

5 July 2019

Review of the Nominal Insurer consultation
State Insurance Regulatory Authority
Locked Bag 2906
Lisarow NSW 2252

By email: consultation@sira.nsw.gov.au

Compliance and Performance Review of the Workers Compensation Nominal Insurer Scheme

The Insurance Council of Australia (ICA) is the peak representative body for the general insurance industry. ICA members participate as underwriters or scheme agents in a number of workers' compensation schemes including the NSW Nominal Insurer Scheme (the Scheme).

The ICA appreciates the opportunity to provide a submission to SIRA's discussion paper.

While we note the focus of this review is on compliance and performance of the Scheme, we think it timely to raise some broader aspects of the Scheme that could improve the Scheme's overall performance and help better achieve its objectives (as outlined in section 3 of the *Workplace Injury Management and Workers Compensation Act 1998*).

Competition

It is the ICA's long held position that competition, in relation to both underwriting and claims management, can aid and improve the performance of statutory insurance schemes.

It has been well documented that competition in well-designed injury insurance schemes can be beneficial.

The benefits of competition to customers and the broader economy has been highlighted by various productivity inquiries. For example, the Australian Productivity Commission's 2004 Report on National Workers' Compensation and Occupational Health and Safety Frameworks identified that competition in workers compensation schemes is likely to generate incentives for both efficiency and innovation as well as greater transparency in relation to premiums.

Given the benefits that can flow from competition, and given the Scheme has experienced combined underwriting losses for the 2017 and 2018 financial years of over \$2 billion, the ICA is of the view that competitive provision of claims management could help improve the performance and outcomes of the Scheme. Therefore, going forward, the ICA would like to see competition in claims management restored in the Scheme.

Data quality and transparency

The ICA notes the terms of reference of the review include an assessment of icare's performance in relation to return to work, customer experience, data quality and reporting.

We refer to SIRA's recently published *Workers compensation system monthly dashboard (December 2018 Report)*. This report outlines (on page 6) that SIRA has identified deterioration in the Nominal Insurer return to work performance which icare has explained is due to data quality issues.

This issue highlights the importance of the Scheme having a system of data reporting and collection requirements that are clear, streamlined and consistent over time. Without this a meaningful and transparent measure of the Scheme's performance cannot be obtained, potentially undermining public confidence in the Scheme as well as its agents and service providers.

To this extent, the ICA considers the data quality aspect of SIRA's current review both timely and of critical importance, and we particularly look forward to examining the outcomes and findings of this part of the review.

We trust this feedback is of assistance.

If you have any questions please contact [REDACTED] Consumer
Outcomes via email [REDACTED] or on (02) 9253 [REDACTED]

Yours sincerely



Robert Whelan
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