

# Common Law and Order

## *A Workers' Compensation Self-Insurer's Perspective*



# Our Journey

- TRIFR 43.0
- 8,500 claims
- 14,000 active

2012

- Leadership driven
- Prevention focus
- EML partnership
- Recovery & capacity
- Cost driver awareness
- Reward mechanisms

Transformation  
Program

- TRIFR 12.9
- 3,500 claims
- 6,400 active

2017

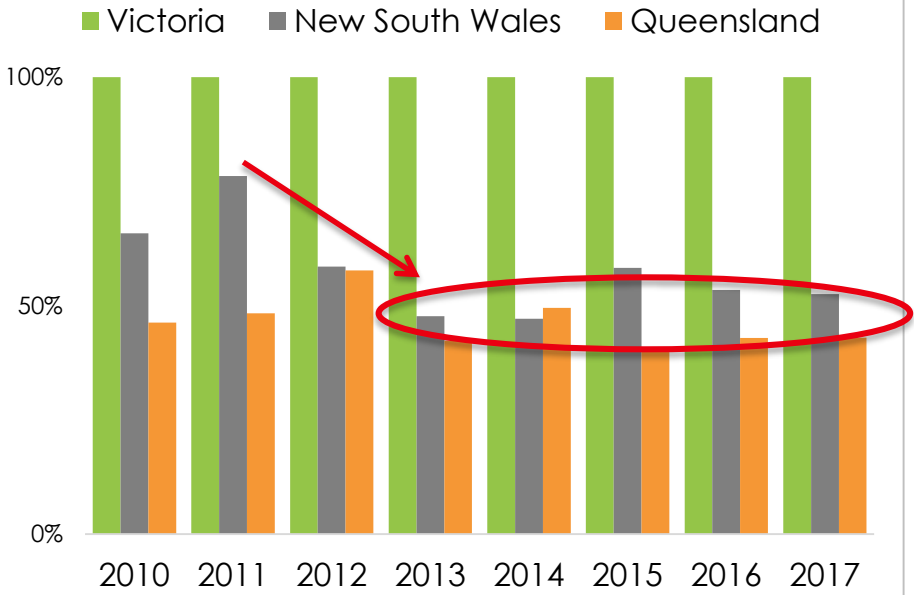
- Mental Health
- Data and Analytics
- Common Law

In Progress

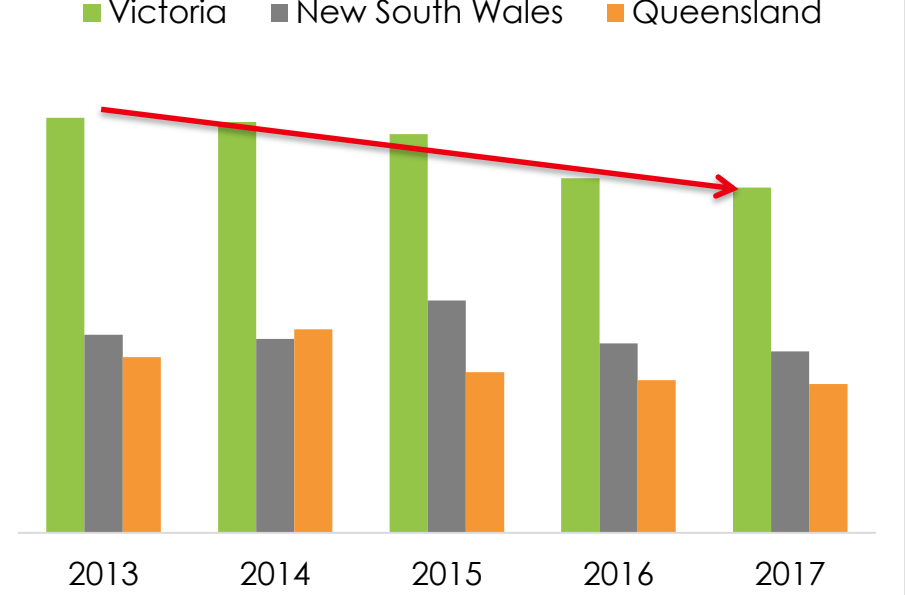


# Victoria is double the cost, driven by is slowly improving

## Relative Cost

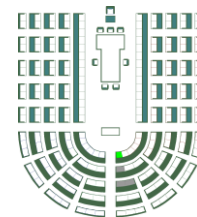


## Claims Cost % Salaries



# Common Law has many factors

Risk & Exposure



Legislation



Legal Costs

Injured  
Team  
Member

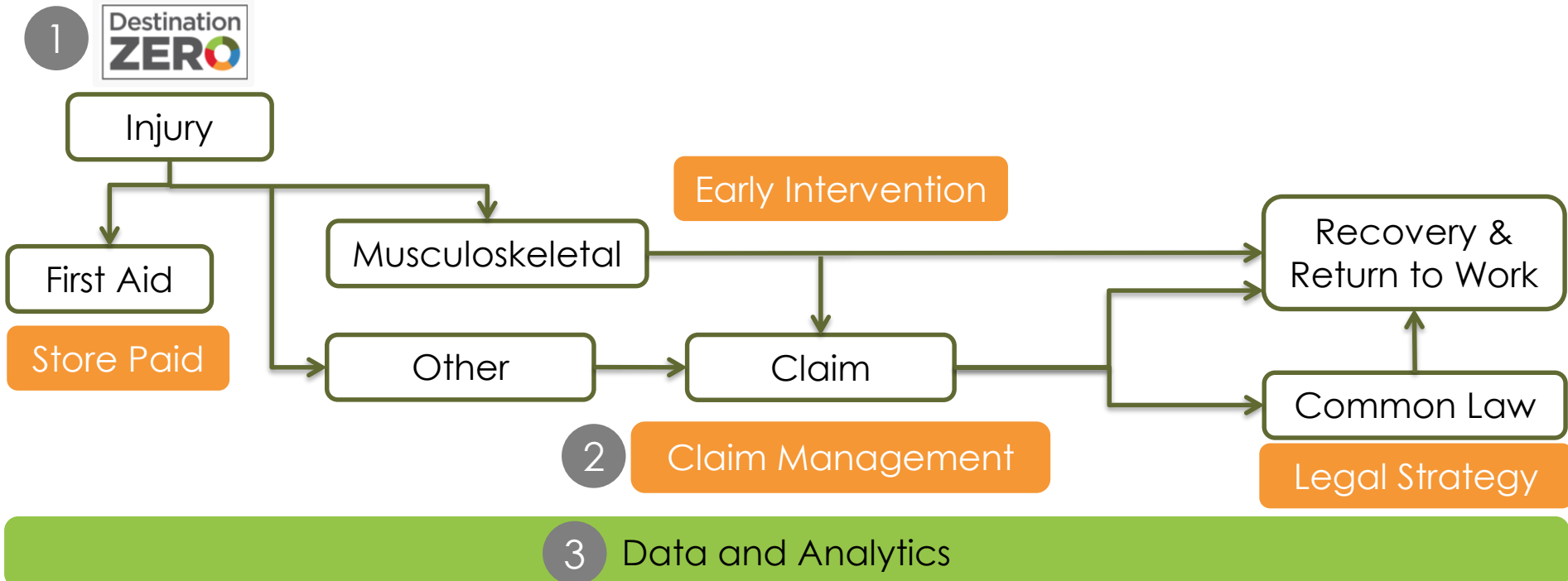


Heads of Damage  
Settlement Terms



# Our programs focus on prevention

Team Members





1

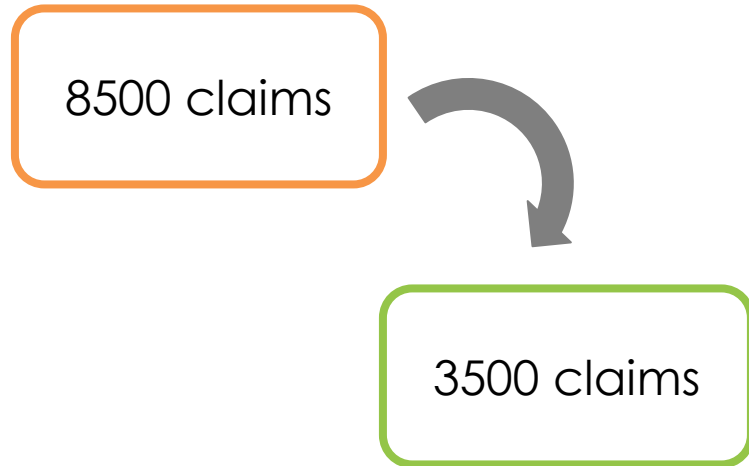
Destination  
**ZERO**

“where people go home from work or shopping free from injuries or illness everyday”



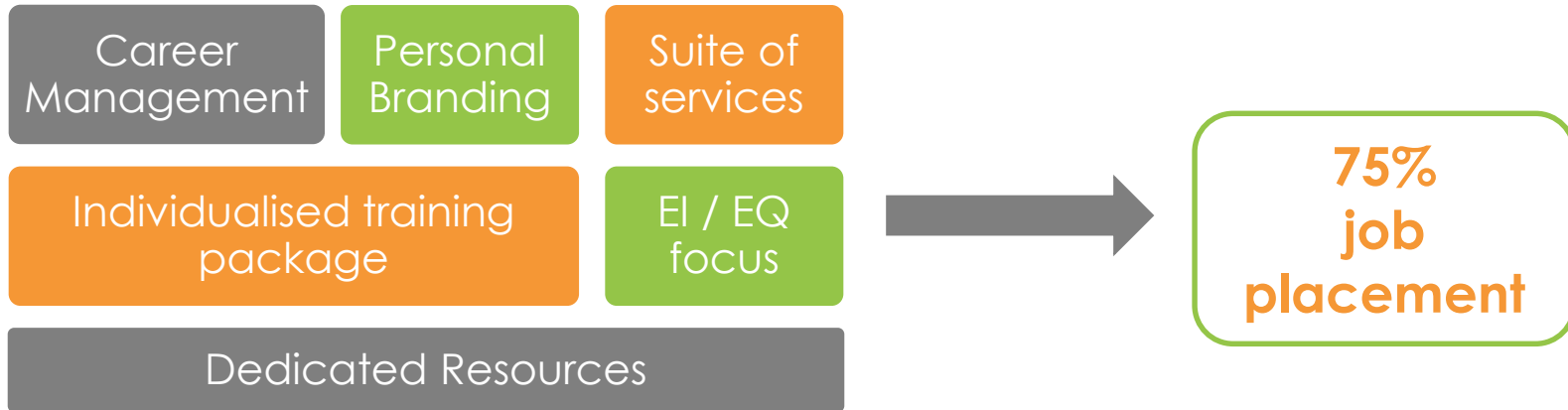
## 2 Claims management

“we are committed to providing the best care and recovery options to our team members”



- Partnering
- Active Recovery & capacity focus
- Treatment and surgery
- The Power of Conversation
- Continuity of care

# MyFuture, a vocational re-education program



Helping team members take their next career steps



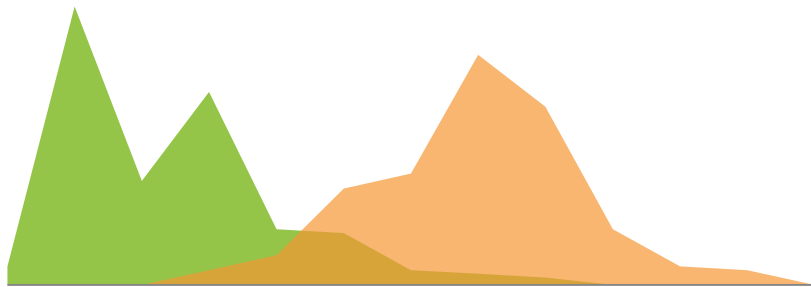
## 3 What data can we use to help predict common law?

### Four initial impressions

1. Magnitude of payments
2. Age at accident
3. Injury Mechanism
4. Gender

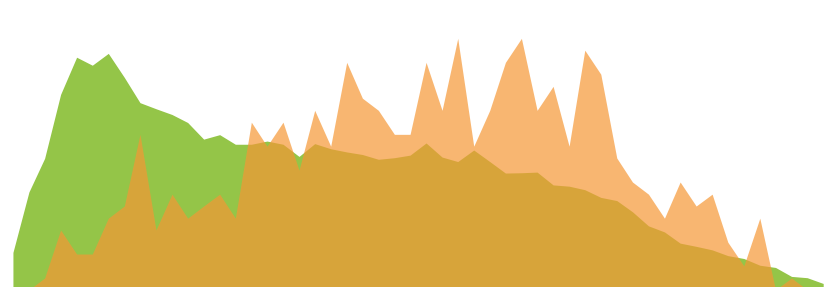
#### Magnitude of Payments

■ Non Common Law ■ Common Law



#### Age at Accident

■ Non Common Law ■ Common Law



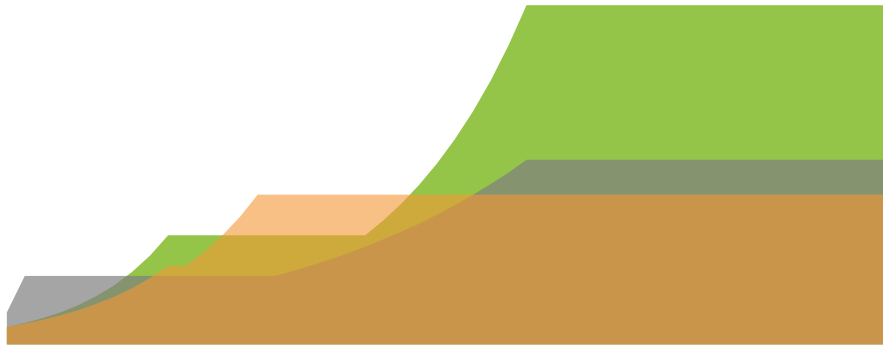
# Our Approach

- Consider post October 1999 experience
- Inflate past payments to current values
- Transform and restrict data to first three years
- Divide data into train, test and hold-out
- Fit a generalised linear model – binomial error distribution, logit link function
- Include a time since report variable to allow for development for more recent claims

# The results

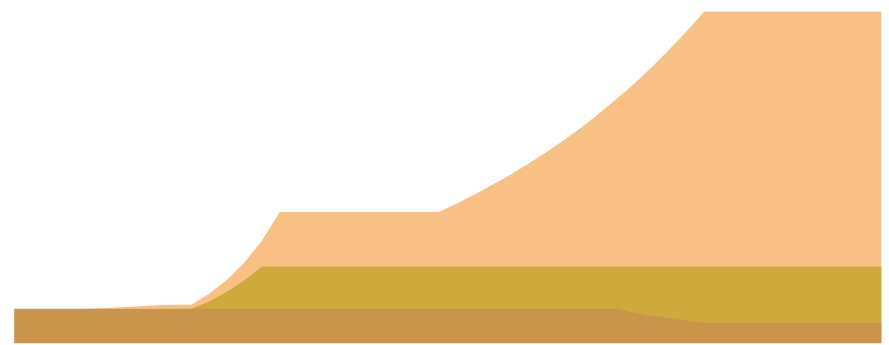
## Medical Payments

■ First Year ■ Second Year ■ Third Year



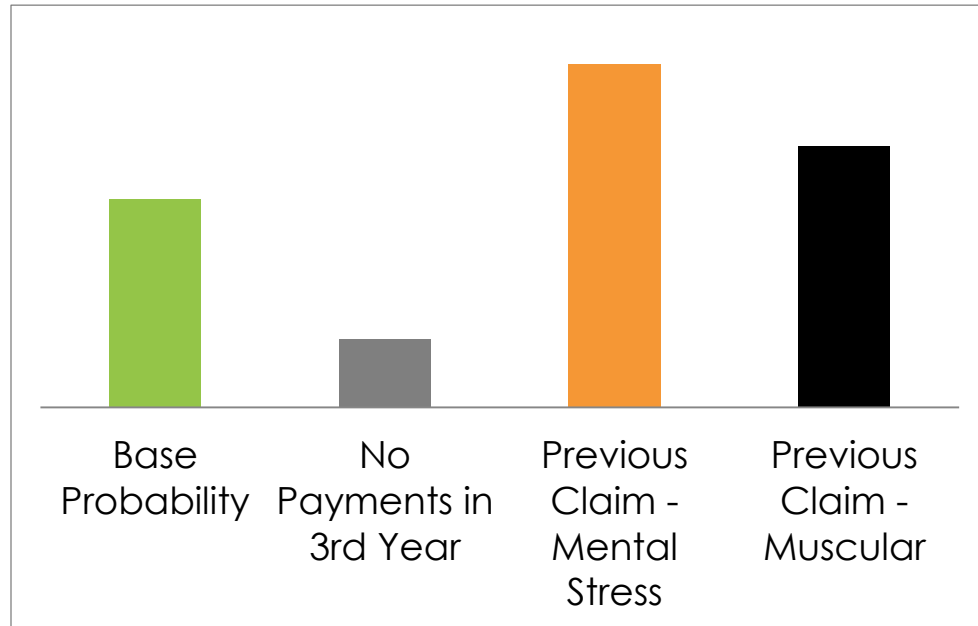
## Weekly Payments

■ First Year ■ Second Year ■ Third Year



# Scenario: Fictitious Claim X

	Year 1	Year 2	Year 3	Total
Medical	15,000	10,000	6,000	
Weekly	30,000	27,000	20,000	
Legal				4,000



# Did our initial impressions hold?

...No, not really.

Key take-outs:

- Size and timing of medical and weekly payments is a useful predictor
- Age was not significant
- There were a number of mechanism of injury, weekly benefit interactions



# Our data strategy is progressing

## 1. Understand today

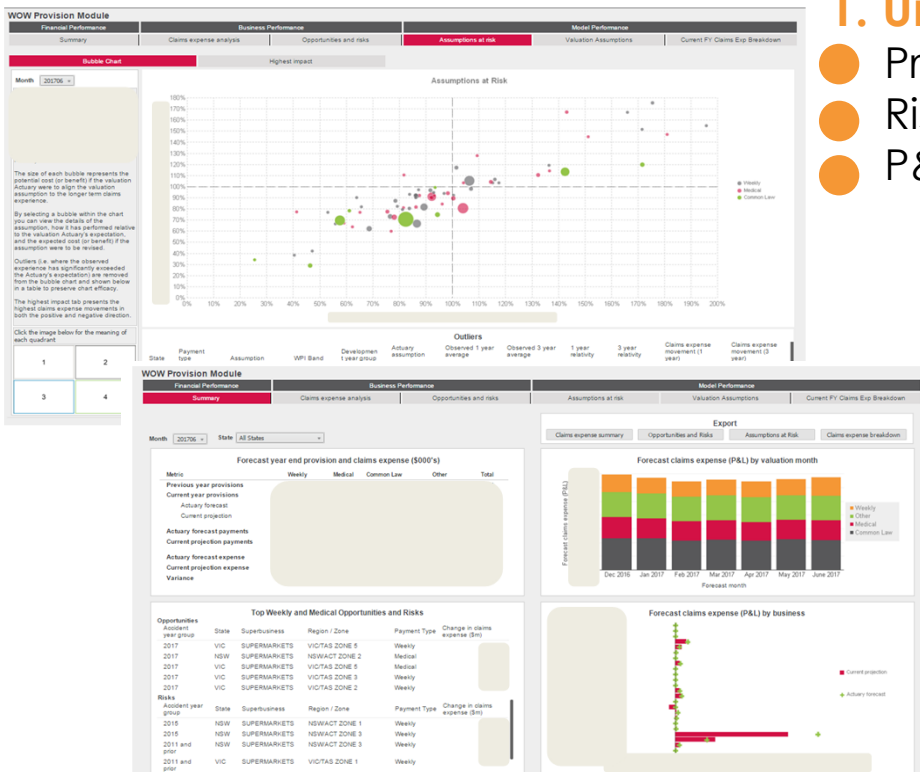
- Provision monitoring
- Risks and opportunities
- P&L impacts

## 2. Know tomorrow

- 🕒 Multiple data sets
- 🕒 Predict high cost/risk claims
- 🕒 Tailored support & service

## 3. Change tomorrow

- Even more data sets
- Lead risk indicators
- Intervene **before** injury





Destination  
**ZERO**

“where people go home from work or shopping free from injuries or illness everyday”

