

28 November – 1 December 2004

Xth Accident Compensation Seminar

2004



Institute of Actuaries of Australia

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WorkCover Queensland The Successful Balance

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About WorkCover Queensland

- Queensland Government owned statutory authority operating as a commercial enterprise
- Governed by the *Workers' Compensation and Rehabilitation Act 2003* – evolved from Kennedy Inquiry
 - Separate WHS
 - Board of Directors
 - Introduce EBR
 - In-house management of claims and premium
 - Not profit driven, but a commercial focus
 - Balance



The successful balance

“We will provide the best possible benefits to injured workers at the cheapest possible premium for employers. Our aim is to get that balance right.”



The successful balance

- Moved from \$320 million deficit at inception to 20% solvency, maintained for past 5 years
- Reduced average premium rate from 2.15% to 1.55% (maintained for past 5 years)
- Substantially increased worker benefits
- Improved most categories of statutory claims resolution (70% within 14 days)
- Reduced outstanding common law claims from 7500 to 2500 and reduced average settlement time (three years to one year)



The successful balance

- Maintained service delivery in remote areas – in-house management
- Established a commercial focus
- Established investment fluctuation reserve
- Critical self-assessment culture at board and management levels
- Focus on our people



The successful balance

- Increased customer satisfaction
 - Employers
 - Injured workers
 - Our people
- Separated regulatory responsibility – Q-COMP
- Ongoing legislative changes
- Replaced core computer system and introduced e-business

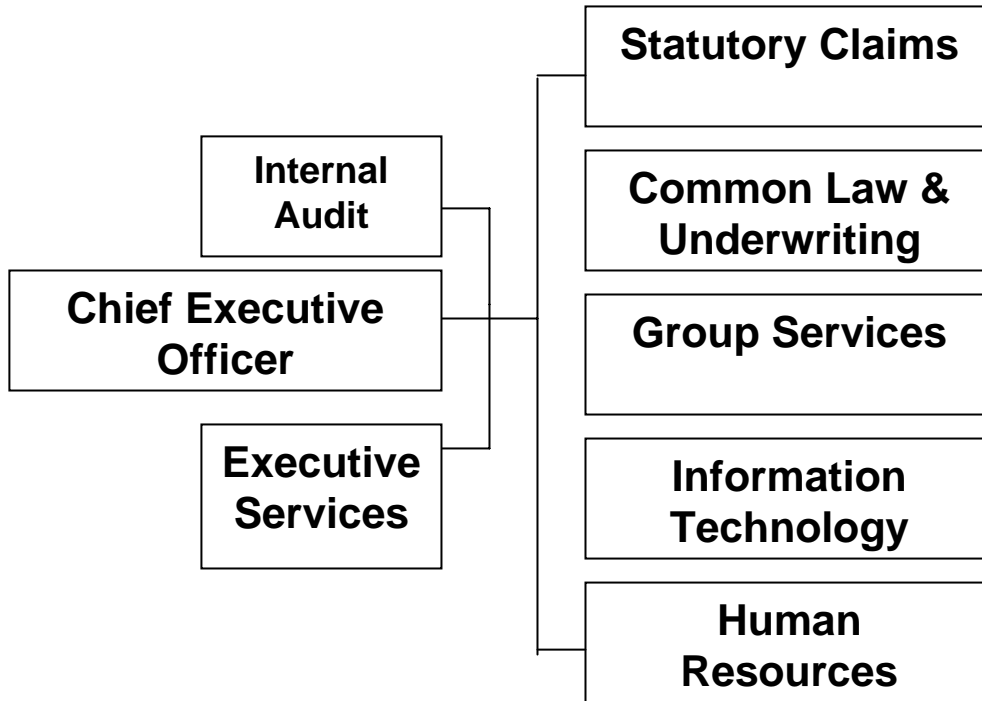


Management structure and philosophy

- Structure
- Locations
- How we manage premium
- How we manage the claims process
- Risk management
- Particular experience

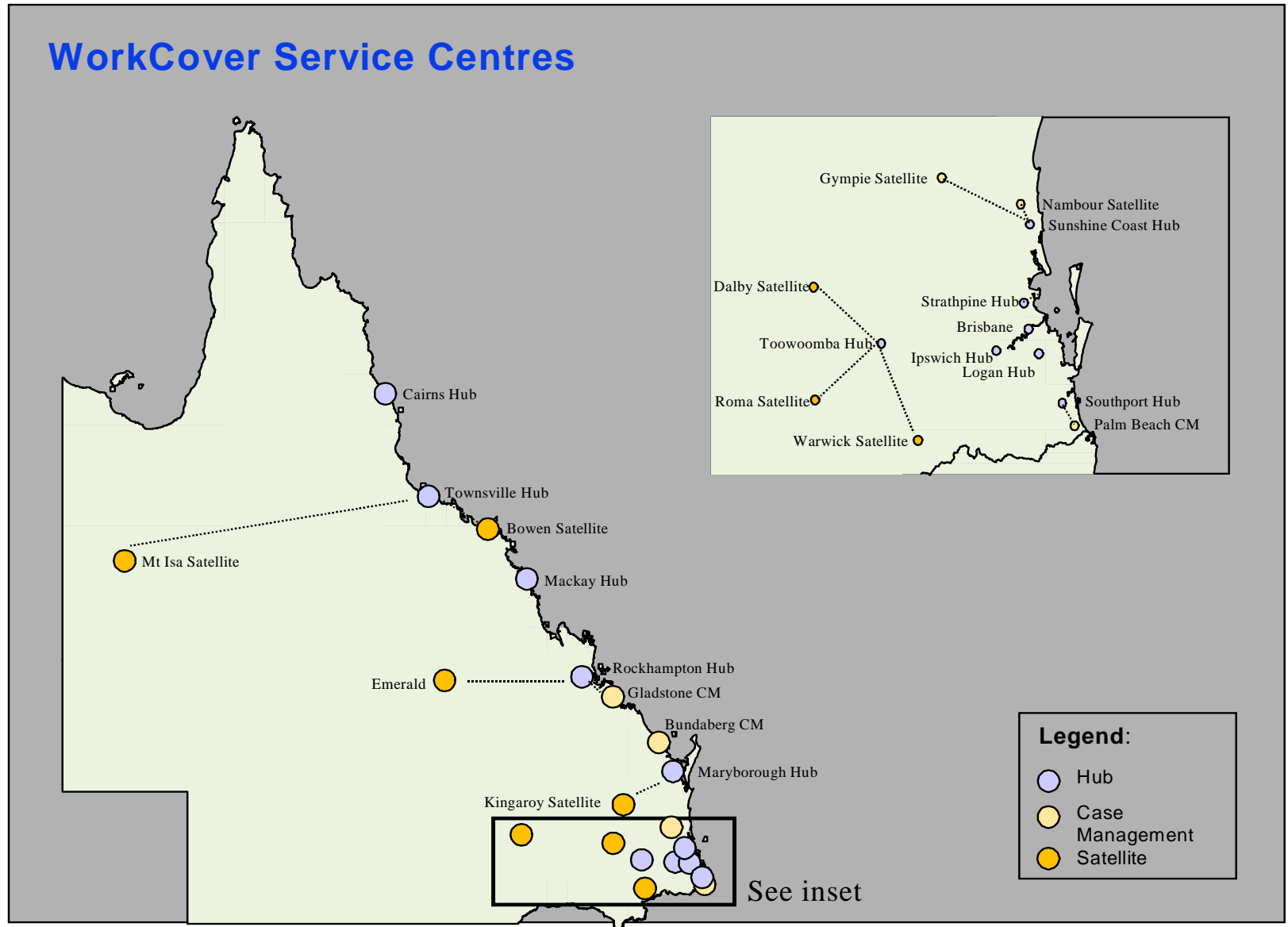


Management structure





WorkCover Service Centres





Premium

- Based on wages – current rate \$1.55 per \$100
- 180 000 employer policies
 - Wages base \$46 billion
 - \$715 million premium

EBR introduced seven years ago

- Refinements annually
- Consultative approach
- Education of employers
- Customer service



Claims process

Statutory

- 73 000 claims annually
- Annual cost \$300 million
- Assessed early (4.7% rejection rate)
- Managed at injured worker location
- Rehabilitation focus
- Host employers used extensively
- Finalised
- Average duration 43.2 days
- Average cost \$8304



Claims process

Common Law

- Managed centrally – Panel lawyer and in-house
- Average settlement from NOC – 12 months
- Pre-proceedings – 80%
- Litigation – 19%
- Court decisions – 1%
- Average cost approximately \$130 000



Risk management

Premium and claims are screened for risk issues by:

- Underwriters
- Claims assessors and case managers
- Premium compliance specialists
- Risk / compliance advisors for claims
- Claims compliance unit
 - Factual investigators
 - Surveillance



Particular experience

Queensland economy

- High wage growth
- Claims experience currently not proportional
- Indicates:
 - Compliance
 - Good claims management
 - Employers seeing the benefits of:
 - Preventative WHS
 - EBR refinements over last seven years
 - Claims management
 - Rehabilitation



Areas of focus

- Commercial business values and principles
- Customer service
- Maintain a strong, decentralised network
- Education
- Technology
- Analysis
- Continual improvement
- Our people



Thank you

Any questions?