MEDIA RELEASE

Social and economic balancing act a major challenge for the future of injury schemes, says Actuaries

10 December 2013, SYDNEY – The delicate balancing act between delivering the specific health outcomes and sustainable funding of personal injury schemes is at a tipping point according to research from the Actuaries Institute, who surveyed delegates of its annual Injury Schemes Seminar held last month.

Building on 25 years of thought-leadership within the insurance and broader financial services industry, the Institute’s seminar facilitated challenging discussions around the complexities injury schemes need to navigate on a daily basis. These include supporting claimants towards optimal health and wellness outcomes, maximising scheme efficiency to better support the injured, adapting to an investment environment of lower returns and higher uncertainty, and meeting the funding and affordability requirements of stakeholders.

Delegates saw premium affordability [32%] followed by competition for carers, claims assessors and administration staff in other sectors [19%] as the main challenges surrounding the current role and operations of Australian injury schemes.

Daniel Smith, incoming president of the Actuaries Institute, said while the fiscal pressure versus health outcomes scenario is a tough one to manage; each obstacle should be tackled head on.

“At the end of the day schemes need to be fair, accessible and affordable to all Australians. However, balancing the provision of social justice with economic efficiency is no easy task and poses many challenging, often confronting issues.

“Despite the various pressures we need to embrace the step changes taking place via the various reviews and reforms such as the NDIS. Our role as actuaries is to provide an independent and holistic view of the various schemes and assess their financial sustainability,” he said.

Looking to the future, 38% of delegates believe a surge in claims as a result of an event or trend (e.g. stress claims) is the highest financial risk for personal injury schemes in the next five years. Indeed, almost half [43%] of those surveyed believe improved claims management is critical to ensuring the long-term funding viability of injury schemes.
Commenting on the findings, Peter McCarthy, chair of the Actuaries Institute’s general insurance practice committee, said:

“Most schemes and insurers are already investigating ways to improve their claims management processes such as increasing the capability of their staff, triaging of claims and focusing on health outcomes. However in some cases there is still a significant contrast in the quality of claims management practices and claims outcomes.

“While progress is being made in placing the focus more on individual health outcomes, the claims management process needs to be improved to ensure the ill or injured person does not become disempowered or suffer increased stress from the very process that is there to assist them,” he said.

NDIS – a major step forward but not without its challenges

Following the reviews and generational changes that have been implemented, over a third [35%] of those surveyed believe the best success metric for injury schemes will be a cultural and community change across Australia which creates a shift in the way society thinks about a person with an injury or disability.

The NDIS has changed the direction of Australian disability and injury schemes by effectively putting a new lens on the claims process, making the focus much more tailored around individual health needs and outcomes.

“While no one can deny the positive intent and purpose of the NDIS, recent reports that the scheme could cost billions of dollars more than expected highlight the significant financial risk that the NDIS must successfully manage if it is to deliver on its promise to disabled Australians. As a profession, actuaries are committed to assisting the NDIS to navigate these risks utilising our detailed understanding of the key drivers of scheme costs and the associated uncertainty,” concluded Mr Smith.

ENDS

About Actuaries Institute

As the sole professional body for actuaries in Australia, the Actuaries Institute represents the interests of its members to Government, the business community and the general public. Actuaries assess risks through long-term analyses, modeling and scenario planning across a wide range of business problems. This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance, health financing, and climate change.

Media enquiries

Susie Lambert, Honner Media
(02) 8248-3747 / 0420 949 852
susie@honnermedia.com.au