



Institute of Actuaries of Australia

Developing Analytical Capability in the Accident Compensation Industry

Prepared by Amanda Johnston and Julie Evans

Presented to the Institute of Actuaries of Australia
12th Accident Compensation Seminar
22-24 November 2009
Melbourne

*This paper has been prepared for the Institute of Actuaries of Australia's (Institute) 12th Accident Compensation Seminar
The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those of the Institute and the Council is not
responsible for those opinions.*

© Amanda Johnston (PIEF), Julie Evans

The Institute will ensure that all reproductions of the paper acknowledge the Author/s as the author/s, and include the above copyright statement:

The Institute of Actuaries of Australia
Level 7 Challis House 4 Martin Place
Sydney NSW Australia 2000
Telephone: +61 2 9233 3466 Facsimile: +61 2 9233 3446
Email: actuaries@actuaries.asn.au Website: www.actuaries.asn.au

Abstract

This paper will provide an introduction to the work of the Personal Injury Education Foundation, an overview of industry postgraduate programs, and an outline of the subject *Scheme Assessment and Economics*. The intent of this paper is to provide information about the types of development opportunities currently available to those wanting to learn more about the personal injury industry, and more particularly those who wish to engage in activities with a view to increasing the understanding and use of actuarial analysis. Secondly, it is hoped that as a result of this paper, the audience will feel welcome to communicate with PIEF as to any suggestions for additional activities, materials, expertise etc., that they may be aware of that would add value to the programs currently being developed and supported by PIEF.

Key words: Capability, understanding analysis, accident compensation, development, PIEF, Masters Program.

Introduction

The Personal Injury Education Foundation (PIEF) was established in early 2006 by a consortium of accident compensation organisations. A not-for-profit organisation, PIEF currently has 18 members from across Australia and New Zealand, all of whom are committed to improving the profile and performance of the personal injury industry across Australasia.

One of the primary aims of PIEF is the development and implementation of postgraduate education programs for staff working in the personal injury industry, with a view to developing industry capability and leadership. This has seen the establishment of a suite of postgraduate programs developed specifically to meet the needs of the industry.

These programs include a combination of generalist and industry specific subjects for study. One of the cornerstones of the postgraduate programs is the subject *Scheme Assessment and Economics*. This subject has been designed to provide an introduction to the uses of actuarial information in the insurance industry and the kinds of information obtainable through actuarial processes. In studying this unit, students develop an understanding of how scheme economics can be used in strategic planning and decision-making relating to long-tail schemes. Claims forecasting and loss reserving are also considered in the context of scheme assessment and evaluation.

This paper will provide an introduction to the work of the Foundation, an overview of the postgraduate programs, and an outline of *Scheme Assessment and Economics*. The intent of this paper is to provide information about the types of development opportunities currently available to those wanting to learn more about the personal injury industry, and more particularly those who wish to engage in activities with a view to increasing the understanding and use of actuarial analysis. Secondly, it is hoped that as a result of this paper, the audience will feel welcome to communicate with PIEF as to any suggestions for additional activities, materials, expertise etc., that they may be aware of that would add value to the programs currently being developed and supported by PIEF.

What is the Personal Injury Education Foundation?

Traditionally, the personal injury industry has not been widely held to be an ‘industry of choice.’ This has, over the years presented a number of challenges, particularly when it comes to the recruitment and retention of suitably qualified staff. Attracting and retaining skilled and enthusiastic staff is key to the sound management of personal injury claims and more widely, to the development of strategies and business practices to best manage the workers’ compensation and compulsory third party (CTP) schemes in Australia and New Zealand.

One of the key drivers behind the establishment of PIEF was to help develop personal injury management into an industry of choice, through the professionalisation of the industry and the development of formal qualifications that offer training and subsequently recognition of best-practice performance in personal injury management. A commitment has been made to this vision by a consortium of organisations that make up the membership of the Foundation.

Developing Analytical Capability in the Accident Compensation Industry

Currently these members include:

• Accident Compensation Corporation of NZ	• Territory Insurance Office
• Allianz Australia	• Transport Accident Commission
• Comcare	• Victorian Managed Insurance Authority
• Employers Mutual Management	• WorkCover Corporation of South Australia
• Gallagher Bassett Services	• WorkCover NSW
• Insurance Australia Group	• WorkCover Queensland
• Motor Accidents Authority of NSW	• WorkCover Western Australia
• QBE Insurance	• WorkSafe Victoria
• Suncorp Metway	• Xchanging

The range of member organisations has allowed PIEF's programs to be internationally applicable, through ongoing member involvement and consultation and in turn affording unique opportunities for national and international networking.

Since its inception in 2006 PIEF have successfully established a suite of postgraduate programs in partnership with Deakin University. These programs were initially only available staff of member organisations but have since been opened up to staff from non-member organisations. It is hoped that this will allow for further networking and learning opportunities for all involved in this course of study.

Over the past two years PIEF has also been able to deliver a range of very successful conferences and seminars. These conferences seek to bring international experts in personal injury management, workers' compensation and CTP together to share their experiences, research and opinions. To date these events have been very well received.

To further increase the professionalism of our industry, PIEF has recently introduced a range of professional designations to Australia. These include the internationally recognised *Certified Return to Work Coordinator*TM (CRTWCTM) and *Certified Disability Management Professional*TM (CDMPTM) - designations established by the International Disability Management Standards CouncilsTM (IDMSCTM).¹

The CRTWC designation is aimed at Return to Work Coordinators who have responsibility for planning, developing and monitoring return to work strategies. The CDMP designation is aimed at professionals such as therapists, physiotherapists, occupational health specialists etc, who may be involved in assisting an injured person to return to work. Awarding of either professional designation is reliant upon examination and subsequent ongoing professional development.

In addition, PIEF are in the process of establishing a Certified Personal Injury Professional (CPIP) designation aimed at recognising vocational and academic professionalism in the personal injury industry across Australia and New Zealand. Awarding of this designation will be dependant upon prior qualification and vocational experience, and subsequent ongoing development of skills and knowledge.

Finally, PIEF are eager to contribute to the strengthening of return to work as a key contributor to the recovery of injured workers and motorists. They will do this with the establishment of the *Return to Work Management Training Program*, a fully facilitated online training program consisting of eight modules, aimed at equipping participants with the skills and knowledge to return injured workers and motorists back to the workplace following an injury or illness, and to administer and manage workplace-based injury management programs. The program itself has been adapted from established training resources produced by the Canadian-based National Institute of Disability Management and Research (NIDMAR).²

Developing Analytical Capability in the Accident Compensation Industry

PIEF believes that the range of activities and its international coverage present unique and exciting opportunities to those involved in the personal injury industry, including all accident compensation schemes, to contribute to the development of the present and future professionals who will work to provide best-practice products and services and maintain viable, feasible schemes into the future.

Postgraduate programs in personal injury management

Until 2007, options for postgraduate education in the personal injury management industry were very limited. In response to an industry need, PIEF and Deakin University have developed a suite of postgraduate programs suitable for those working within the workers' compensation and CTP schemes.

Currently, there are four awards offered:

- Graduate Certificate of Management (Personal Injury), requiring four units of study
- Graduate Diploma of Management (Personal Injury), requiring eight units of study
- Masters of Management (Personal Injury), requiring twelve units of study
- Masters of Business (Personal Injury), requiring eight units of study.³

All applicants are required to have sufficient academic qualifications and/or vocational experience in order to be accepted into the programs.⁴

The courses are structured to include a balance of generalist units (existing Deakin University subjects) and industry specific subjects, custom-developed by PIEF and industry experts in conjunction with Deakin. It is held that this balance will provide the participants with a well-rounded and holistic skill-set allowing them to better influence their workplace and their scheme in a fully informed and insightful way.

The structure of the courses are outlined in the table below:

OVERVIEW OF MASTER OF MANAGEMENT

Stage 1	→	Stage 2	→	Stage 3
Graduate Certificate of Management (Personal Injury)		Graduate Diploma of Management (Personal Injury)		Master of Management (Personal Injury)
<p><i>Core Units:</i></p> <ul style="list-style-type: none"> • Injury Management • Scheme Policy and Design • Financial Reporting and Analysis <p><i>Elective:</i></p> <ul style="list-style-type: none"> • Other approved elective 		<p><i>Core Units:</i></p> <ul style="list-style-type: none"> • Claims Management Strategy • Scheme Assessment and Economics • Strategic Management <p><i>Elective:</i></p> <ul style="list-style-type: none"> • Other approved elective 		<p><i>Core Units:</i></p> <ul style="list-style-type: none"> • Applied Business Project • Change Management • Strategic Customer Services <p><i>Elective:</i></p> <ul style="list-style-type: none"> • Other approved elective

Postgraduate Award Programs in Personal Injury; Information Booklet, DeakinPrime (2009) p.3

The Masters of Business (Personal Injury) is available to those applicants with additional academic and/or vocational experience and requires completion of subjects:

<ul style="list-style-type: none"> • Injury Management • Scheme Policy and Design • Financial Reporting and Analysis • An approved elective 	<ul style="list-style-type: none"> • Claims Management Strategy • Scheme Assessment and Economics • Strategic Management • Applied Business Project
---	---

Course delivery

The postgraduate programs have been designed to be accessible to students from across Australia and New Zealand. Deakin University makes use of a variety of delivery methods to achieve this aim.

All subjects are delivered either online using DSO, Deakin's online learning environment, or via residential - an intensive, 'live-in' program of study, usually conducted over a week. There are a number of subjects that use a blended approach, involving both an online learning component accompanied by a residential program.

It is fair to say that the residential delivery is a cornerstone of the program, as it is particularly suitable to students studying whilst working full-time. They allow for focused and dedicated time to commit to study, away from the distractions of work and life. The residential has also proven invaluable as an opportunity for students to meet with a broad range of people from their industry, be they other students, subject facilitators or guest presenters and to learn and share across state borders, organisations and scheme types.

Industry-specific subjects

One thing which sets the PIEF postgraduate programs apart are the industry-specific units custom-developed for this program, and in turn for those who are working within the industry.

These units have been developed by PIEF educational specialists, in consultations with member organisations to ensure relevance and accuracy. They have been widely contributed to by industry experts from across the world, and look to capture both historical and visionary content, factual information and expert opinion. Finally, Deakin University have contributed their academic expertise to ensure that the products are rigorous and appropriate at a postgraduate level. In addition, these units are reviewed annually to ensure currency.

The industry-specific subjects are outlined below.

Scheme Policy and Design

Scheme Policy and Design provides students with an overview of the history of workers' and motor accident compensation schemes, along with critical analysis of the current situation around Australia and internationally. The unit considers the political issues surrounding the development of scheme design and policy and the impacts these decisions may have on other related bodies. The objective of the unit is to impart an understanding of the rationale for statutory schemes and to better equip students to diagnose causes of scheme dysfunction or underperformance requiring legislative remedies and more effectively allow their participation in the necessary process to implement change.

This subject is part of the first year of both Masters programs and can also be undertaken as a single-unit enrolment (stand-alone subject).

The subject is particularly suitable for anyone interested in learning more about scheme design across Australia and New Zealand and beyond, with a view to improving their ability to operate in and influence the success of compensation scheme design.

Scheme Assessment and Economics

Scheme Assessment and Economics provides an introduction to the varied uses of actuarial information in the accident compensation industry and the kinds of data that are obtainable through the actuarial process. In studying this unit, students develop an understanding of how scheme economics can be used in strategic planning and decision-making relating to long-tail schemes. Claims forecasting, optimal settlement, and loss reserving are also considered in the context of scheme assessment and evaluation.

This subject is part of the second year of both Masters programs, and can also be completed as a single-unit enrolment.

Scheme Assessment and Economics is particularly suitable to non-actuarial staff who wish to develop a new understanding of assessment of scheme performance, particularly as it informs decision-making and strategy development.

Claims Management Strategy

Claims Management Strategy is designed to provide students with a comprehensive understanding of how a strategic approach to claims management plays a vital role in reshaping the culture, processes, systems and alliances that enable the effective, efficient management of compensation schemes. The subject covers topics such as strategic planning, how accident compensation organisations choose to manage claims, the impact of community and the individual on claims management, how effective strategies can prevent disputes, and strategic interventions aimed at improving claims durations and return to work.

The subject is part of the second year of both Masters programs and can be completed as a single-unit enrolment.

Claims Management Strategy is particularly suitable to personal injury professionals who are involved in the management of claims cohorts, scheme performance and/or the development of business practices.

Applied Business Project⁵

The *Applied Business Project* requires students to apply the knowledge and skills gained during their studies to an actual business problem. Students are required to identify a problem faced by the personal injury industry and develop a suggested remedy.

This subject is the last of the students' course of study, and is intended to consolidate their skills and knowledge.

It is hoped that the passage of time will see further opportunities to develop additional industry-specific subjects.

Developing analytical capability

Before development of the postgraduate programs commenced, significant consultation was undertaken with stakeholders. Focus groups and interviews were conducted with staff of scheme regulators and insurers at a variety of levels of seniority, in order to identify the needs of the program's target audience.

Early in the consultation process, it came back clearly that there existed a substantial skill-gap in the industry regarding actuarial evaluation, and in particular the way that actuarial analysis and reporting was used to effect scheme design and management. From this feedback, it was taken that a unit of study was required covering the assessment of schemes, and the economics which both influence and are influenced by scheme performance.

Developing Analytical Capability in the Accident Compensation Industry

For this reason, *Scheme Assessment and Economics* was outlined and developed for delivery in 2008. To ensure that the subject met industry needs, a working group representative of all member organisations was established by PIEF. This working group then identified the topics for inclusion. The study materials included substantial contribution by Deakin University and by actuarial staff from WorkSafe Victoria. Specialists from New South Wales, South Australia and New Zealand completed reviews of the materials, and PIEF educational specialists were responsible for the final collation and design of the materials.

The content for *Scheme Assessment and Economics* for the subject was developed to cover a range of topics relating to the actuarial and market issues that are relevant to the field of insurance and especially to long-tail insurance schemes. The subject was designed to provide an introduction to several important areas of consideration in the business of insurance without focusing on the extensive mathematical principles that underlie decision-making in this area. Where a quantitative approach was used, efforts were made to simplify the concepts involved such that an understanding of higher mathematics was not required.

The content itself was presented in the following context:

Long-tail personal injury compensation schemes, including workers' compensation and CTP programs have a number of unique features that distinguish them from other types of insurance and benefit programs. These include the need to estimate the cost of long-term claims for permanent disability (the long-tail) that will have to be paid over many years, the ways in which societal and economic factors may affect claiming behaviour, the no-fault nature of most programs, the requirement of compulsory participation by all members of particular groups (i.e. employers, injured workers, motor vehicle users, etc) and the contributory nature of the schemes. As a result, accident compensation schemes are subject to considerations and assessments that differ from those used in other areas of the financial services sector.

Assessment and evaluation of accident compensation schemes are typically made using actuarial information as a base. Actuarial science is the branch of statistics that is applied to the finance and insurance industries and is specifically concerned with risk assessment. Risk, which tends to be subject to complex and diverse forces, refers in this context to the likelihood of events occurring that will result in compensation being paid. The level of anticipated risk (which is expected to occur over a long period of time) contributes to the determination of funding required to ensure a scheme has the assets required to cover its costs as they arise. Actuarial calculations are used to estimate risk and cost to an accident compensation scheme but also to assess the need for changes to scheme design, the impact of legislative change, alterations in benefits and other factors that will contribute to scheme operation and viability.

While actuarial calculations are made by trained professionals with a background in mathematics and statistics, a general understanding of the uses and limitations of actuarial information, along with awareness of the process is extremely useful for individuals who work in the accident compensation sector. This information, along with knowledge about economic impacts on the scheme, is invaluable in program assessment and evaluation and complements planning and design processes related to operational and financial decision making.

Introduction to *Scheme Assessment and Economics* – Study Guide, Version 2.0 (2009) p.4

In short, this subject has not been designed to train actuaries, but rather to increase the level of understanding and insight into the work that is done as a result of actuarial information and analysis.

Developing Analytical Capability in the Accident Compensation Industry

To paint a more detailed picture of the knowledge students gain from this subject, the 2009 version of *Scheme Assessment and Economics* covered the following topics in detail⁶:

Theory of General Insurance

Aims to develop an understanding of the principal areas of claims evaluation and premium setting in the context of insurance management.

The nature of accident compensation schemes

This topic aims to provide a brief overview of some of the issues that make assessing and evaluating accident compensation particularly complex. It is held that the best place to start this process is in developing an understanding of accident compensation schemes.

Key concepts for scheme assessment

Aims to provide students with an understanding of some of the key concepts that are critical to understanding scheme assessment and economics, such as the impact of claim frequency, average claim size, continuance rates, etc.

The role of the actuary

This topic investigates the past and current role of the actuary in accident compensation schemes, with particular focus on their primary responsibility for the actuarial valuation of outstanding claims liabilities and pricing work and their involvement in costing proposed benefit changes and contributing to scheme design.

An overview of basic actuarial reserving techniques

Aims to introduce the students to basic actuarial modelling, and to the question of which model to use. It considers issues around trend identification, and using this trend data for decision-making. This topic covers off on concepts such as accident year and super-imposed inflation.

Premium setting

This topic explores the questions surrounding premium setting and looks to compare premium setting and reserving.

Issues related to actuarial work

The purpose of this topic is to provide some insight into a number of issues previously experienced by those working in accident compensation schemes. It introduces issues such as the importance of appointing the right actuary, the risks associated with changing actuaries, the impact of management influence on the valuation results (to name a small selection.)

How to use a valuation to manage a scheme

This topic aims to develop an appreciation for the Actuarial Control Cycle and an understanding of Actuarial Release.

In order to allow time for both independent study and collaborative learning *Scheme Assessment and Economics* is currently delivered using a blended approach, combining facilitator-supported online learning with a three-day residential program.

The online component of study requires that the students download the prepared study guide which is to be read in detail before the residential. The guide provides the students with the theoretical and academic components of study. Students are also encouraged to engage in discussions online in order to further explore the topics covered in the guide.

During this stage of delivery, students are also required to complete a four-week program of study covering general insurance, using materials prepared and delivered by Deakin University. Customisation has been made to the general insurance material to better meet the needs of the personal injury students.

Developing Analytical Capability in the Accident Compensation Industry

The final delivery component of the subject is the residential program. This face-to-face intensive program allows the students to:

- hear from industry experts;
- learn from each other; and
- work more closely with the subject facilitators, particularly in working on their major assessment piece.

It also allows them to network with a broad range of people from across the industry. Last year's program provided an opportunity for students to work closely with actuaries from WorkSafe Victoria and Ernst & Young. They heard presentations from experienced actuaries from PricewaterhouseCoopers and also learnt more about interventions such as the Lifetime Care and Support Scheme established in New South Wales. This particular presentation allowed for a contextualisation of the principles that the students had been exploring, as the presenter considered the financial rationale for such a scheme and invited consideration of the likely affect of the establishment of such a scheme on the Motor Accidents Authority scheme in NSW.

Lastly, the residential gives the students a chance to work together in syndicate groups on their group assignments. Currently, assessment involves students in syndicate groups identifying an issue or intervention relevant to the accident compensation scheme and researching the issue, gathering data and analysing the written and numerical information available relating to the issue.

Syndicate groups must be representative of multiple jurisdictions and organisation types to ensure that all students are exposed to new ideas. Work on the group project is expected to have commenced remotely, prior to the residential – a task which encourages the students to learn new ways to communicate and collaborate from a distance. The residential itself then allows for final (and face-to-face) collaboration after which a presentation is given to the group and to a panel of industry experts (who offer feedback and suggestions) and reports are finalised.

The residential program is concluded with the student presentations, allowing the participants exposure to additional cross-jurisdictional issues and a range of new ideas.

To date, the *Scheme Assessment and Economics* residentials have been extremely well received.

The facilitator's perspective

To date, *Scheme Assessment and Economics* has been overseen by a Deakin University Chair (Elsa Underhill) and facilitated by Bruce Harris (Ernst & Young, formally of WorkSafe Victoria) and Julie Evans (Director, Actuarial Services, WorkSafe Victoria.) The feedback to this staffing has been resoundingly positive, with suggestions that this industry expertise is in fact vital to the success of the subject.

The role of the facilitator is to develop a full and working understanding of the study material and of the intent of the subject. They work closely with the students as they develop an understanding of the content, and assist them in the completion of their assessment.

Due to the nature of this role, they have a unique and well-informed perspective to offer regarding the subject itself (its content, how it works, its outcomes) and for this reason, Julie Evan's perspective of *Scheme Assessment and Economics* can be found below, with the aim of further communicating the intent and achievement of this subject to develop analytical capability:

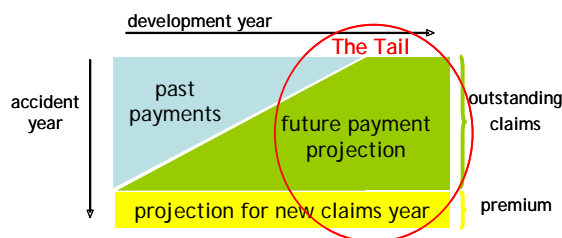
When working as a consultant, one of the frustrations I often felt was the "wasted" value of the actuarial valuation and the valuation report. Too often it seemed that the only thing the client was interested in gaining from the valuation was the end result - the number - and that the information the report provided on emerging trends and pressure points received little attention. Any fault for the loss of full value of such a report should be shared; it is my view that it is the client's responsibility to seek value from the valuation, and the actuary's responsibility to communicate the information in a way that is accessible.

Developing Analytical Capability in the Accident Compensation Industry

This desire to see greater value being drawn from the actuarial valuation (and other actuarial work) was a motivation for me in taking on the role of facilitator for the PIEF subject Scheme Assessment and Economics in 2009. My aim was to help demystify the process, including the inputs and the outputs, so that those in operational roles felt that they both influenced the outcome and could get something from the work done.

It is difficult to design a short course on subject matter that is grounded in technical detail, and then to present it in a way that is not overly technical and not too daunting for the students. We probably haven't got the balance right just yet - the course has only been running for two years - but the response has been very positive and it is clear that we are on the right track. Bruce Harris deserves the credit for this, as the author of the original course material and the facilitator in the first year of delivery (2008).

The course itself, and the lectures at the residential, include a lot of material covering the terminology and the concepts important to this industry. For example, we use the accident year/development year "triangle" as an anchor - coming back to it time and time again to illustrate different concepts and show the students how they come together. By the end, we have a composite that looks something like the following:



The subject material can at first seem a little obscure and dry (this may be a shock to some) so we have included interactive sessions in the residential program. One of the exercises included involved getting the students to rank – from the actuary's perspective - different scenarios for things which might affect the data. The aim was to get the students thinking about how operational changes and issues affect the data the actuary receives, and how important it is to flag these changes with the actuary to help with the analysis and interpretation. This can be a bit of a light-bulb moment for the students.

A significant part of the course material and the residential sessions is devoted to considering the varied uses of the valuation. The concept of the actuarial release is discussed in some detail – both how it comes about and how it can be used as a management tool. The Victorian schemes are big users of this concept, and for students from the schemes that use the actuarial release as a tool, this part of the course seems to help bring it all together for them. Other uses, including monitoring, strategy scenario-testing and strategy evaluation are also discussed.

One area for course development is broadening the subject matter; at the moment too much of the material is drawn from the Victorian workers' compensation scheme. We made some inroads on this when reviewing the course content for 2009 (for example, John Walsh presented on the NSW Long-term Care and Support Scheme) but there is still a way to go. Volunteer guest authors would be appreciated, as this would help broaden coverage.

One challenge remaining is to work out the best way to assess the student's understanding of the subject. At the moment the assessment is based on group projects where the group selects a current issue for analysis and comment. Some of the group reports are very good, but I can't help thinking the students are most comfortable explaining the issue and how they would respond, and are less comfortable with the analysis of the data. Often the analysis seems to get written last, and treated as a bit of an add-on to the body of their assignment. We'll continue to work to fine-tune this assessment process.

The students' perspective

The student's themselves are quite frequently asked to share their impressions of the experience of studying *Scheme Assessment and Economics*.

PIEF and Deakin University were extremely pleased to see that when evaluated the subject received positive rates from the students such as:

76.2% of students were satisfied with the facilitation
85% of students were satisfied with the study material
95.2% of students felt that the study materials were relevant
85% of students believed that the additional readings provided as part of the materials improved their understanding of the topic
80.6% of students were satisfied with the residential program
85.7% of students were satisfied with the subject, <i>Scheme Assessment and Economics</i> overall

These statistics were accompanied by verbatim comments such as:

The content of the subject

The explanation of the Actuarial Control Cycle, in particular, was very illuminating. It is the control cycle, our great data on the Scheme (through one system) and the way we manage the Scheme through these items that seems to form our competitive advantage. Other states may try to learn how to use the A.C.C. but without one system of data capture may find emulating our success rather problematic.

The teaching

Great teachers, worked in industry had passion about their work and were able to "teach" us, excellent course.

The lecturers were very helpful and friendly and made a difficult subject enjoyable and useful.

Extremely enthusiastic lecturers kept high level of excitement and interest through whole course.

Their learning

Greatly improved my knowledge of the subject

Overall and pleasingly, feedback received regarding *Scheme Assessment and Economics* in 2009 was positive.

Evaluation and ongoing development

As with all new training products, extensive evaluation has been undertaken in order to identify the strengths and weaknesses of *Scheme Assessment and Economics*.

The evaluative activities, in addition to the more informal anecdotal feedback received throughout the life of the subject, have identified a number of opportunities for additions to the existing *Scheme Assessment and Economics* materials and delivery. To date these include two main themes; broader jurisdictional coverage and treatment of additional assessment methods and concepts.

I thought there was too much emphasis on the Victorian Worker's Compensation scheme and that more attention should have been given to other schemes and jurisdictions.

Suggestions for improvement – Student feedback

Developing Analytical Capability in the Accident Compensation Industry

As it stands, the materials are quite focused on Victoria, and in particular the Victorian workers' compensation scheme. There is a clear need for additional coverage of other jurisdictions and other types of accident compensation schemes. There are a number of different reasons to explain the current focus on Victoria, not the least of these is the ready availability of a network of experts in Victoria, and the jurisdiction's well-established use of actuaries in the management of the workers' compensation scheme.

Challenges do exist in that few jurisdictions use actuaries in exactly the same way, and it would seem that other schemes use actuarial services to a different (and sometimes lesser) extent. They tend to be more reliant upon external actuaries than internal actuarial services. This makes it difficult to gather information on the methodologies used, as this detail is often held external to the member organisations (who are typically our key contributors) and in some cases are held to be 'commercial in confidence.'

There may also exist questions around the terms of reference of the subject with the possibility that having drawn such a close link between assessment and actuarial science may in fact have created a barrier for some other schemes. It may be necessary to broaden the focus, to invite consideration of other methods and forms of assessment. This would require the establishment of new networks of professionals in states and territories across Australia and New Zealand.

There have also been suggestions made regarding the actual topics covered in *Scheme Assessment and Economics*. Further investigation into concepts such as pay-as-you-go methods, super-imposed inflation, universal coverage and associated levy-setting, have all been suggested as important topics for treatment. Further coverage of these topics would of course require input from academics and experts from around Australia and New Zealand.

On a more practical level, it has been suggested that benefit would be gained if additional opportunities for student to work with real data were provided. This is particularly challenging in states other than Victoria, where data is less readily available. In some cases, data is primarily held by parties external to the regulator, presenting challenges in access and availability of information.

Unfortunately the inability to get quality data prior to the residential impacts on the ability to be prepared and fully able to appreciate the information being learnt.

Availability of data – Student feedback

One solution to this challenge might be in the development of detailed and realistic case studies, providing the student with industry-specific scenarios accompanied by data. These case studies would need to be supported by a facilitator or mentor who could assist by answering questions that the students might have, particularly regarding the interpretation of the data.

It is fair to say that the provision of this level of expertise in facilitation is also a major challenge, as this type of skill-set is quite hard to source. Deakin University and PIEF are always exploring new options for staffing PIEF units of study and welcome industry input in a facilitory capacity.

Opportunities for further contribution and collaboration

The subject *Scheme Assessment and Economics* would not be what it is today without the input of industry experts through their writing, delivery and consultation. This has included expertise from regulators, insurers and actuaries.

The opportunities for improvement outlined above will only come about if experts are willing and able to assist. It is also the belief of PIEF that this subject is only one of many potential products that could work to fill the knowledge gap that exists around assessment of scheme performance. PIEF would welcome any offers of knowledge, time and skills to continue the process of developing the analytical capability of those working in the accident compensation industry, so that they can better appreciate the impact that their performance and strategies have on the health of the schemes in which we work.

We look forward to working closely with professionals from the actuarial and accident compensation industry far into the future.

¹ For full details regarding the IDMSC™, their programs and their authorities, visit www.idmsc.org

² For full details regarding NIDMAR, their training and their international experience in disability management and return to work, visit www.nidmar.ca

³ This study option is available to those students with additional academic experience. It includes fewer ‘generic’ units of study, focusing more on the industry specific subjects in order to reach Masters level achievement.

⁴ Full details of entrance requirements can be found at www.pief.com.au

⁵ This subject is now considered a ‘generic’ Deakin University subject which can be included in other courses of study and completed by students outside of the personal injury industry.

⁶ Topic summaries have been sourced from the *Scheme Assessment and Economics* Study Guide, V2.0, 2009