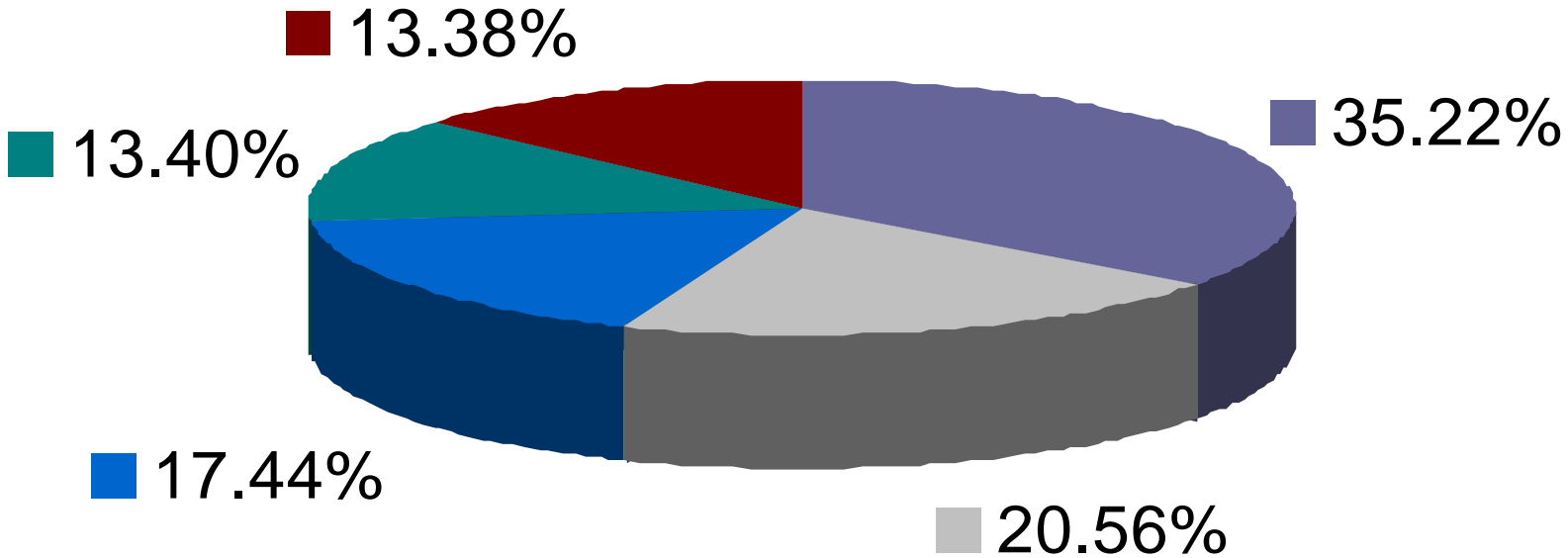




ACT MARKET

- High level of competition
- Why is the market so competitive?
 - dominated by four insurers
 - loss time claims stable
 - average claim size stable
 - claim frequency stable
 - investment returns (pre-2008)
 - broker and employer behaviour
- Result:
 - rate reductions of 3% to 10% pa over last five years

TOP FIVE OCCUPATIONS FOR CLAIMS



■ sales

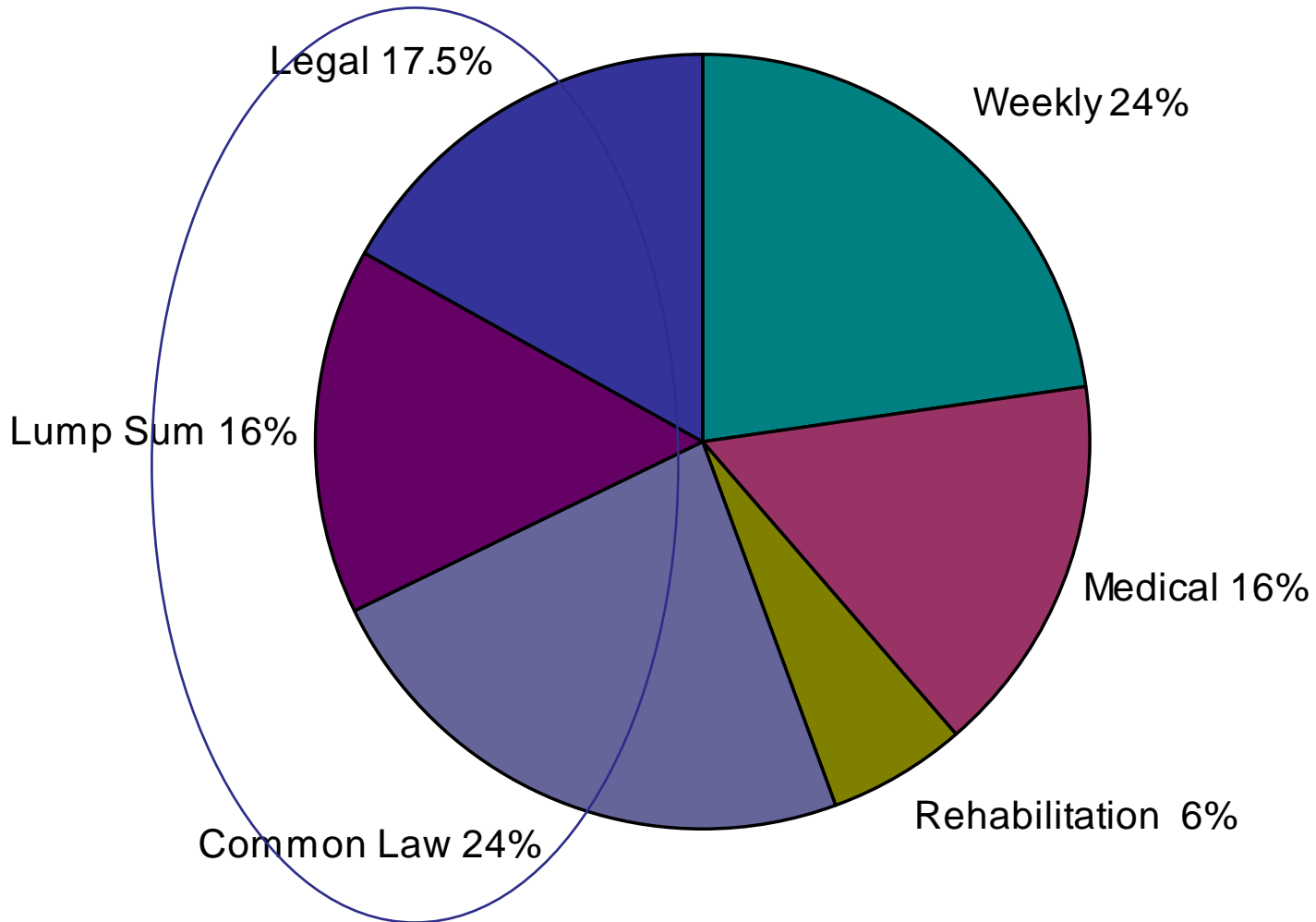
■ labourers

■ cleaners

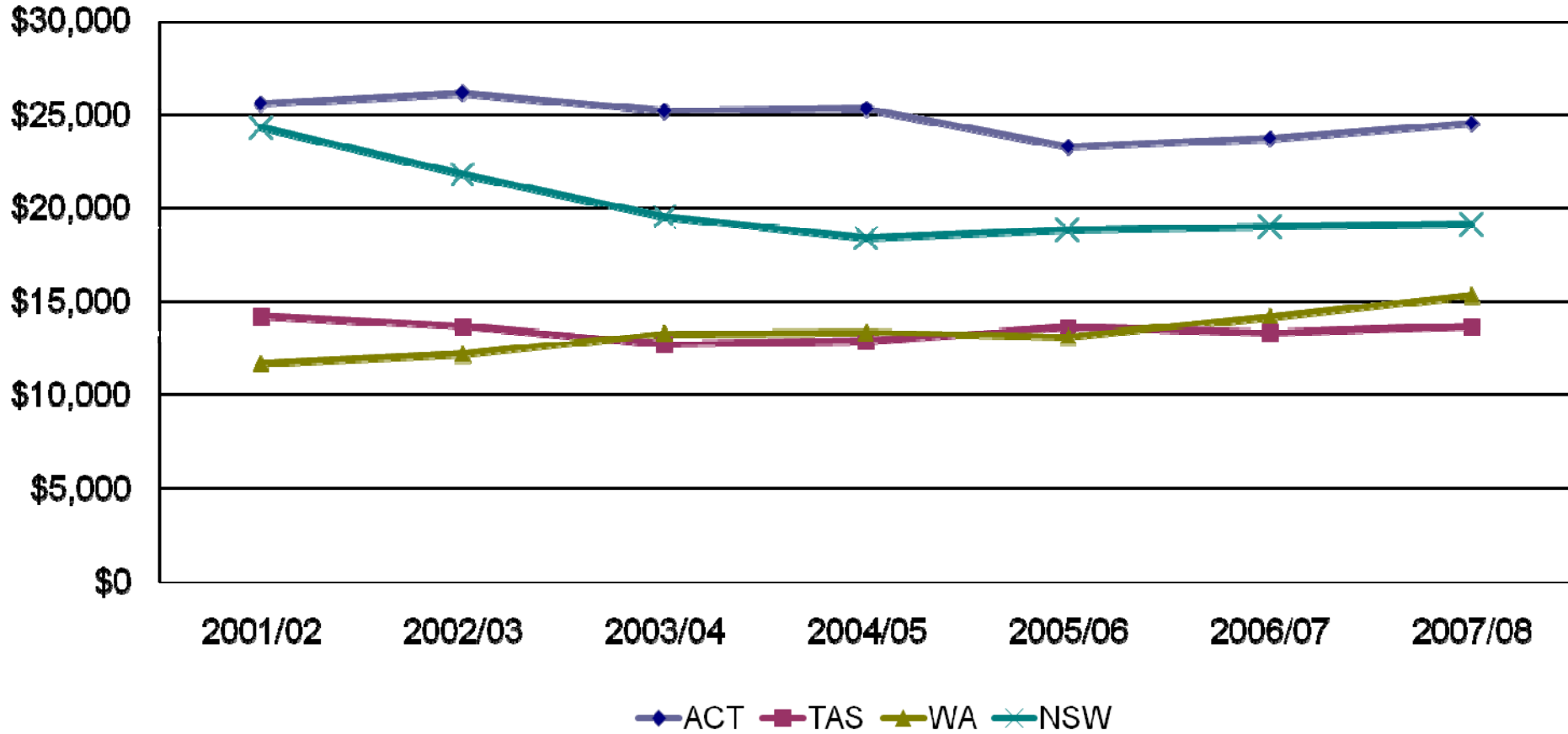
■ child care

■ carers

ANNUAL CLAIMS COSTS - \$76.1m



AVERAGE CLAIM SIZE

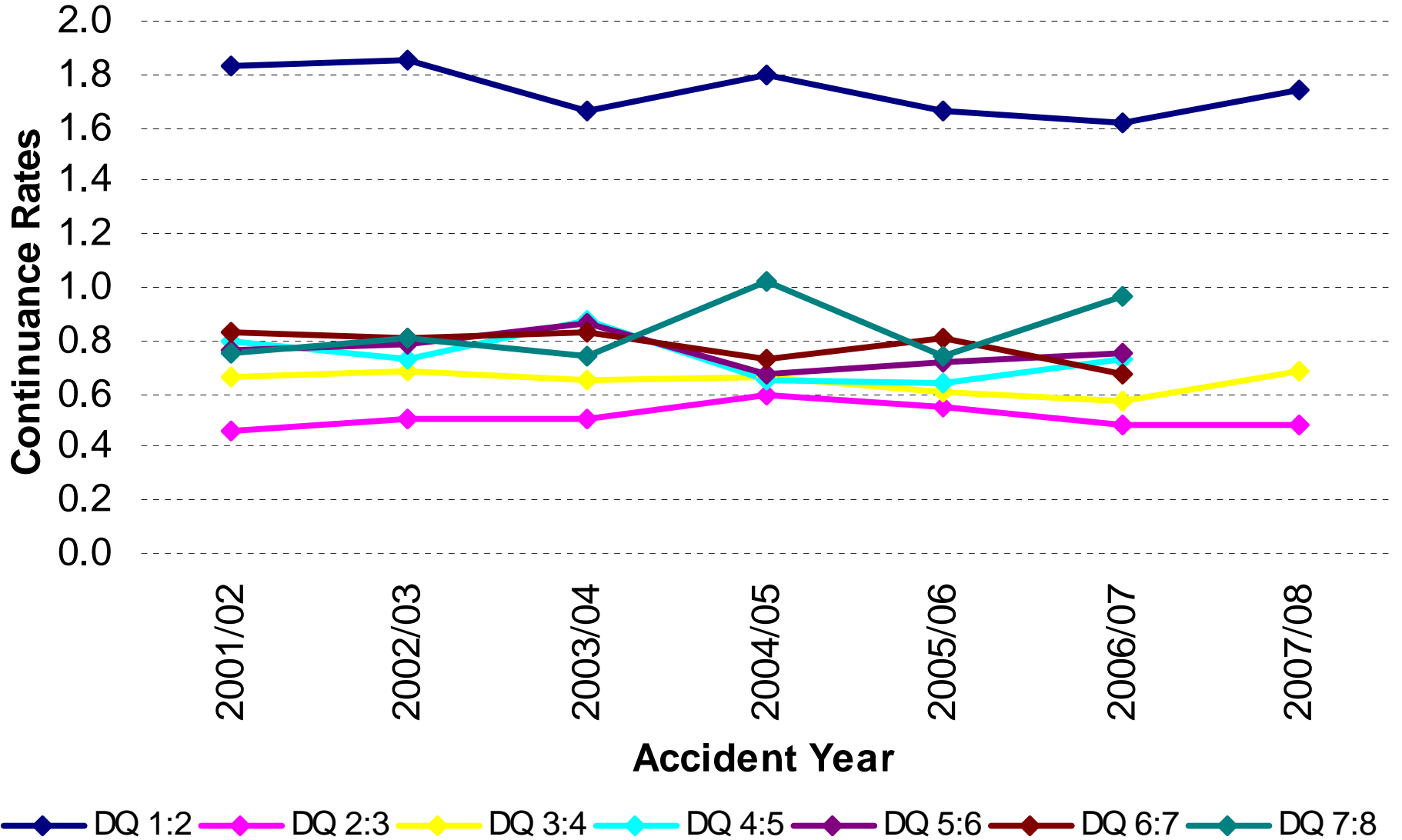


DEATH AND LUMP SUM BENEFITS

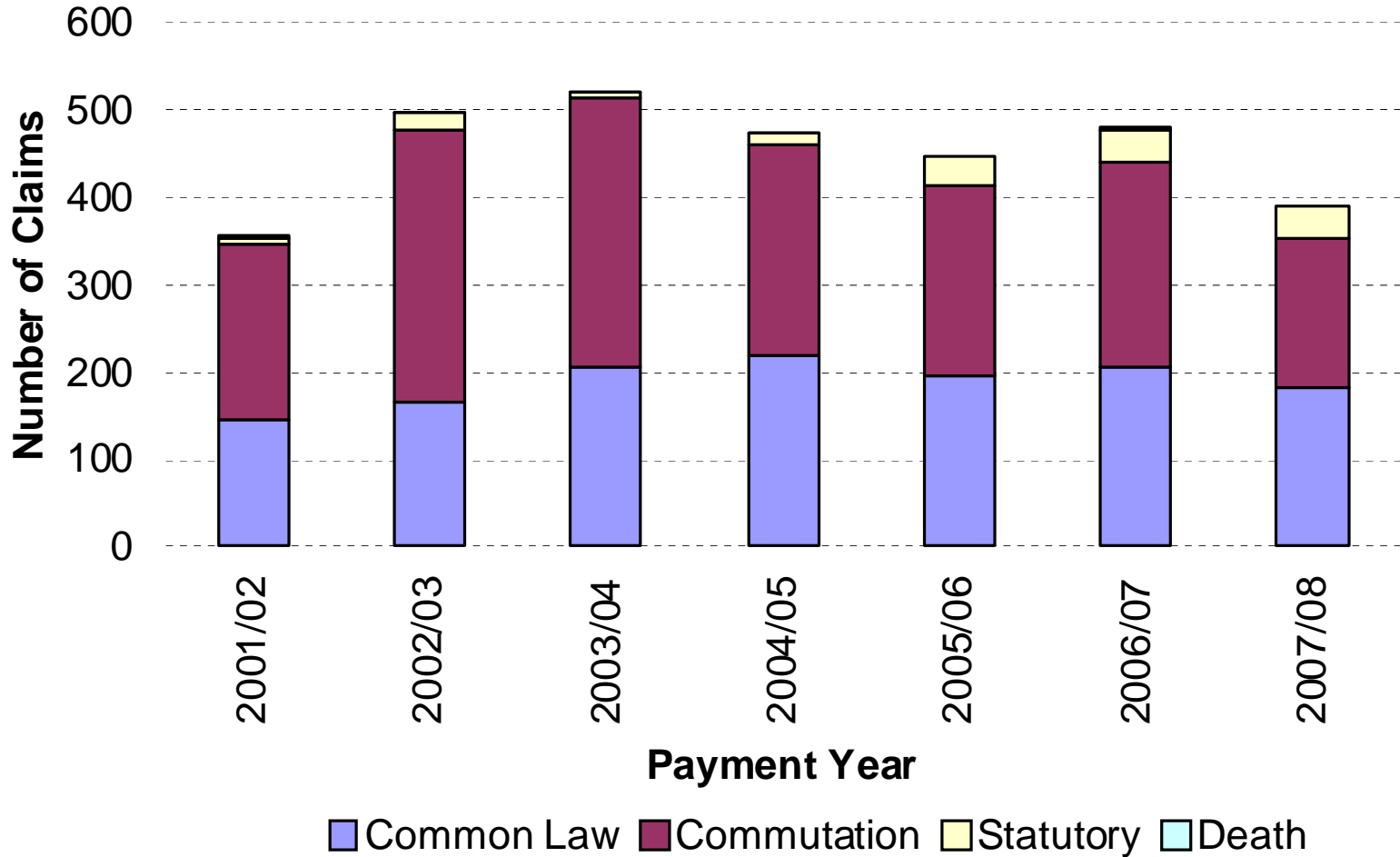


*VIC – Hanks’ recommendations supported but not yet implemented

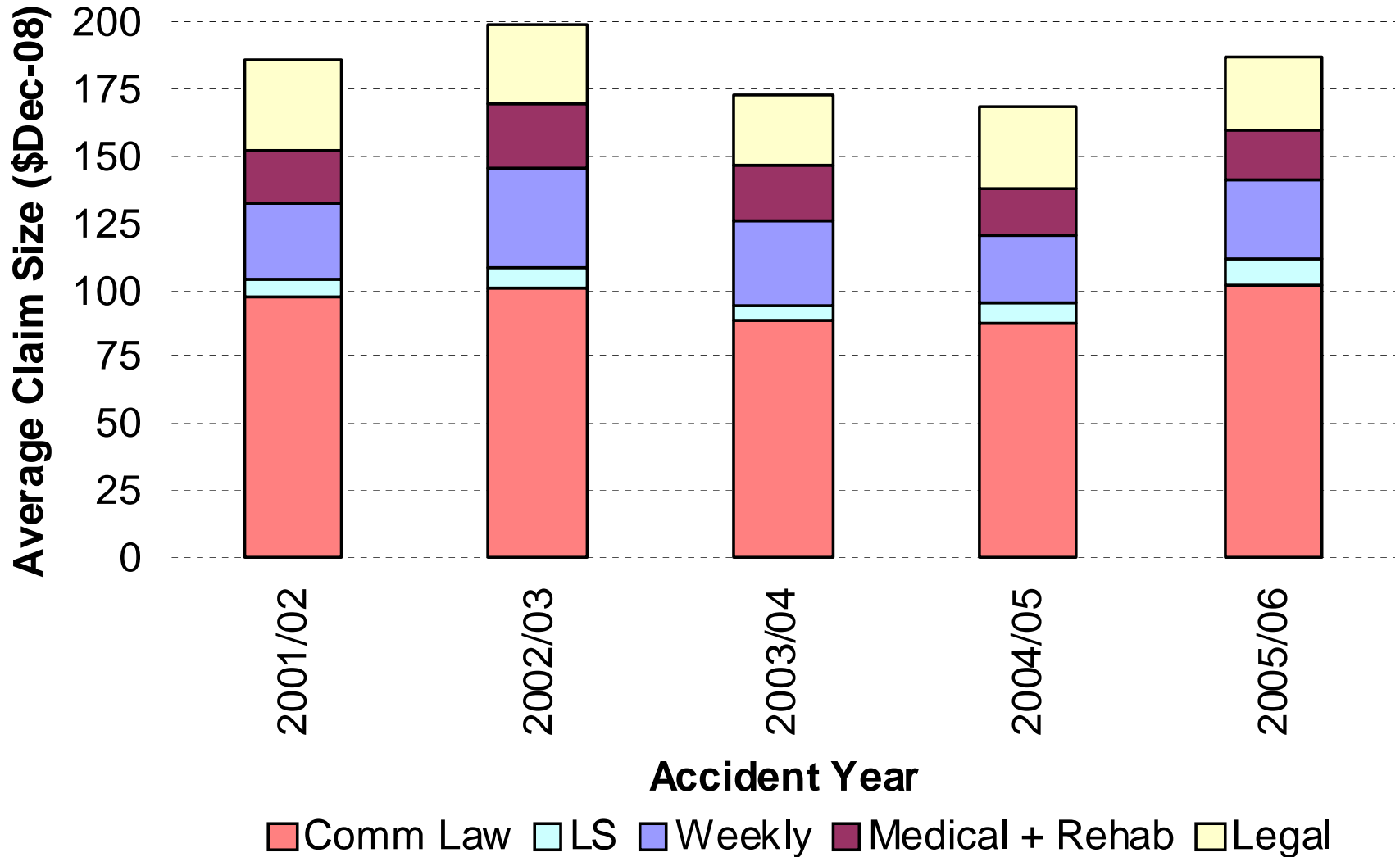
CONTINUANCE RATES



STORY OF COMMON LAW

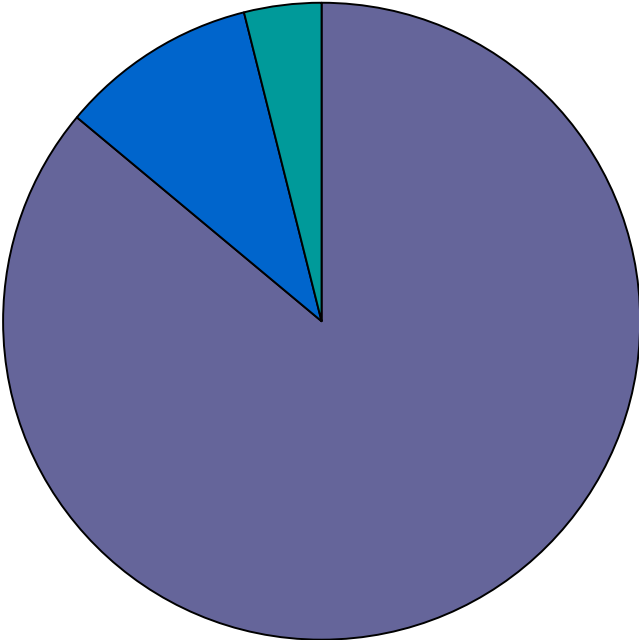


AVERAGE SIZE OF CLAIMS RECEIVING COMMON LAW

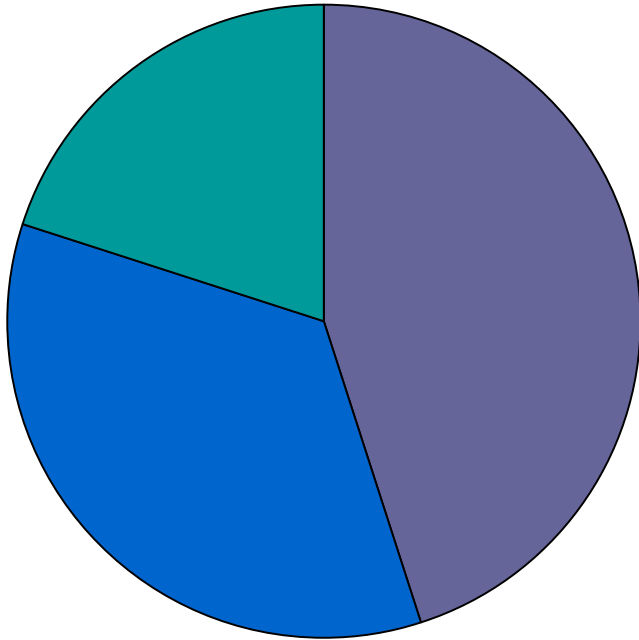


SMALL BUSINESS TOWN

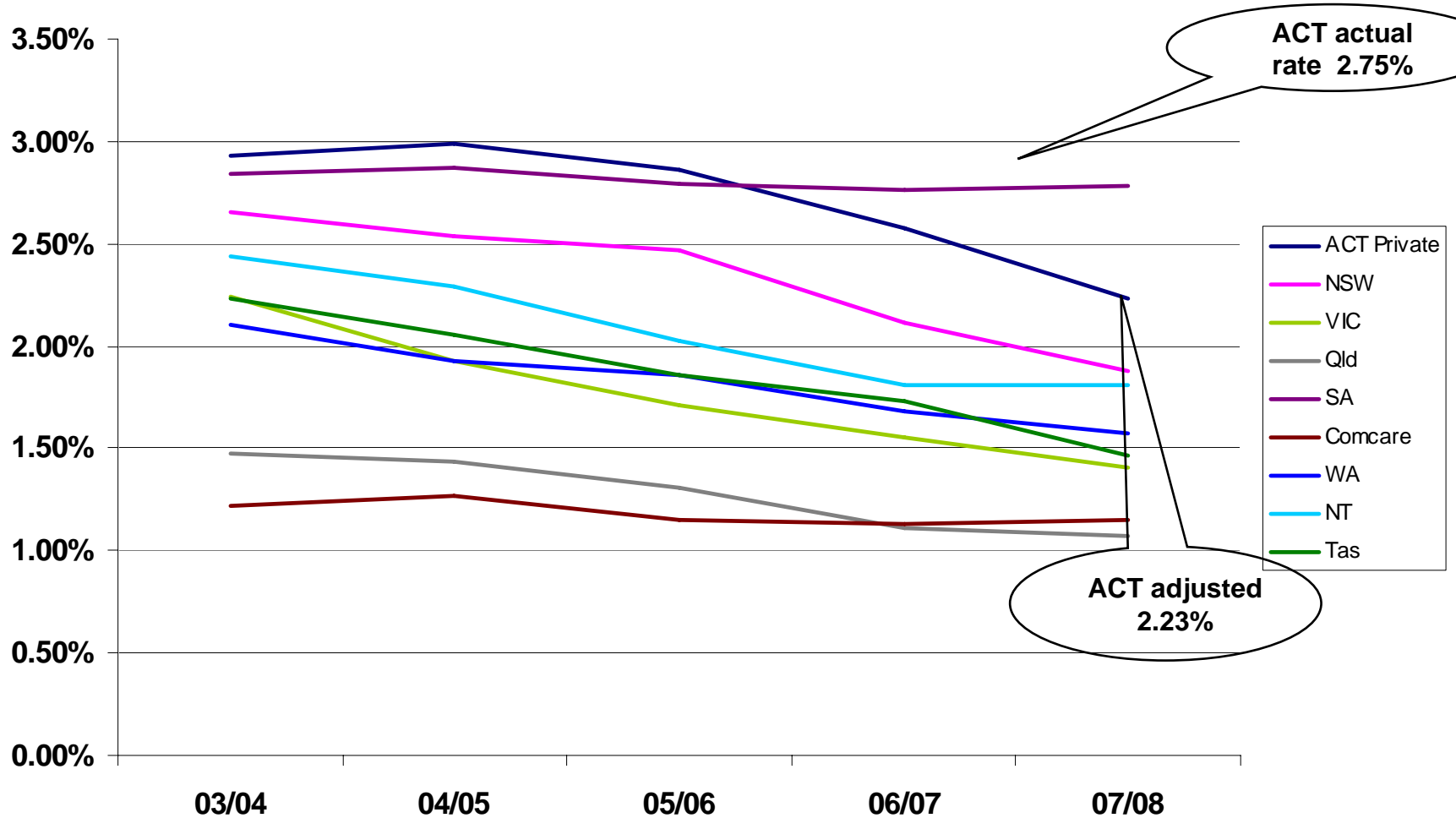
POLICIES



PREMIUM



AVERAGE ADJUSTED PREMIUM RATES





KEY ISSUES

- Viability of ACT businesses
- Limited return to work opportunities
- Scheme participant performance
- Regulation of the Scheme
- Dispute resolution



MANDATE

1. An affordable scheme for employers
2. Improve outcomes for workers
3. Improve the performance of scheme providers
4. Establish effective governance and management of the scheme



2009 LEGISLATION CHANGES

- Default Insurance Fund
 - allow the Fund to conduct proceedings and settle claims without the consent of the uninsured employer
 - restore the Fund to its original purpose
 - establish a new funding model



WC Amendment Bill 2009

- Reduce red tape and scheme administration costs
- Targeted use of rehabilitation providers
- ACT Government response to ‘sham’ contracting



WC Amendment Bill 2009

- Strengthen the compliance framework
 - equitable application of compliance costs
 - enhancement of existing offences
 - establishment of director liability
 - prohibit working directors of uninsured entities from claiming workers' compensation
 - establish definition of wages

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