



Institute of Actuaries of Australia

XIth Accident Compensation Seminar 2007

Improving Service and Management of Scheme Financials

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Victorian WorkCover Authority

Over the last three years

- Improved service
- Improvements in prevention
- Focus on RTW
- Maintained control of tail management
- CL experience emerging – reintroduced 1999
- Improved financials
 - Improved benefits
 - 3 yrs of successive 10% premium cuts

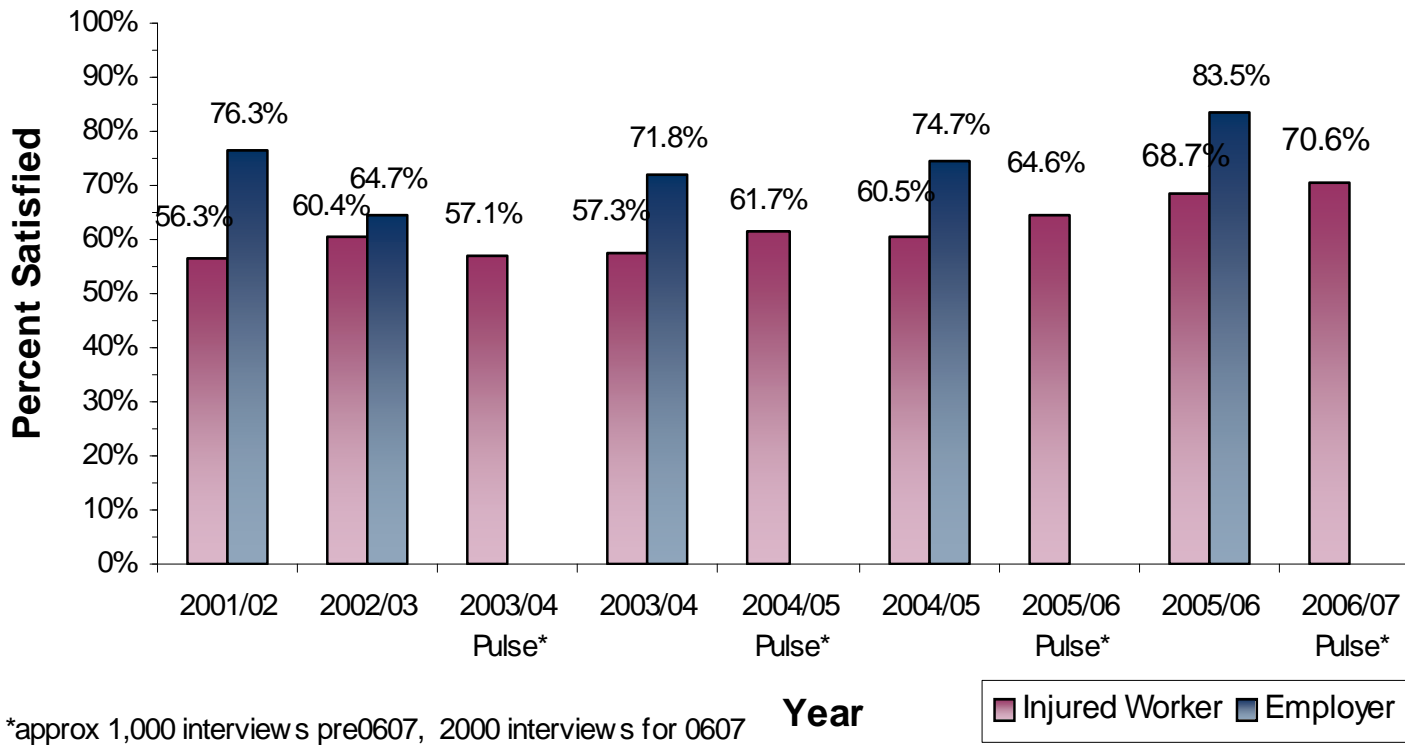
Improved Service

- WorkSafe's performance and OHS performance in Victorian workplaces continues to improve
- Employer Satisfaction 83.5%
- Injured worker satisfaction reaches 70.6%
- 2012 injured worker satisfaction target of 90%



Improved Service

**VWA Scheme Injured Worker and Employer
Percent Satisfaction**

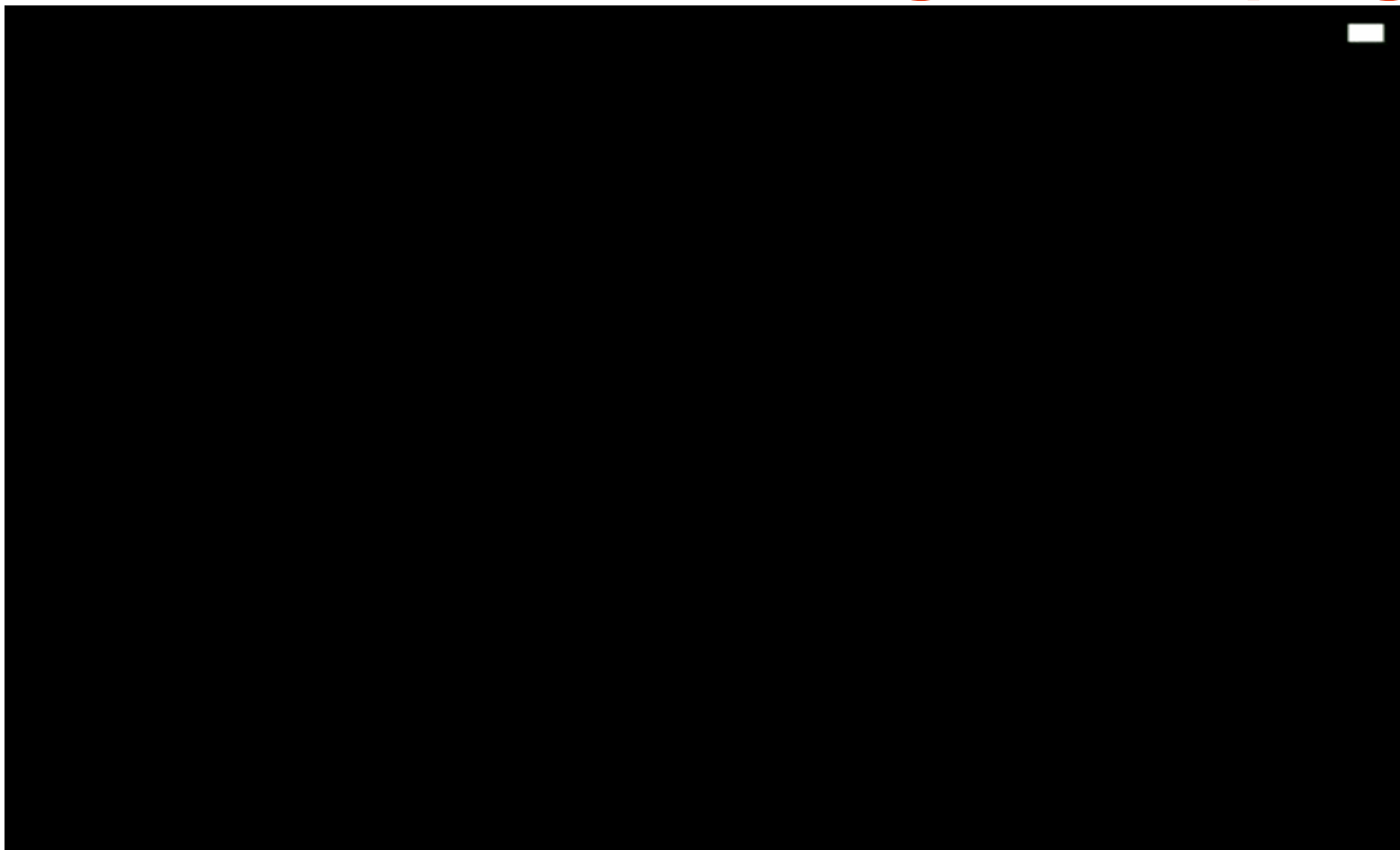


Service – What I've learnt

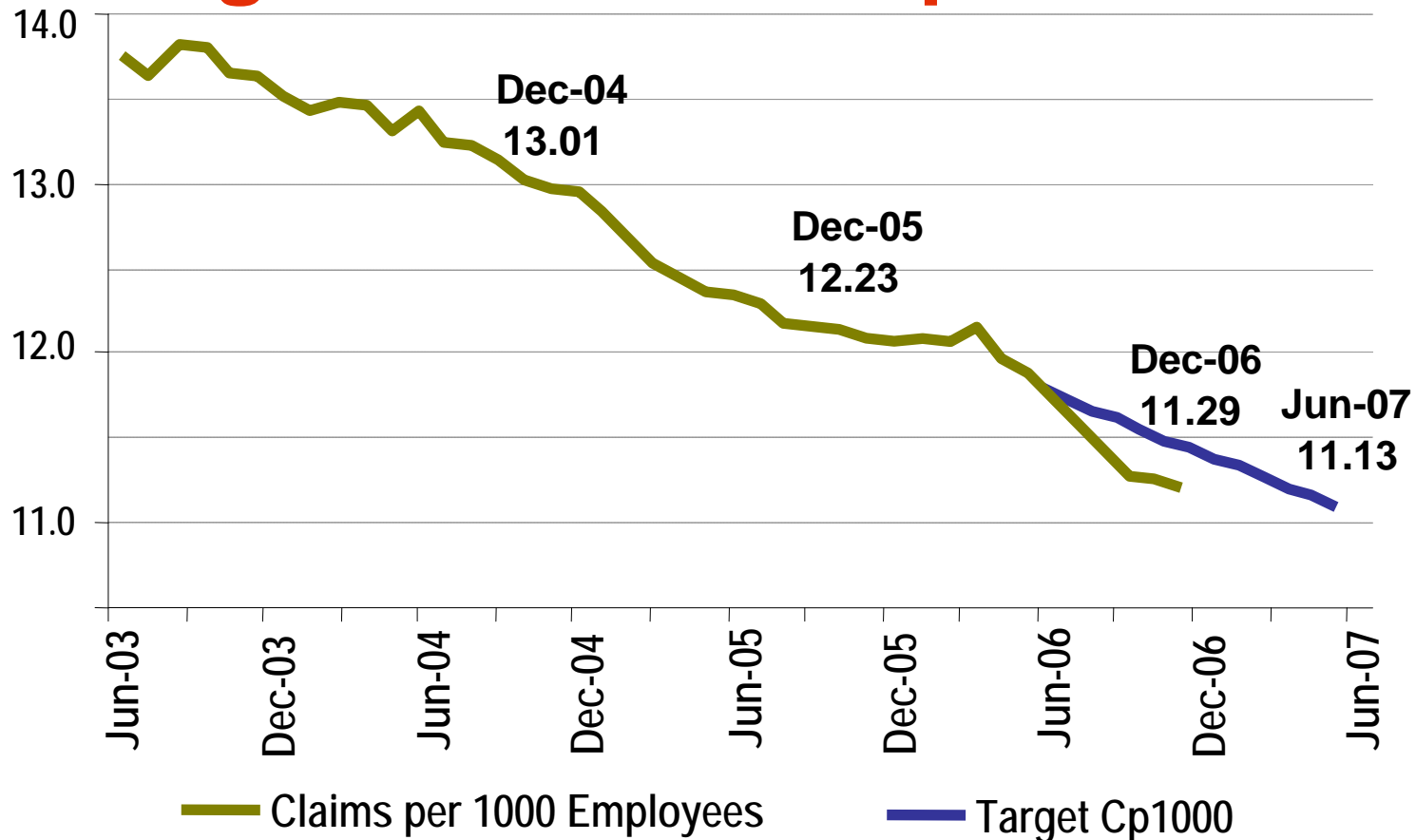
- “Getting Real”
 - Injured worker surveys
 - Employer RTW Sessions
 - Partnering with operations
 - Agent award night
- Changing our language
 - Stock versus outstanding matters
 - Claimant versus injured worker



WorkSafe “Homecomings” Campaign



Making Victorian Workplaces Safer



- On target for lowest ever injury rate

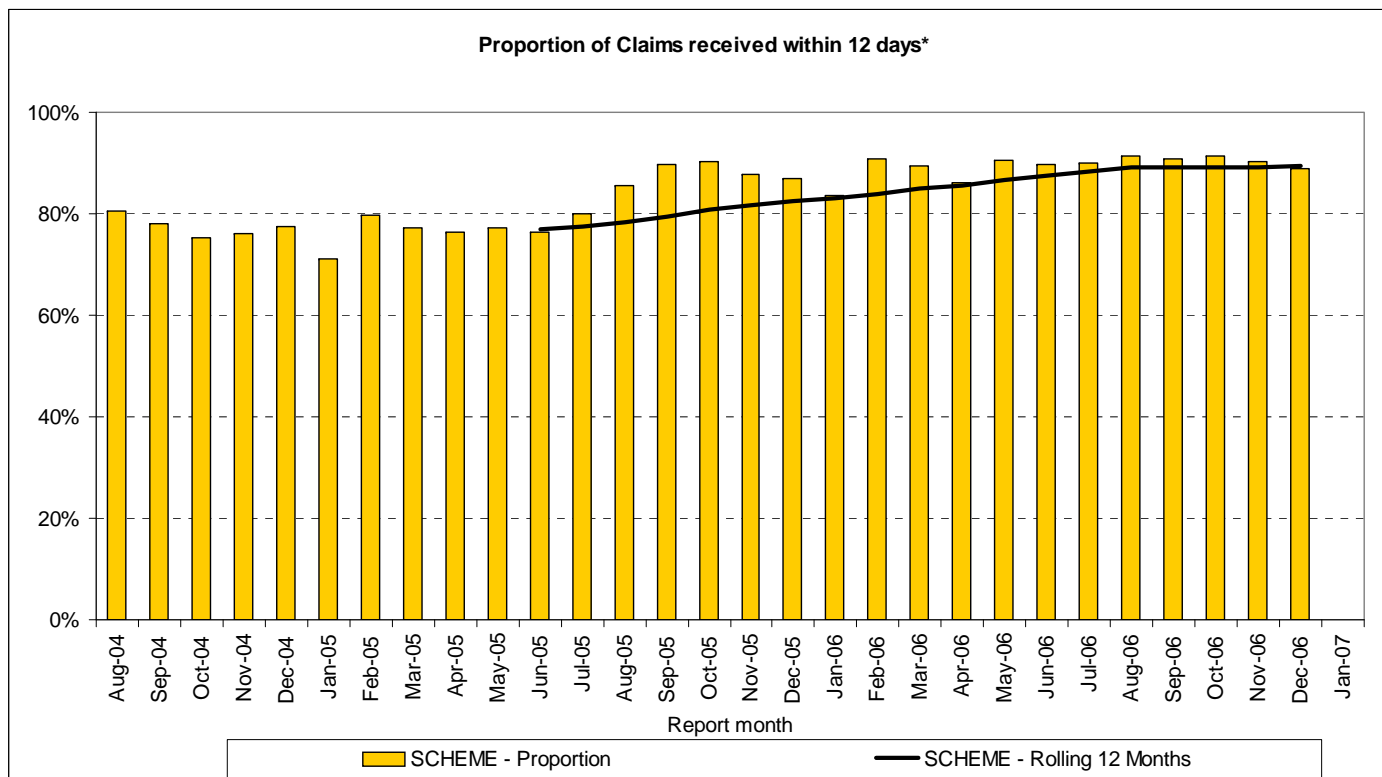
Return to Work



- Return to Work campaign – ‘Workcomings’
- Return to Work Inspectorate
- Return to Work Fund

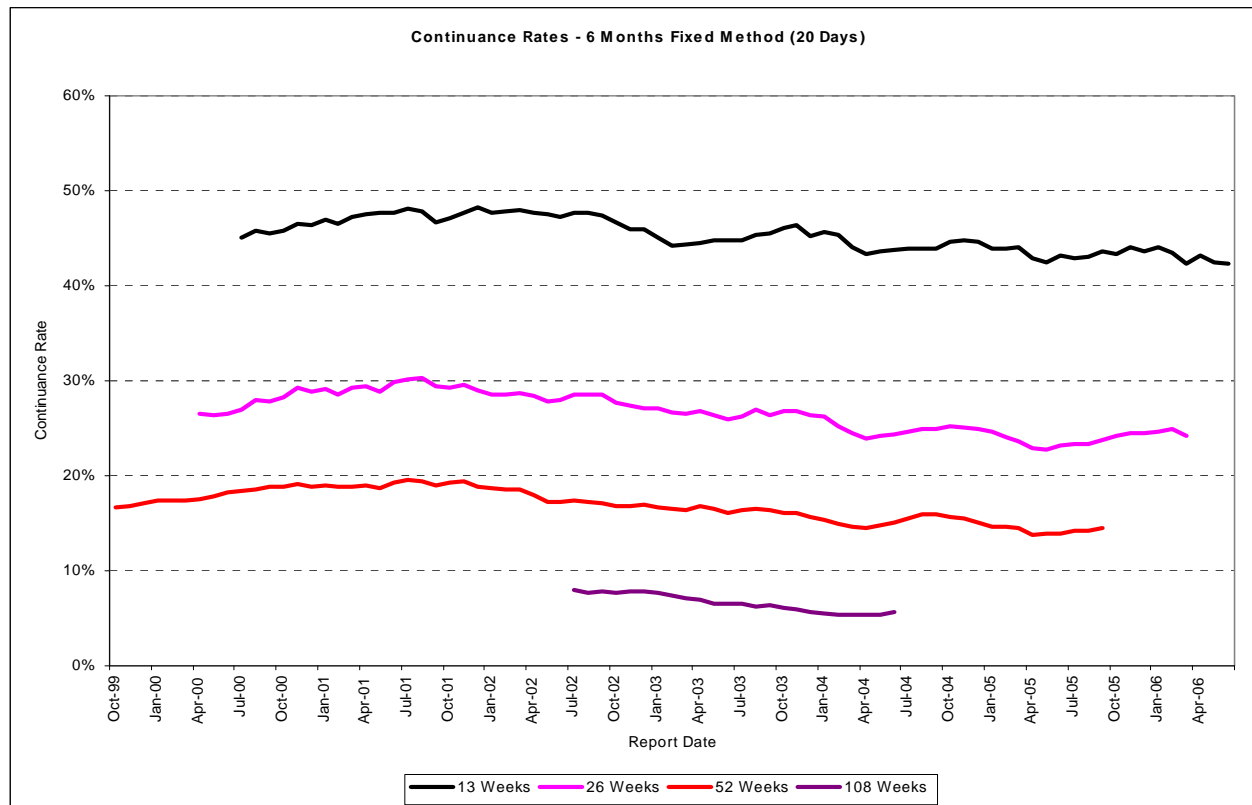
Return to Work

- Improved notification of injuries



Return to Work and Tail Management

- Improved continuance rates



Weekly Management Lessons

- Central development of strategies
 - Enhanced and implemented with agents
 - Central support aids in making strategies “real”
 - Central support reduced as trends become sustainable in agents
- Agent incentives realigned to Scheme objectives each year
- Regular monitoring against targets

Weekly Management Lessons

- Manage tail claims
 - systematic application of legislative provisions
 - not adhoc application
- Agent relative performance shared
 - drive agents performing below others
 - Continual improvement
- Agent performance included in annual report

Treatment

- Improvements in Tail Management

Payment Years Compared	Tail Growth in Medical (post 1 yr Accident)
2003 to 2004	-10%
2004 to 2005	-12%
2004 to 2006	-3%

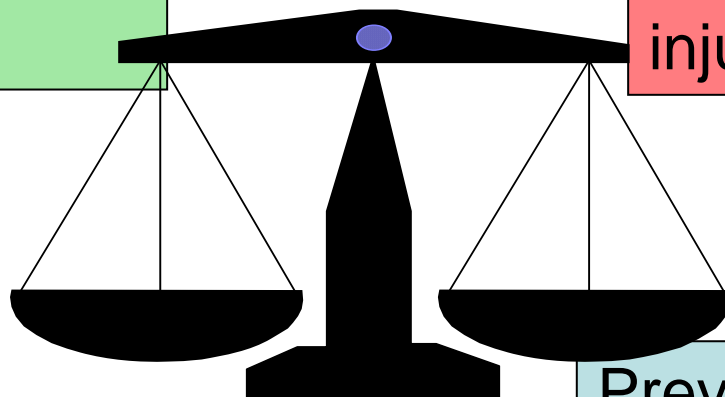
Treatment Lessons

- Development of clinical framework
 - Physio, osteo, pharmacy, massage, doctors
- Clinical support through peer to peer contact
 - co-operative rather than adversarial
- Recognised experts on clinical panel
 - including a number of association presidents

Finding the Balance with Common Law

Faster processing of obvious "serious injury" claims

Better case preparation & focused challenge on contested "serious injury" claims



Timely benefit delivery, frees up resources & reduces legal costs

Prevents flood of claims, maintain serious injury thresholds, manage average \$ and grant rates

Common Law Lessons

- Continually need to evolve management
- Look for opportunities to minimise unnecessary delays
- Focus on managing thresholds
 - central peer review to ensure consistency
- Tight precedent management
- Performance manage legal panel

And some Actuarial Learnings

- “Bring the Balance Sheet to Life”
 - Use the valuation as a benchmark
 - Turn actuarial measures into operational measures
- Strong relationships with the operations
 - Actuarial reports to operations not finance
- Hold people accountable for outcomes
- Drive change by always aspiring to improve
- As improvements become less obvious we are better at what we do

Financial Scorecard

Year	Average premium rate	Funding ratio %	Net profit/loss	PFIO	Actuarial release
1999/2000	1.9%	86%#	(\$127M)	(\$460M)	(\$564m)
2000/01	2.22%	88%	(\$260M)	(\$262M)	(\$366m)
2001/02	2.22%	87%	(\$98M)	\$465M	\$121M
2002/03	2.22%	83%	(\$315M)	\$505M	\$157M
2003/04	2.22%	101%	\$1.22B	\$718M	\$316M
2004/05	1.998%	113%	\$775M	\$747M	\$439M
2005/06	1.8%	119%	\$1.003B	\$476M	\$260M
2006/07* Half yr	1.62%	128%	\$675M	\$331M	\$139M

Revised estimate, originally 92% in 1999/2000

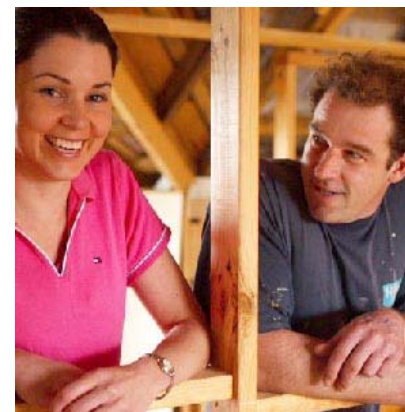
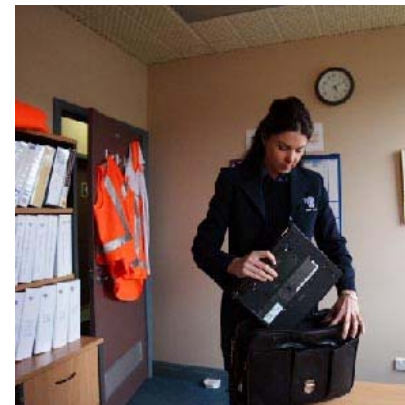
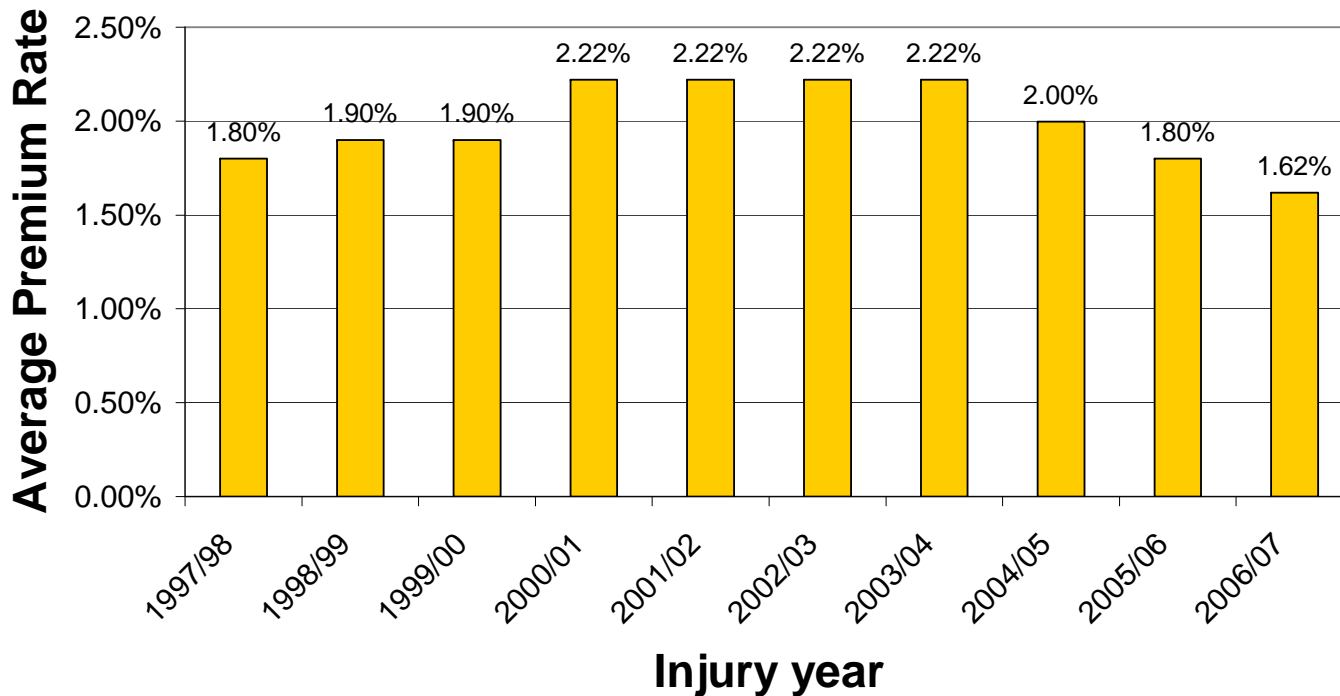
Better support for Injured Workers



- **Weekly payments for injured workers of up to 130 weeks**
- **Weekly payments for injured workers who return to work initially part-time now 75% of pre-injury earnings**
- **Quicker access to impairment benefit entitlements for seriously injured workers**

Reduced Premiums

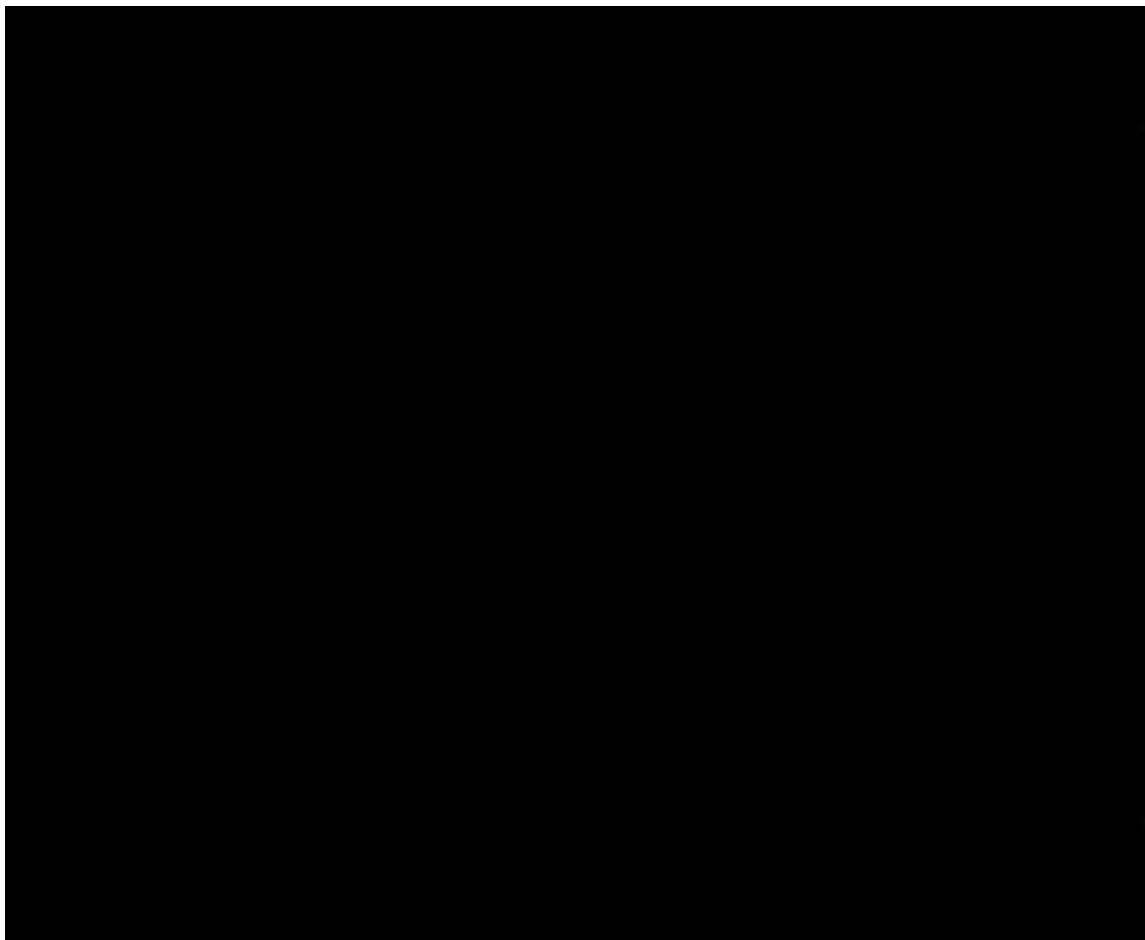
History of Scheme Premium Rates



Social Contract with our Community Towards 2012

- Making Victorian workplaces safer
 - 8.3 claims per 1,000 employees
- Improving service to employers and workers
- Reducing compliance costs to Victorian businesses
- Improving health and return to work outcomes for injured workers

WorkSafe “WorkComings” Campaign





Victorian WorkCover Authority

Leadership in Safety & Injured Worker Support



Victorian WorkCover Authority