

12th Accident Compensation Seminar 2009 Rising to the Challenge

Melbourne 22nd – 24th November 2009



Institute of Actuaries of Australia



Scheme update: Transport Accident Commission

Janet Dore (CEO)



The road to Geelong

- 2005** — Announcement to move TACs operations to Geelong
- 2006** — TAC information centre opened in Geelong
- 2007** — Claims Operating Model and Avanti projects commence
- 2008** — 100 employees based at the Kilgour St office
- 2009** — Workforce re-located to new Brougham St office
- 2010** — Consolidation and TAC 2015 implementation



Our new headquarters

Features

- 33 000 m²
- Green Star rating of 5
- Australian Building Greenhouse Rating of 4.5

Awards

- Organisational Change Management – Victoria and Australia (Australian Institute of Project Management)
- Best Commercial Interior (Dulux Colour Award)
- Best New Building - Commercial Architecture category (Victorian Architecture Awards 2009)





Some facts about the relocation

Recruitment

- Between Feb-07 and Sep-09, 475 employees were recruited (> 50% of workforce)
- 76% recruited externally from the Barwon region

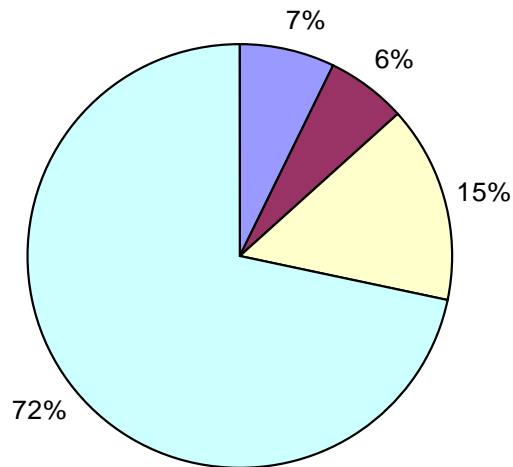
Relocation

- 209 employees have taken up home purchase assistance
- 51 have taken up rental assistance
- 65 people have taken up commuting assistance



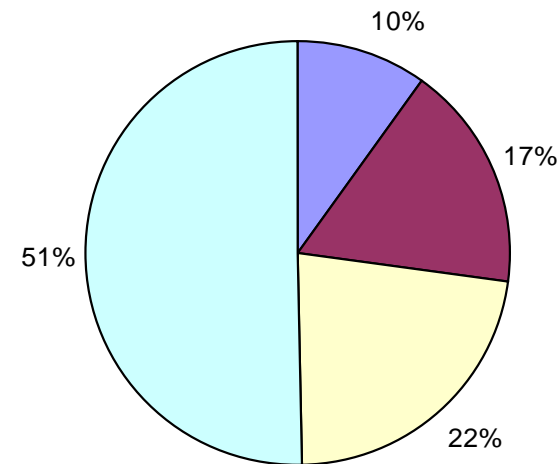
We are facing some workforce challenges

Length of tenure: 2007



■ <6 mths ■ 6-12 mths ■ 12 mths - 2 years ■ 2+ years

Length of tenure: 2009



■ <6 mths ■ 6-12 mths ■ 12 mths - 2 years ■ 2+ years

50% of current employees have < 2 years experience at TAC



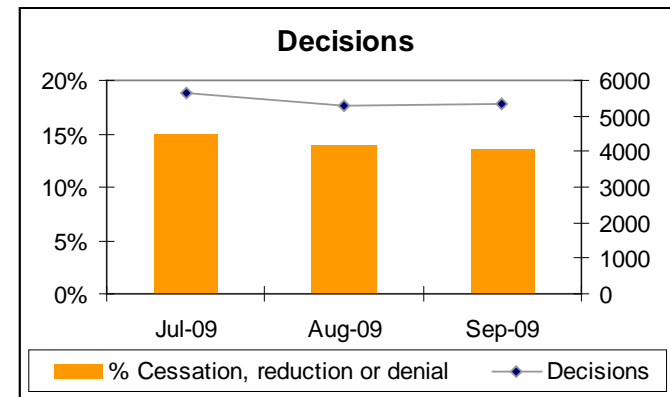
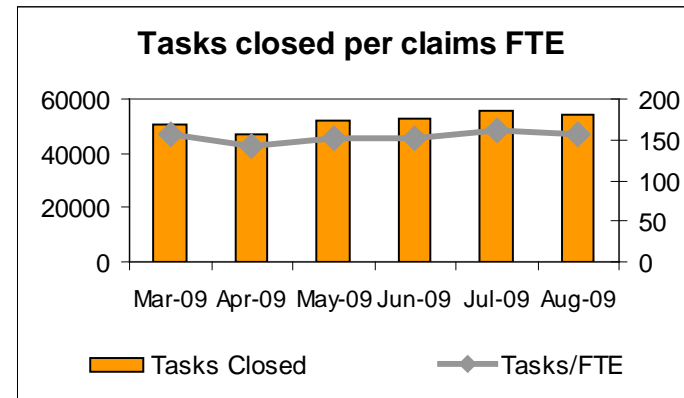
Strategies to maximise employee attraction, retention and development

- TAC has implemented a number of initiatives designed to maximise the attraction and retention of employees:
 - Capability framework
 - Work/life balance programs
 - Above industry remuneration standard
 - Refresh of values and behaviour charter
 - Leadership development programs
 - Talent and succession planning
 - Geelong relocation support programs



Enabling our employees through improved workflow

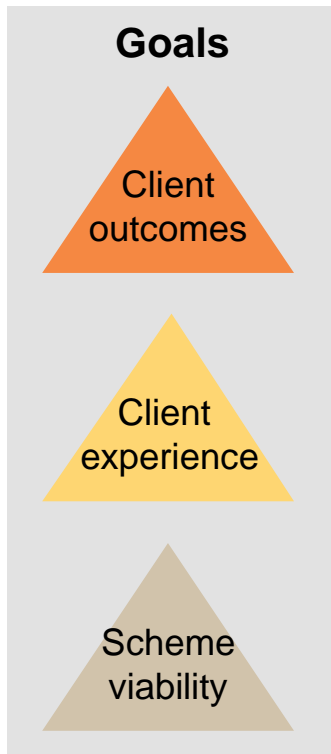
- Avanti Fineos system introduced in July 2008
- Provides opportunity to improve claims workflow
- Currently set up on existing work practices but will evolve with the implementation of TAC 2015
- System provides capacity to track and monitor workflow, decisions/decision outcomes





Focussing our employees through the TAC 2015 strategy

Three balanced corporate goals to meet the obligations of the Transport Accident Act:



- Improving client health, return to work and independence outcomes
- Improving service to clients
- Ensuring the necessary resources to provide for clients now and in the future



TAC 2015 at a glance

Focus areas

Claims management

Recovery

Expedite the recovery of our *moderately* injured clients

Independence

Maximise independence of *severely injured* clients

Support

Align to client strategies

Road trauma

Maximise potential of *Arrive Alive* and explore step-out opportunities

Capital Management

Optimise the balance sheet

Enablers

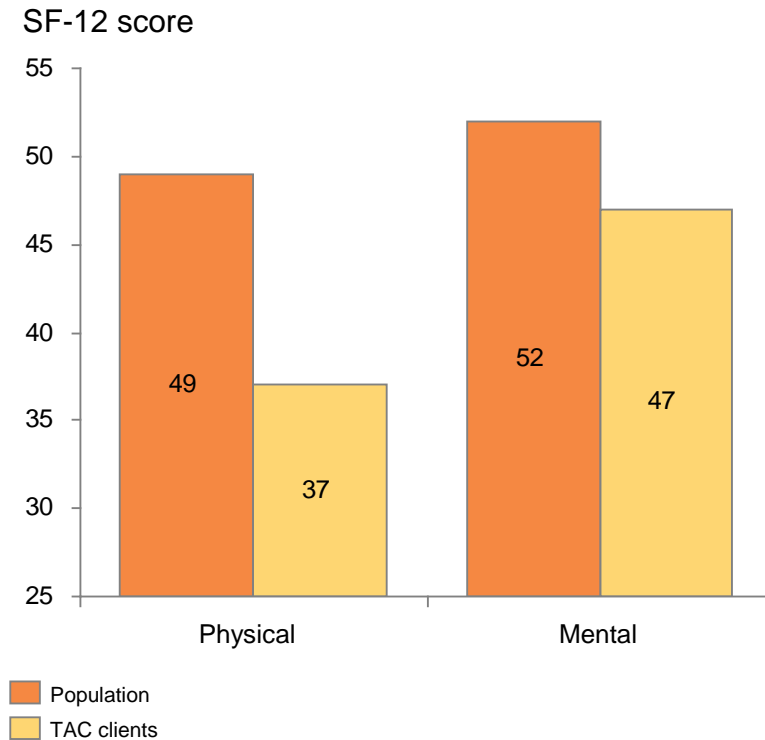
Align to deliver on the TAC 2015 agenda

- **Recovery:** Streamline segmentation and claims management to ensure rapid return to function
- **Independence:** Optimise claims model aligned with key life of claim events to maximise independence
- **Support:** Support above strategies, including differentiated modes of service delivery, HSG activity and TPC
- **Road Trauma:** Optimise Arrive Alive II and explore step-out opportunities
- **Capital Management:** Optimise the balance sheet
- **Enablers:** Ensure right people, processes, tools and approach to effect organisation-wide change



A new goal to improve client outcomes...

- TAC clients have poorer mental and physical health compared to the Australian population
- TAC clients are less likely to rate their health as good, very good or excellent
- Client outcomes survey encompassing health and return to work metrics underway now – results in Feb-10



...by reducing the gap between TAC and non-compensable patients

12th Accident Compensation Seminar 2009

Rising to the Challenge

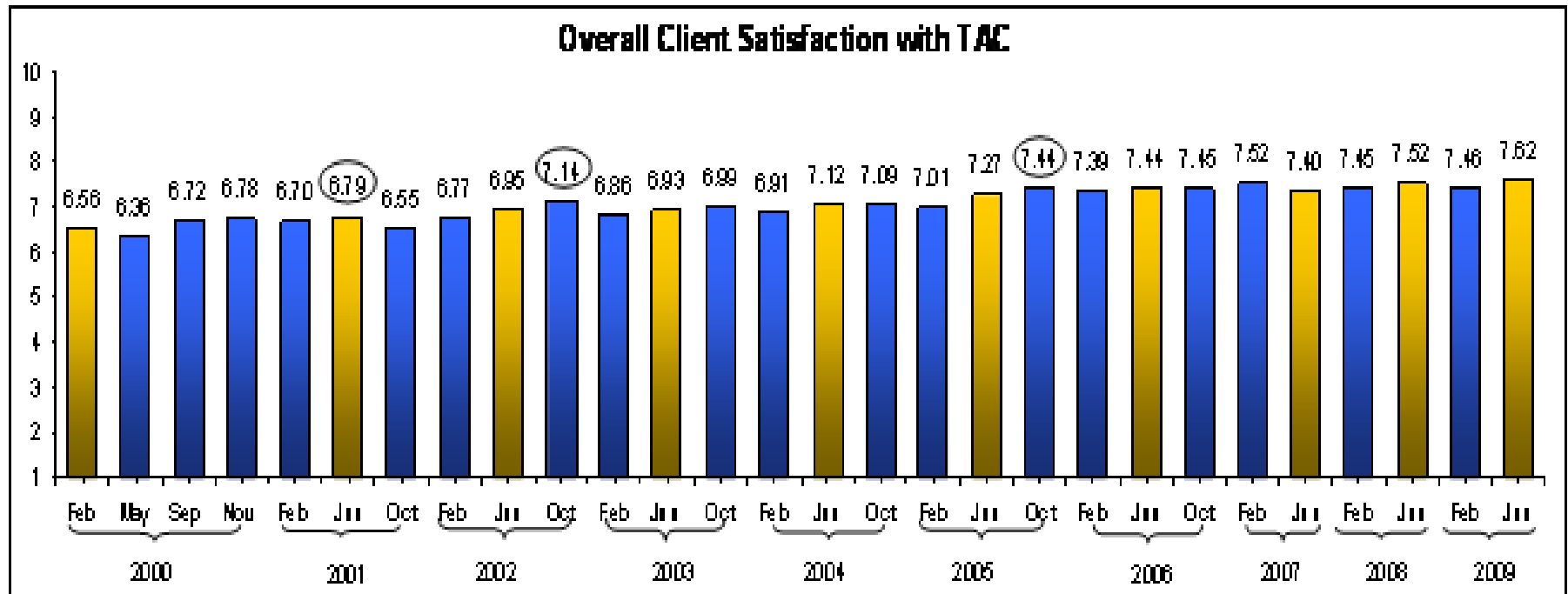
Melbourne 22nd – 24th November 2009



Institute of Actuaries of Australia



Record client satisfaction at June 2009...



...but 20% of our clients remain dissatisfied

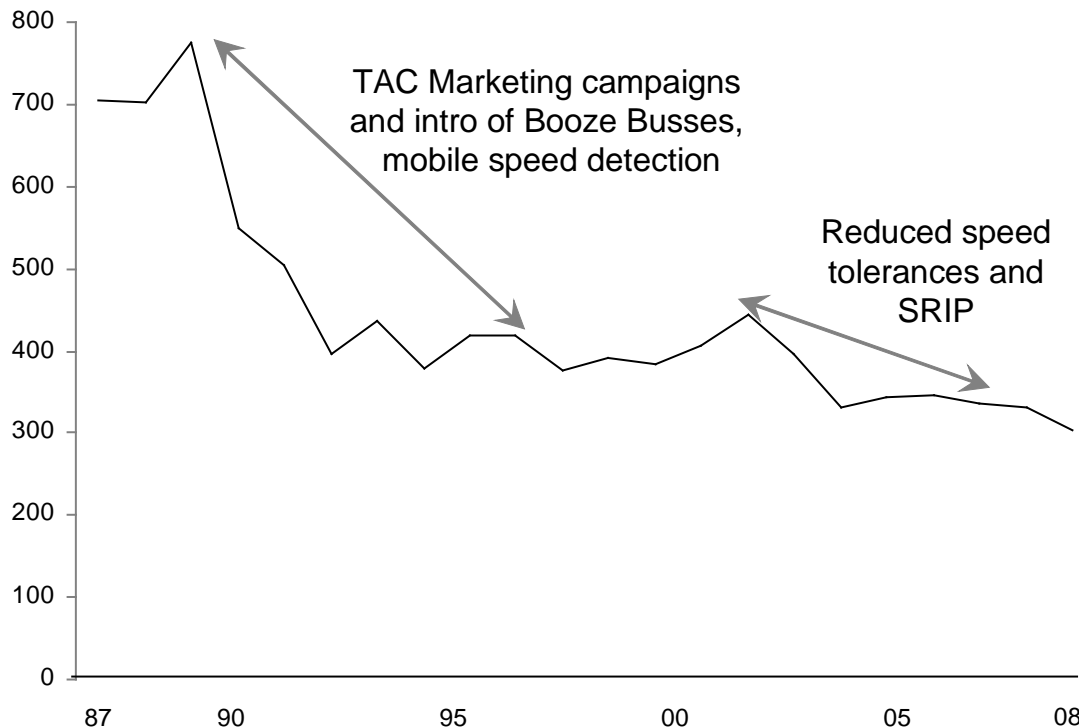


Client experience strategies

- **Improve the nature of service offer**
 - Align claims management to client needs to expedite recovery and maximise independence
- **Improve client interaction**
 - Lift and sustain performance against service basics
 - Increase level of proactive contact across all client cohorts
 - Develop a more complete multi-channel offer, including a significant enhancement in online functionality
 - Re-configure the General Enquiries function upon successful uptake of online channels
- **Revamp service performance management**
 - Redesign service delivery KPIs and reset targets to evolving expectations
 - Enhance service delivery measurement and monitoring
 - Update and re-launch the service charter



Road toll and claims hospitalised reducing but challenges ahead



- The growing population is driving further
- Number of registered vehicles is growing
- Mix of vehicles is changing (highest growth in motorcycles and trucks)

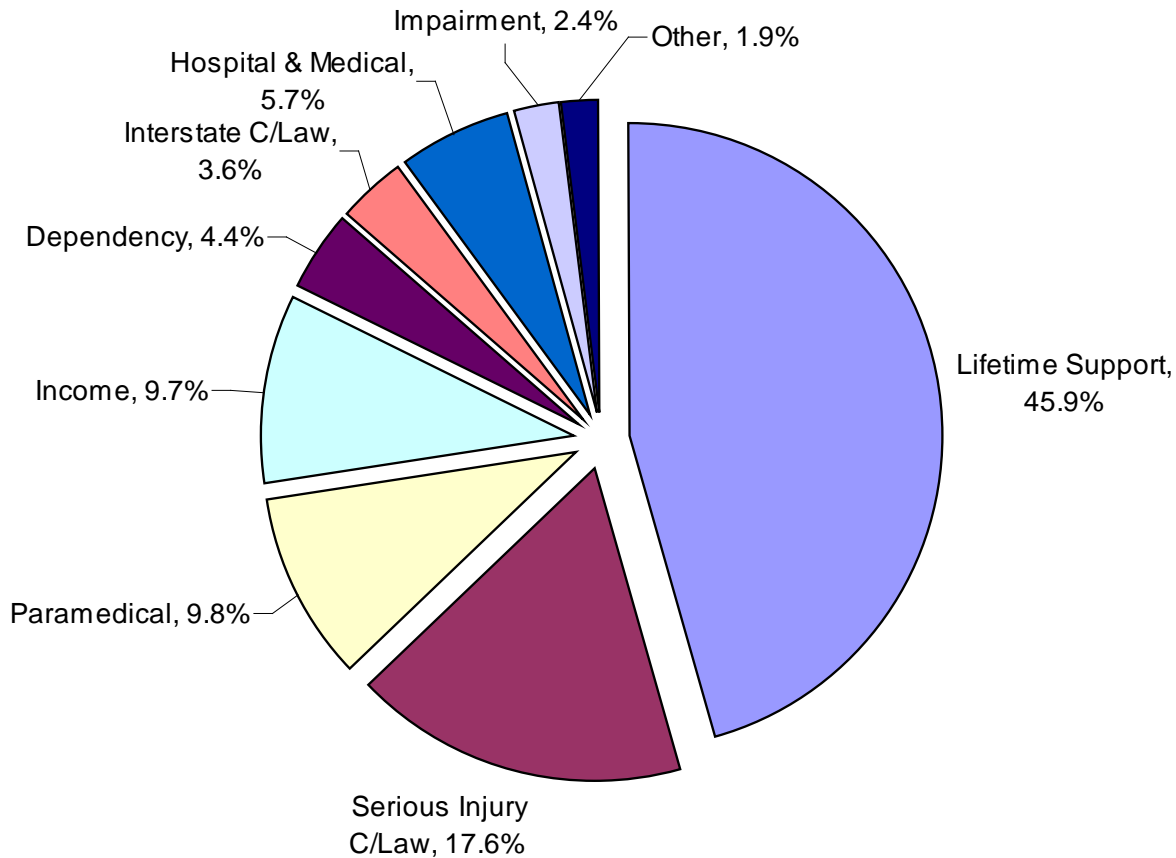


Road safety opportunities

- Use additional external benchmarks to help measure the value of programs and justify spend (eg ROI)
- Additional opportunities exist within current programs
 - Increase visibility into claims data to improve targeting of segments
 - Fast-track parts of the SRIP 3 investment to bring savings forward
 - Improve capacity in estimating ROI by marketing campaign to assist in prioritisation
 - Potentially utilise financial incentives to direct safer purchasing decisions



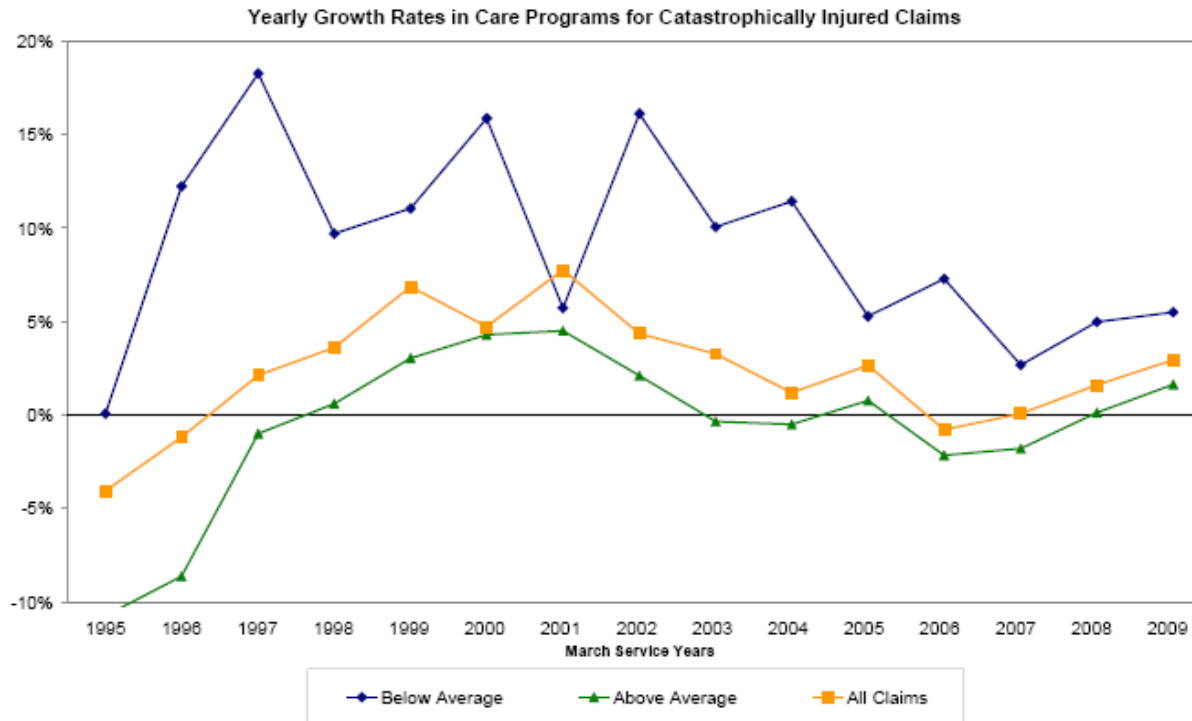
TAC liability snapshot at 30/6/09



Liabilities dominated by Lifetime Support and Serious Injury Common Law



Lifetime care remains TACs biggest liability...



...and we have seen cost growth for attendant care in recent years

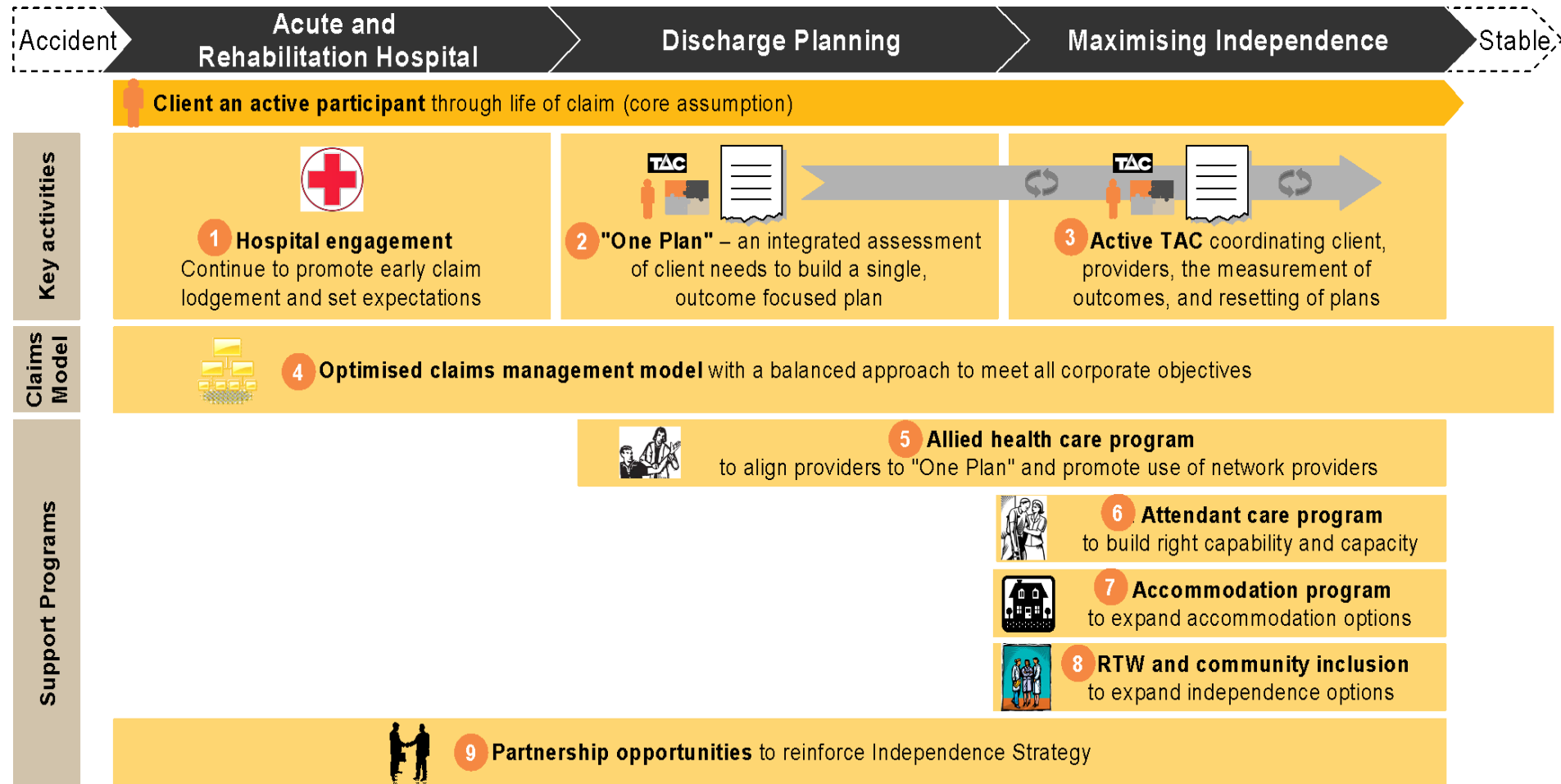


Despite cost growth, TAC is not achieving ideal outcomes...

- Client outcomes are sub optimal with only 67% of ABI clients achieving independence goals < 4 years post injury
- Service satisfaction has plateaued at ~7.3 for several years
- Poor access to the client and expectation setting early within hospital
- No single, outcome oriented client plan and limited coordination amongst treatment providers
- Highly variable capability across the industry, capacity constraints emerging in attendant care



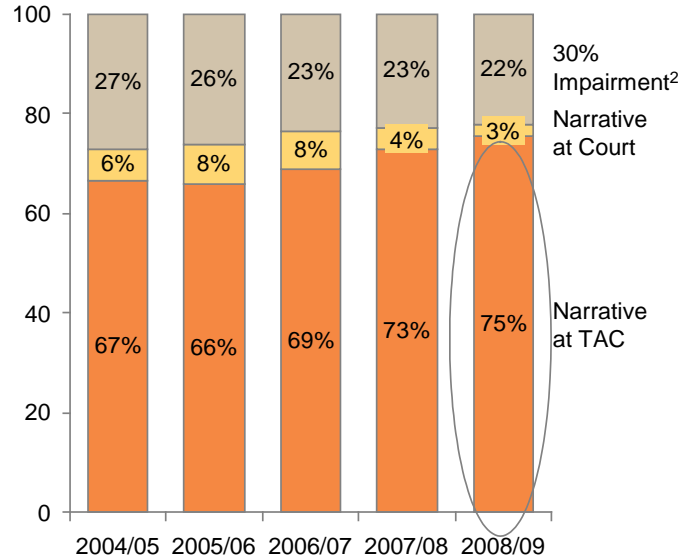
Our independence strategy





The serious injury threshold is eroding...

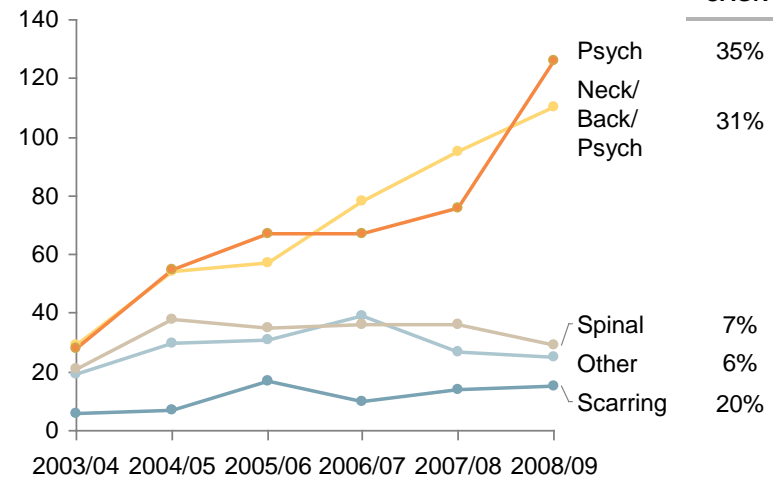
% of total # of settlements



of settlements (Narrative at TAC)

2004/05 473
2005/06 445
2006/07 478
2007/08 526
2008/09 701

Number of settlements (#)



5-Yr CAGR

Psych 35%
Neck/Back/Psych 31%
Spinal 7%
Other 6%
Scarring 20%

...driven by increased claims granted via the narrative test and a growth in psych and soft tissue claims



Strategies to address common law challenges

Identify indicators for early intervention

Identify appropriate indicators to flag potential CL claims

- Align appropriate resources to manage "flagged" claims
- "Fast track" indisputable Common Law claims to Lump Sum group

Collect comprehensive information early for CL flagged claims

- Collect clinical and accident details (eg, pre-injury conditions, witness accounts)

*Manage eligibility for Common Law
Ensure accuracy and consistency of settlement*

Targeted RTW strategy

Define targeted RTW strategy for clients with high likelihood of Common Law

- Targeted RTW support for clients without LOE but with potential for pecuniary damages settlement
 - eg, Career counselling for minors who are unemployed at time of accident

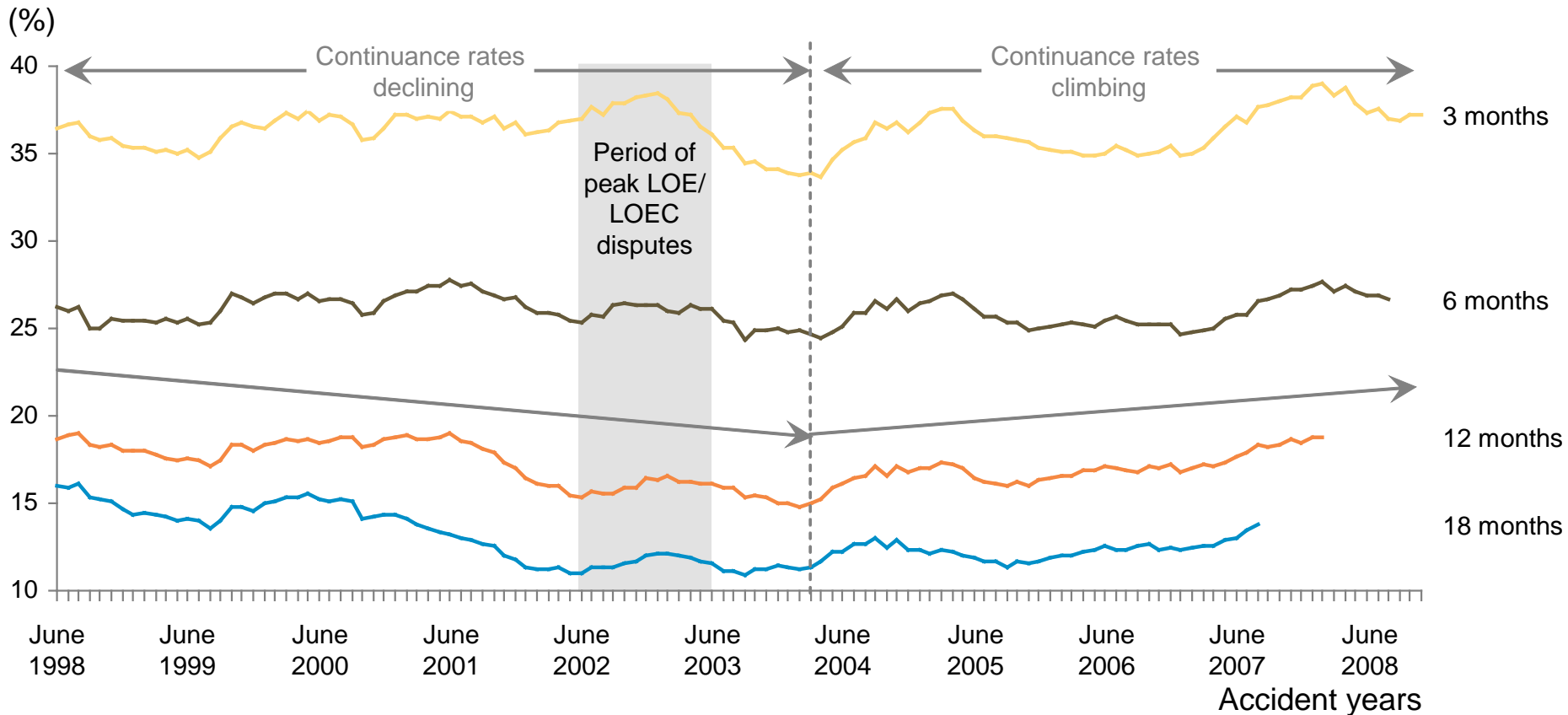
Refine interventions to address emerging injury areas

- eg, Targeted psych counseling/occupational psychologists and persistent pain management programs to meet needs of emerging risk areas for CL claims

*Drive to better client outcomes
Manage pecuniary damages settlement*



Return to work a key area of focus...



...with no sustained improvement over time



Return to work strategies

- **Immediate term**
 - Develop and improve RTW measures and tools
 - Ensure accountability for RTW outcomes
- **Short to medium term**
 - Active and targeted RTW approach in claims management
 - Build TAC employee capabilities and culture to focus on RTW
- **Medium to long term**
 - Influence and manage external stakeholders (eg, GPs, employers, voc providers, specialists)*



Closing remarks

- **TAC has experienced unprecedented change in recent years**
 - Workforce transition
 - Loss of experienced employees
 - Introduction of new systems
- **Attracting, retaining and developing employees a key focus**
- **Challenges emerging in KPI performance**
 - Client experience at record levels, but underlying dissatisfaction high
 - Scheme viability results under pressure, with issues for Lifetime Support, Common Law and Return to Work
- **Opportunity to address these challenges and focus our new workforce through implementation of the TAC 2015 strategy**