

The Hon Wes Fang MLC
Chair, Standing Committee on Law and Justice
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Fang,

I am writing in relation to testimony at the 3 August 2020 hearing of the Legislative Council Standing Committee on Law and Justice as part of its 2020 Review of the Workers Compensation Scheme.

Firstly, I would like to clarify some of my evidence. In my testimony, I said:

In the 2015 reforms there was a power introduced into division 4 of the '87 Act for the making of a prudential regulation. That would be an opportunity for Government, and possibly considered or even disallowed by the Parliament, to be explicit about what the capital adequacy standards should be and who, whether it is the icare board or it is SIRA or anyone else, steps in when they are not being met. I did give advice about that in 2016.

I would like to clarify that although there was broad informal advice provided on matters of prudential regulation as part of SIRA's preparation for public consultation in 2016, I also provided advice in 2017. The 2016 public consultation discussion paper, which seeks views on a range of matters, including the prudential regulation making power on page 32, is available on the SIRA website at: <https://www.sira.nsw.gov.au/consultations/workers-compensation-financial-and-premium-supervision>

Secondly, I would like to put on record my objection to a statement made by Mr Nagle which implied that my evidence was a fabrication and a figment of somebody's imagination. My evidence was:

Mr DAVID SHOEBRIDGE: What this suggests to me is that icare may have a plan for remediating some of their financial problems, but their plan is throwing record numbers of workers off benefits. That is how

I read this. Am I wrong?

Ms DONNELLY: I am not saying that you are wrong. I went to check the operational data that we have. We have, in other data, been told that as of 11 June EML and icare have done 39,000 claim reviews on over 17,000 claims to target claims to move them off benefit.

The Hon. DANIEL MOOKHEY: Can you repeat those figures?

Ms DONNELLY: They have undertaken over 39,000 claim reviews.

The Hon. DANIEL MOOKHEY: Over what period?

Ms DONNELLY: Between 11 February and 11 June this year.

The Hon. DANIEL MOOKHEY: So 39,000 claims reviewed this year?

Ms DONNELLY: No, 39,000 reviews on over 17,000 claims.

Later in the hearing Mr Nagle said:

The Hon. SCOTT FARLOW: We heard earlier today of increased assessments being undertaken on workers with a view to exiting the scheme. Are you projecting or undertaking to remove 17,000 workers from the workers compensation scheme?

Mr NAGLE: I will pass to Ms Uehling to give more detail, but that is a fabrication. Icare normally

reviews claims on a regular schedule. We have 65,000 new claims every year for the nominal insurer, we have about 40,000 open claims at any one time and those files are constantly reviewed. This commentary is a figment of somebody's imagination. Ms Uehling has some more detail.

I strongly dispute the statement by Mr Nagle questioning the veracity of my evidence. The source of the data I provided was an icare document that I referred to in my evidence. The icare document was an 18 page slide deck provided to SIRA for the SIRA /icare Joint Claims Assurance Committee on 20 July 2020. Page 3 and page 14 of the document are relevant. Page 3 notes:

- *"Portfolio Review of the 2018/19 accident years -17k claims and 54k+ reviews conducted as at end of June. There were 8,036 claims with an 'off benefits' anticipated in the period"*

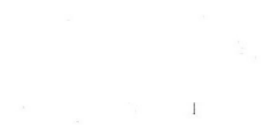
In particular, I based my evidence on the following excerpt from page 14:

"Since 11 February 2020, EML and icare Personal Injury Claims have conducted 39,473 claim reviews across 17,137 claims to target claims movements to off benefits. The outcome of these claims reviews has resulted in an expected 7,274 claims movement to off benefits between February 2020 to December 2020 (as at 11 June 2020)"

It appears there may have been a misunderstanding during the hearing in relation to whether over 39,000 reviews on over 17,000 claims was intended to lead to that exact number or a lower number of injured workers ceasing benefits.

However, I stand by my evidence and I strongly object to any implication that I was manufacturing the numbers or misleading the Committee.

Yours sincerely,



Ms Carmel Donnelly
Chief Executive

Date: 11 August 2020