

# National Council of Self Insurers

Public Hearing - 12 June 2003  
Productivity Commission  
Adelaide

## Preliminary comments

- High level observations today.
- Detailed submissions to follow including surveys of self-insurers nationally and by state.
- Case studies of several national companies are also in preparation.

## Issues for discussion today

- Preferred model
- Accessing, maintaining and exiting self insurance
- Inconsistencies between states
- Contribution fees and levies
- Self insurers and OH&S
- Redemptions & commutations

## A new national WorkCover

- Current regimes do not reflect the changing nature of business including globalisation. They are not adaptable to mergers, demergers and other predictable business changes and they do not enshrine principles of regulatory efficiency.
- NCSI supports any model that allows choice of regime, national application, external international standard setting and auditing, and consistent prudential regulation with mainstream Australia.

## A new national WorkCover

- In preference, a new model should cover OH&S and workers compensation right across the country.
- Companies with common ownership should have one licence.

## Key problems now - Access

- Access is different in each state and problematic in terms of changes.
- Employment numbers as criteria is an arbitrary hurdle - the true measure should be prudential capacity only and this should be overseen by APRA or ASIC
- The rest should be a business decision for companies.
- Ministers should have no power to withhold a 'licence to self-insure'.

## Key problems now - Audits

- Some states require renewal of self insurance licences subject to audit
- Audits are required annually
- Duplication is endemic both between the internal auditors employed by companies and external audits.

## Key problems now - Contribution levies

- Self-insurers are concerned that levies are subject to change, are not very transparent, do not relate to clear 'public good' objectives and are not accounted for in how they are spent or on how they are comprised.
- Self-insurers accept that levies should be payable.

## Key problems now - OH&S

- In some states these are intrusive.
- The various regimes take little notice of best practice safety systems introduced by Self-insurers.
- Any new scheme should abide by a best practice international safety standard.
- OH&S standards need to be rationalised across the country.

## Key problems now - Exiting self-insurance

- Exit criteria are just as ad-hoc as entry criteria and raise cost issues.
- Pressure is applied for self-insurance to be constricted every time a scheme is in financial trouble and potential

premiums are eyed to overcome difficulties.

## **Inconsistencies**

- Inconsistencies are rife.
- Submissions will detail them, however they relate to most aspects of workers compensation and OH&S.
- National companies are confronted with a patchwork of compliance requirements; which seem to be justified just by the regime that they fall under rather than any rational approach.

## **Excess of loss insurance and terrorism**

- States vary in approach and in some states, self-insurers have to obtain this type of insurance while regime insured employers do not.
- The Federal Government has not been prepared to cover acts of terrorism under workers compensation. As a result, some states have made local arrangements.

## **Rehabilitation**

- Early intervention and return to work are the cornerstones of successful self management.
- Self insurers respond quickly to injured workers needs, through the provision of inhouse vocational rehabilitation.
- Where necessary, self insurers work well with private rehabilitation companies.

## **Benefit structures**

- Overall view that redemptions are desirable if properly arranged and ensuring that workers are fully aware of the consequences and advised appropriately.

## **Dispute resolution**

- Legal costs must be minimised.
- Conciliation approaches work and are supported.