

28 November – 1 December 2004

# Xth Accident Compensation Seminar

2004



Institute of Actuaries of Australia

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## **Efficiency in CTP claims administration: workflow & imaging – a case study**

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Institute of Actuaries of Australia



## Background

- Government owned sole provider of CTP Insurance in WA
- Fault based scheme
- 1.8 million registered vehicles
- Gross written premium of \$335 million



## **Some Facts & Figures (30/06/2004)**

Claims on hand	8,598
New claims	5,075
Claim closures	5,385
Claim payments	\$250 million
Net claims liability	\$1,111 million



## Key Goals

- Provide affordable premiums for W.A. motorists
- Provide a cost effective claims system
- Provide equitable compensation
- Ensure Third Party Insurance Fund is fully funded



# 1999/2000 Business planning outcome

- Identified potential of workflow & imaging systems
- Formed a full time project team to investigate potential
- Management formed a strong view that this technology could add value





## Identified Benefits

- Standardisation and regulation of workflow leading to reduced claim costs
- Productivity improvement
- Administration cost reductions
- Business continuity improvements
- Improved customer service
- Claim file accessibility



# Occupational Safety & Health

- Review of workstations & monitors by independent expert
- Review of work practices
- Consultation with OSH representatives
- Trials of new equipment







## Training & Support

- Change Management training
- Demonstrations prior to implementation
- “Just in time” training
- Training Manuals
- Support Team



## Implementation

- Tailored “*out of box*” solution to our requirements.
- Comprehensive pilot involving 1 of our 10 claims teams – Nov/Dec 2000
- Roll-out to all other teams commenced January 2001
- Started well, went sour, came good
- All active claim files converted by May 2001
- Cost of development & implementation was on budget (\$3.2m)



## Interaction with Legal Panel

- Built a facility which advises the lawyer by email that a case has been allocated
- Lawyer can view and/or download document images via the internet
- Lawyers prefer to review all documents in a file
- Too time consuming so we are printing the initial file and delivering by courier
- Subsequent documents are still being accessed over the internet link



## Current Status

- System is working very well
- Staff acceptance is high
- Disaster recovery procedures in place and fully tested
- Quality of service has improved
- Remote enquiry remains a problem
- Claims cost reduction – actuarial assessment
- Cost of running this system is \$588,000 p.a.



## Lessons to be learnt

- Very hard to get “*buy in*” from staff until they can actually “*see and touch*” what is proposed.
- Make sure you pick the right people to champion the cause.
- Relationship/responsibilities between contractors, internal IT and Project Team need to be clarified and documented from the outset.



## ***Continuation.. Lessons to be learnt***

- Support people are a must as they complement all the formal training.
- Internet technology does not lend itself to quick transfer of large lumps of information.
- The magnitude and complexity of this type of change should not be under estimated.



## Future

- Encourage more correspondence to be sent electronically
- Fix problems with remote interface
- Fully exploit the features and functions provided by the technology





**And now for the Actuary's view**

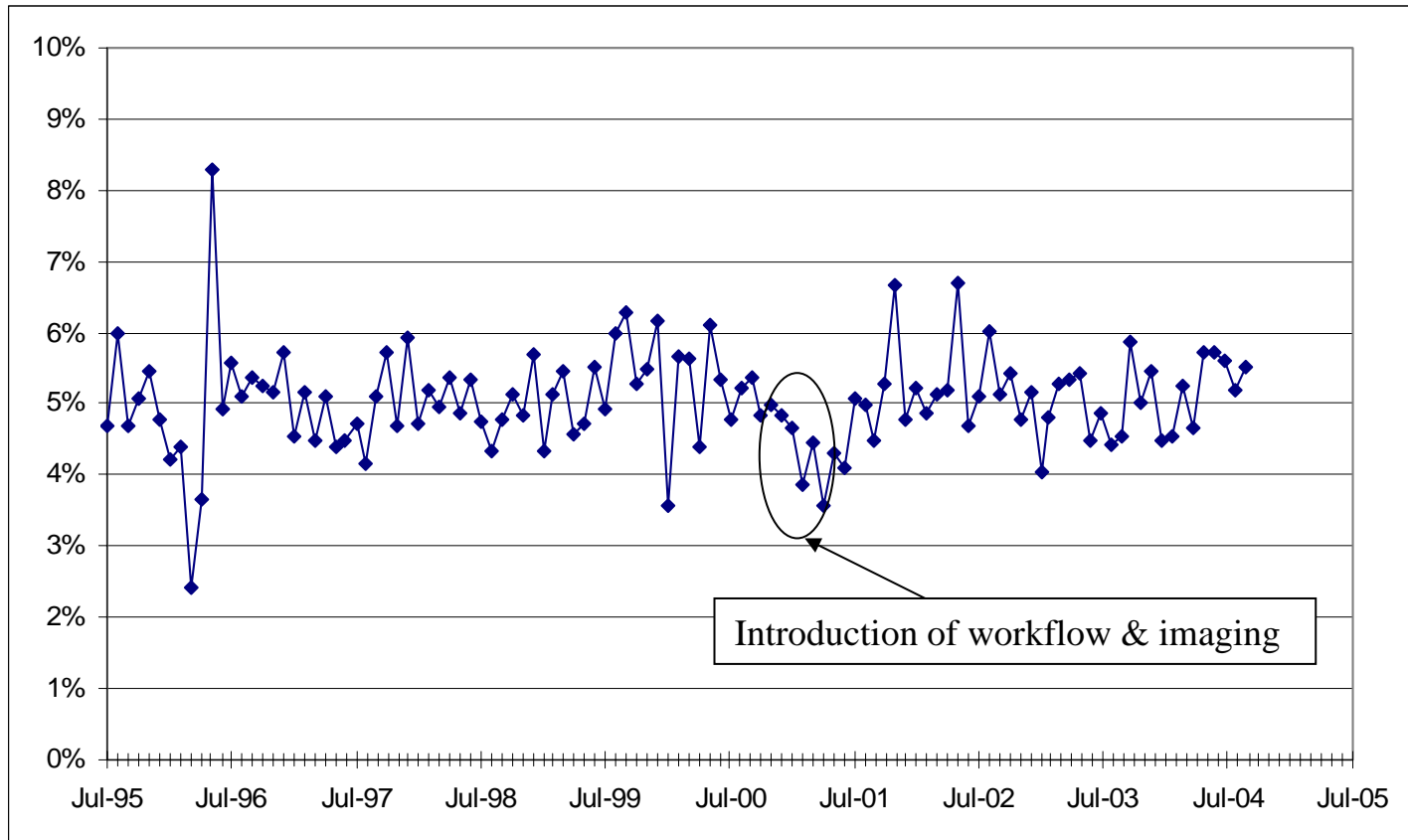


# A picture tells a thousand words...

- Some basic charts of monthly data
  - Claim finalisation rates
  - Payments per claim finalised
  - Warning!
- Fitted model of payment year experience
- 8000 words coming up!

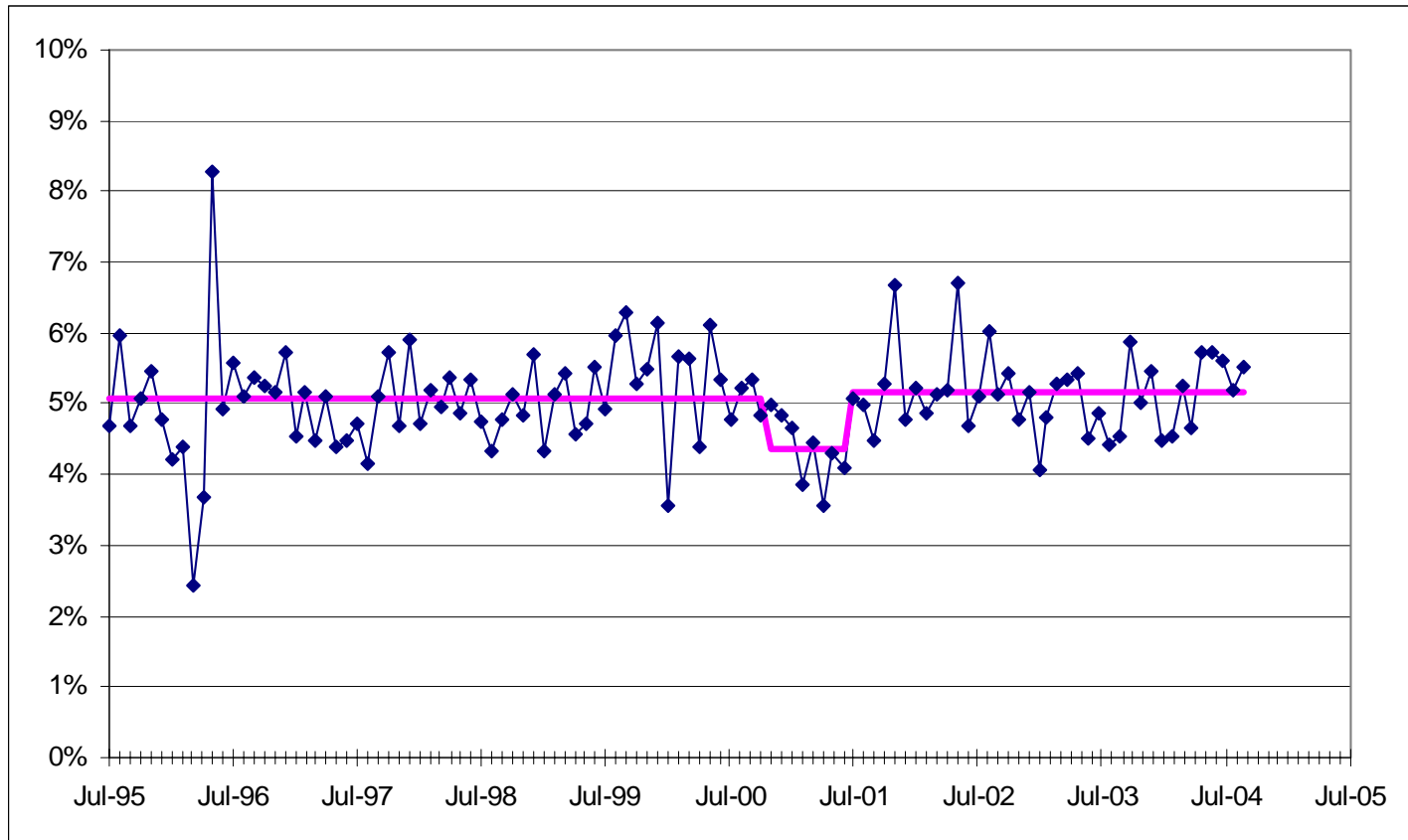


# Probability of finalisation



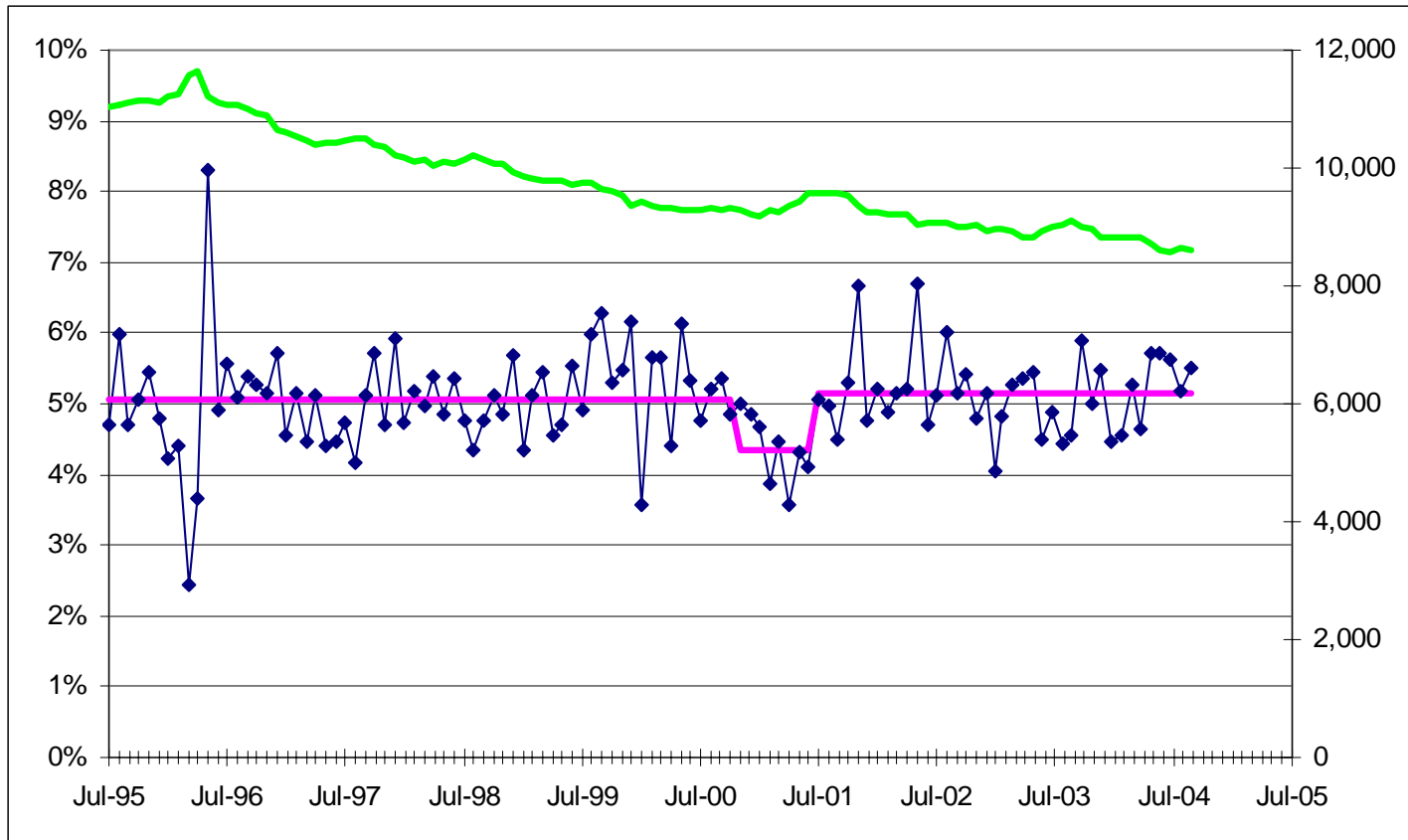


# Average: before, during and after



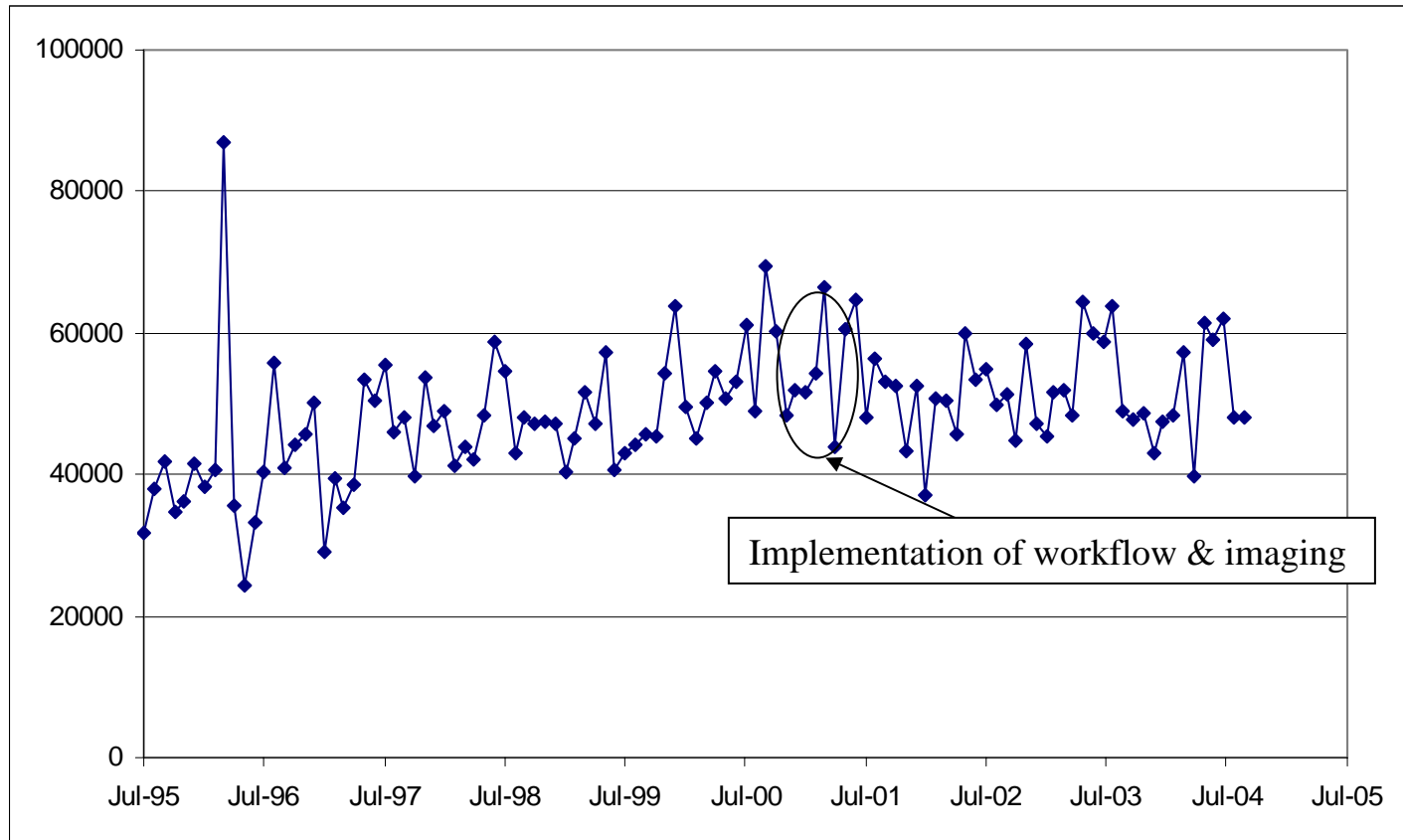


# Number of claims outstanding



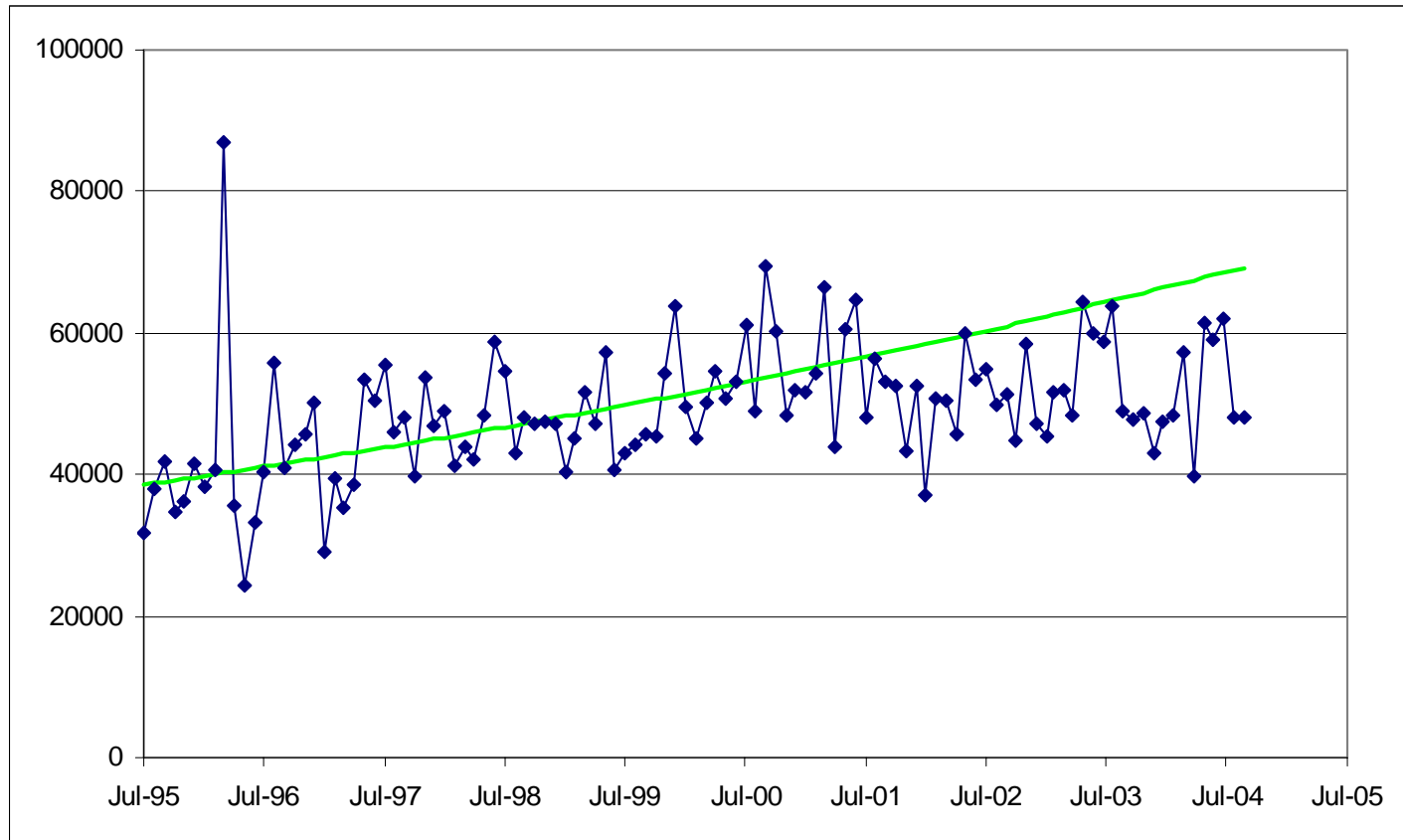


# Payments per claim finalised





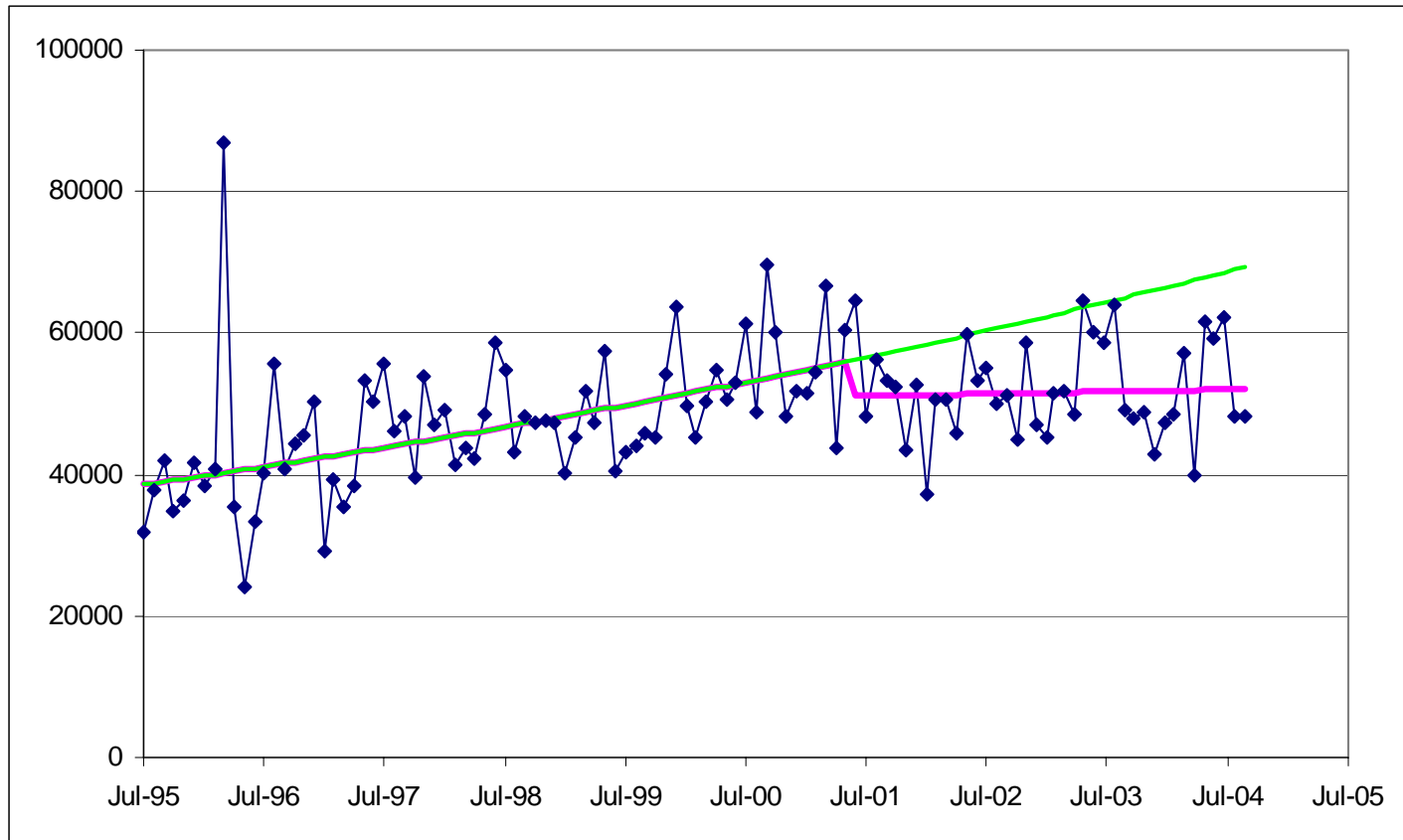
# Trend fitted up to May 2001





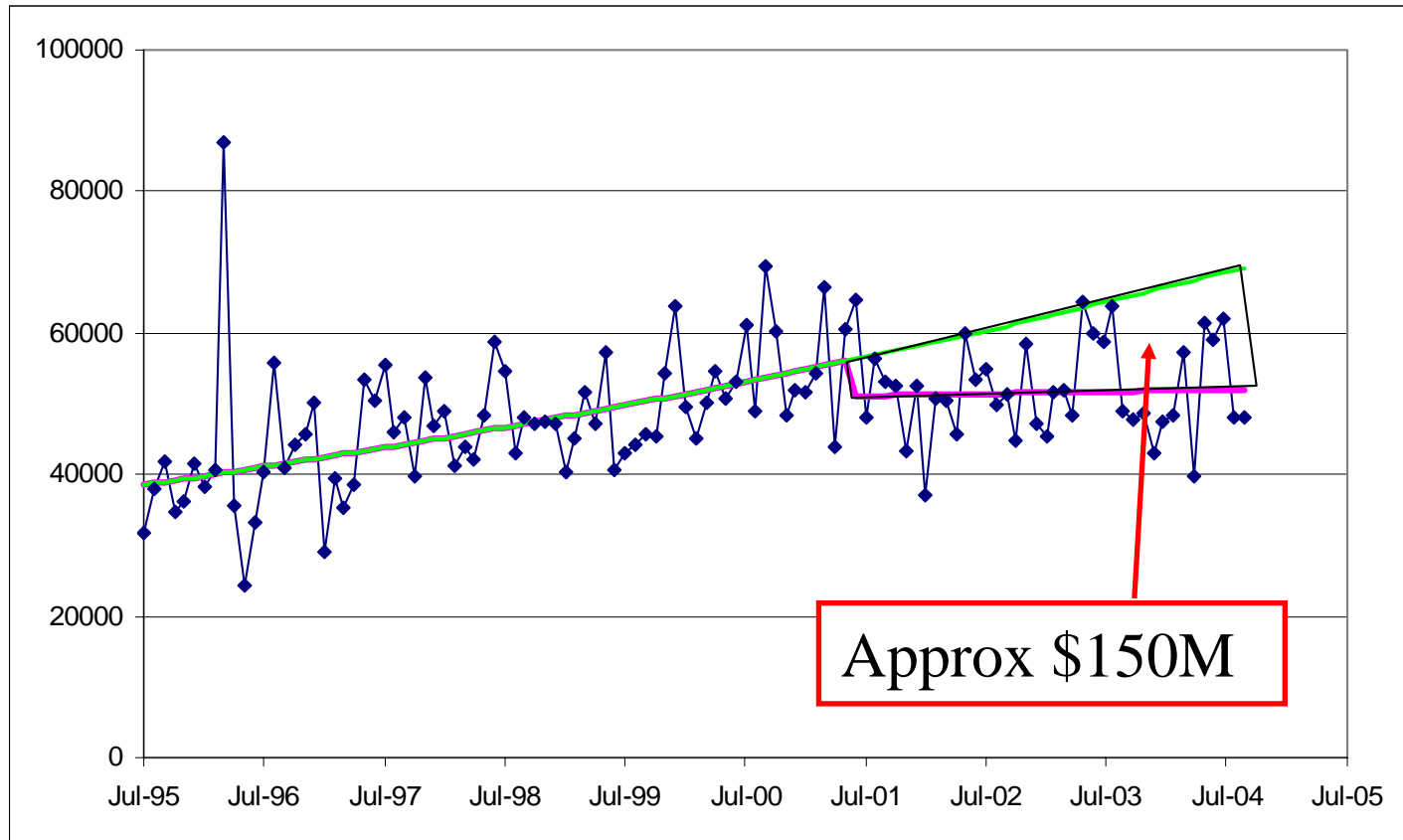


# Trend since May 2001



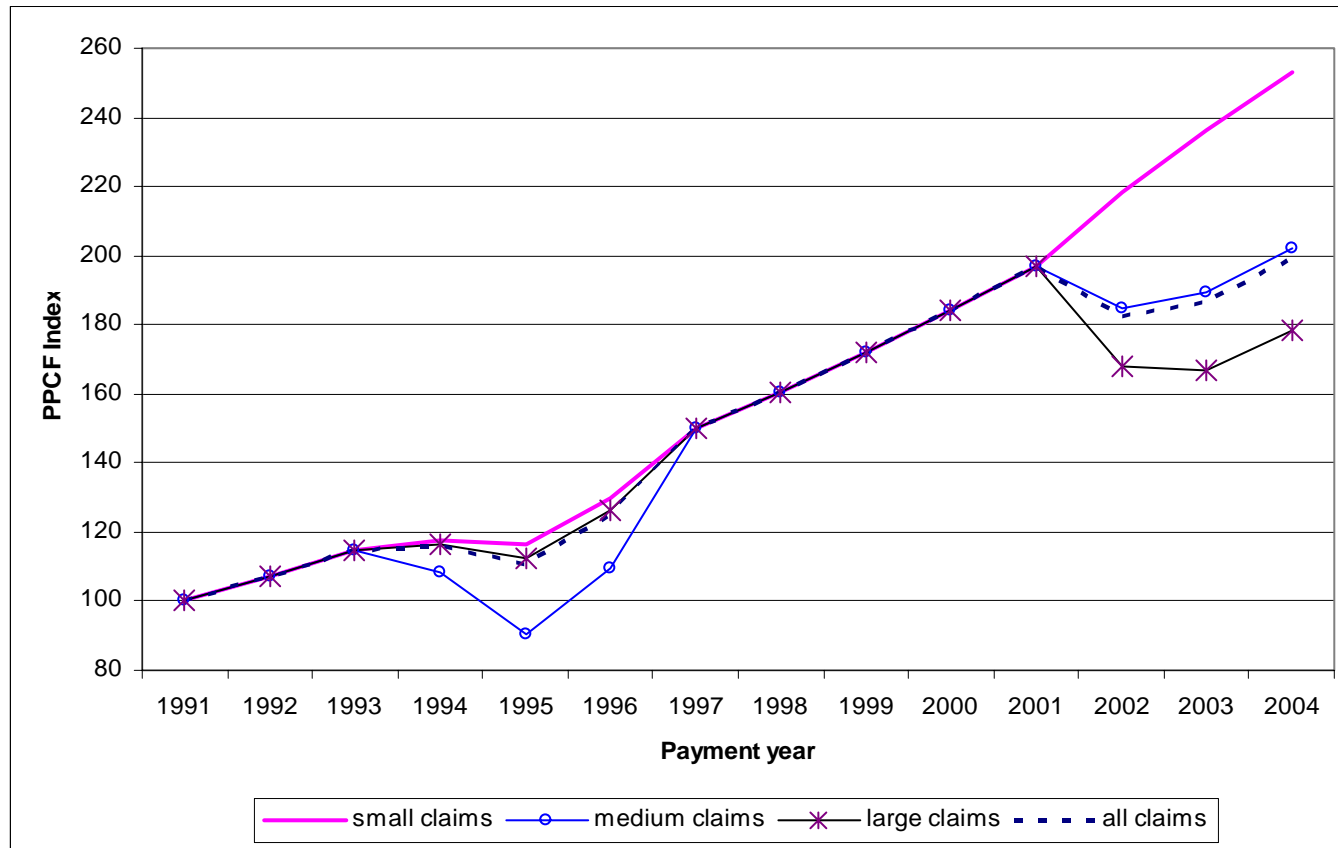


# Estimated savings to date





# Actually it's not so simple...



A 7x20 grid of question marks. In each row, the 10th and 11th question marks are colored red, while all other question marks are black.