Comcare scheme update 2009

Paul O’Connor
Overview

- One of three federal schemes
- Australia’s only national, integrated scheme
- Statutory framework is co-joint responsibility
- Coverage
  - OHS for the Australian Defence Force
  - 367,500 employees
  - 29 self-insurers
  - 185 federal sector premium paying agencies.
- Diversity
  - Industries and occupations
  - Operating environments and risk profiles
  - Special character of federal workforce.
Licensees

- SRCC has prudential oversight
  - Financial monitoring
  - Liability valuations
  - Provisions based on net central estimates (50% probability)
  - Excess of loss reinsurance above approved retentions
  - Bank guarantees (95% probability)
  - Principal officer certification of adequacy
  - No central fund.
Performance

- Excellent injury prevention
- Active OHS inspectorate
- Excellent return to work outcomes
- Low standardised premium rate
- Fully funded with strong margins
- Excellent platform for future activity.
Developments

• Scheme review
  – DEEWR and Taylor Fry reports
  – Government response in September 2009
  – Focus federal activity on model safety laws.

• Changes
  – Extension of moratorium on new licensees
  – Strengthened OHS enforcement and guidance
  – Improved claim decision timeframes
  – Reintroduce recess claims
  – Medical and like support during claim suspension.
Developments

• OHS model safety laws
  – Supporting Safe Work Australia
  – Implementing new framework in the federal jurisdiction
  – Potential state-based OHS regulation of self-insurers
  – Imperative for national consistency
  – Need to avoid ‘competitive differentials’.

• Comcare’s strategic review for 2015
  – Testing operational and regulatory excellence
  – Benchmarking service delivery
  – Supporting the productivity and social inclusion agendas
  – Partnering with other regulators and accident insurers.
Seacare scheme update 2009

Paul O’Connor
First principles

• Make workplaces safer – promoting health, safety and welfare as a shared responsibility for mariners and ship owners.

• Caring for injured mariners – helping them cope with change, challenge and disability.
Jurisdiction

- Australia’s only national industry-based scheme
- Seafarers employed on ‘prescribed ships’
  - engaged in trade or commerce on interstate or intra-territory voyages
  - voyages outside Australia
  - if the ‘prescribed ship’ is declared under the Navigation Act 1912.
- ‘Prescribed ship’ (Part II of the Navigation Act applies)
  - Ships registered in Australia
  - Ships otherwise registered and engaged in the coasting trade
  - Ships with a majority of crew Australian residents and operated by Australian based entity.
Scheme administration

- **Regulator**
  - Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority)
  - Comcare provides secretariat.

- **OHS inspectorate**
  - Australian Maritime Safety Authority
  - National Offshore Petroleum Authority.
Legislative regime

• Seacare Authority establishment:
  – Seafarers Rehabilitation and Compensation Act 1992

• Functions and powers:
  – Seafarers Rehabilitation and Compensation Act 1992
  – Occupational Health and Safety (Maritime Industry) Act 1993

• Administers levies:
  – Seafarers Rehabilitation and Compensation Levy Act 1992
Scheme features

• Privately underwritten
• Relatively high premium rates
  – small market
  – high claims incidence
  – generous benefits
  – Lower range of RTW rates.
• Policies can have high excesses.

• Safety Net Fund
  – nominal insurer in event of default
  – Funded by levy on seafarer berths (crew complement)
  – Levy rate ($15 per berth per quarter)
  – Supported by reinsurance
  – Managed by Comcare for the Seacare Authority.
Benefit structure

- Statutory time limits on claims determination
- Coverage for journey to/from work and recess
- Incapacity payments:
  - 100% of NWE for first 45 weeks
  - 75% after 45 weeks.
- Reasonable medical expenses
- Lump sum compensation
  - Permanent impairment
  - Limited access to common law.
- Dispute resolution
  - Internal reconsiderations
  - AAT and Federal Court of Australia.
Scheme facts

• Coverage
  – 41 employers
  – 6,255 employees (across 4,692 FTEs)
  – 21.0 million hours worked (average 64.6 hours per week).

• Claims
  – 188 compensation claims accepted FY2008/2009
  – Adjusted incidence rate 40.1 per 1,000 workers
  – Adjusted frequency rate 8.9 per 1,000 workers
  – 76% RTW rate
  – 67% durable RTW rate.

• 3.27% unadjusted premium rate.
Challenges

• Scheme design
  – fragmented model
  – Sustainability
  – Diseconomies of scale

• Performance
  – OH&S focus
  – Deaths and injuries
  – Nature of offshore working environment
  – Impact of ageing workforce.