

12th Accident Compensation Seminar 2009 Rising to the Challenge

Melbourne 22nd – 24th November 2009



Institute of Actuaries of Australia



Comcare scheme update 2009

Paul O'Connor

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Minister	Minister (DPM) for DEEWR		Minister for VA	Minister for Finance	
Responsible Dept.	Education, Employment and Workplace Relations		Veterans' Affairs	Finance & Deregulation	
Scheme	Comcare		Military	Seacare Authority	
Statutes	SRC Act	OHS Act	MRC Act	Seafarers Act OHS Maritime Act	
Components	Self Insurers	Premium Payers	ADF	Seafarers	
Workers	Employees of 27 Corporations and 2 Commonwealth Authorities	Federal workers (employees of Commonwealth Entities & Authorities) Employees of ACT Govt.	Members of the Australian Defence Forces, Reservists & Cadets	41 Employers. Seafarers on a 'prescribed ship' to which Part II of the Navigation Act applies.	
Regulator - Rehabilitation & Compensation	Comcare & Safety, Rehabilitation and Compensation Commission (SRCC)		Pre 1 July 2004 Comcare From 1 July 2004 MRCC	Seacare Authority Comcare	
Claims Manager /Agent	Contracted Claims Agents or In-House Claims Managers	Comcare	Defence under Comcare Delegation to 2004 DVA since 2004	Claims Management by Insurers Comcare Asbestos Group	
Regulator - OHS	SRCC through Comcare	ACT Govt. N/A - Not under Federal OHS Act	SRCC through Comcare	Seacare Authority	
OHS Inspector - Investigator	Comcare		Comcare	Australian Maritime Safety Authority N/A	
Profile	Employers: 29 Employees: 163,707 Claims Rec'd: 6,712 Claims Accepted: 5,728 Accepted/1,000FTE: 35.1 AAT Appeals Rec'd: 444 RTW Rate: 95% Durable RTW Rate: 91%	179 (C'wth) 203,798 4,142 3,212 15.8 510 93% 88%	1 (ACT)	41 6,255 (4692 FTE) x 188 40.1 x 76% 67%	x x x x x x x
Source of Funds (08/09)	Self Insured: \$117.6m Est. O/S Liabilities: \$365.3m Total Expenditure: x Avg. Premium Rate: x	Premium: \$1,195.5m Budget: \$406.5m \$283.5m 1.36% (C'wth) 2.66% (ACT)	Budget	Privately Underwritten: x x 3.27% unadjusted	Budget: \$653.4m \$12.3m x

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Overview



Australian Government

**Safety, Rehabilitation and
Compensation Commission**



Australian Government

Comcare

- 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



Commonwealth Bank



- 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.



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Seacare scheme update 2009

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First principles



Sir Owen Woodhouse DSC

- 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



Australian Government

**Seafarers Safety, Rehabilitation
and Compensation Authority**



Australian Government

Australian Maritime Safety Authority



- 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
 - Seafarers Rehabilitation and Compensation Levy Collection 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
 - Review of federal maritime legislation.
- Performance
 - OH&S focus
 - Deaths and injuries
 - Nature of offshore working environment
 - Impact of ageing workforce.