

SIRA responses to Questions taken on Notice at the Law and Justice hearing

1. PIAWE

Mr DAVID SHOEBRIDGE: It is more fundamental than that, is it not? There is not even an agreed assessment to determine who has been underpaid, because icare is saying that in the absence of information we are going to assume that it is all sweet and everybody else on the planet thinks that is foolish. You have not got an agreed methodology, is that correct?

Ms DONNELLY: Not to my satisfaction, no.

Mr DAVID SHOEBRIDGE: The last time we heard of a bounce back and forth was in May, we are now in August, what is SIRA's plan? Are you going to step in and require an independent third-party to do it or are you going to leave it in the hands of icare?

Ms DONNELLY: I have a further claim management audit underway now that includes looking at PIAWE calculation independently as part of the scope. And I will be considering that while we are seeking more information about the things that have been said publicly about the size of the problem from icare to see the evidence for that. That is where we are at now.

Mr DAVID SHOEBRIDGE: If I was an injured worker and I thought maybe I had been underpaid and I was struggling to get by, when could I expect, in that situation, to get my underpayment sorted? That is the key question, when is it going to get sorted?

The Hon. DANIEL MOOKHEY: You cannot answer that, can you?

Mr DAVID SHOEBRIDGE: Do you have a timeframe?

Ms DONNELLY: I cannot answer that at this point. I think that you asked, quite properly, at what point will we step up and step in further. The consideration we have at the moment is our own independent audit, again looking at the level of error with PIAWE as part of the scope and getting an answer back to the questions we have asked. At that point we will be considering what further steps we take.

The CHAIR: The audit you have spoken of, are you able to provide the size of that audit and the number of cases that you are analysing?

Ms DONNELLY: Certainly. I will take that on notice and provide the terms of reference. We are doing a rolling program of audits.

The CHAIR: Will that include some of the cases that have already been assessed in the 100, or is this a completely new dataset that you are working with?

Ms DONNELLY: It will be probably more recent claims on the whole but I will need to come back to you with how many are in the different cohorts.

The Hon. TREVOR KHAN: When will it be completed?

Ms DONNELLY: We are adapting to COVID but we want to move back to doing an audit each quarter and therefore having a report each quarter. It has just gone into the field now so I would say September.

ANSWER

In response to the disclosure of the icare Nominal Insurer PIAWE risk audit findings in February 2020, SIRA immediately broadened the scope of its first quarterly claims audit conducted as part of the 21 point action plan arising out of the Compliance and Performance Review into the Nominal Insurer Scheme to specifically include PIAWE calculations. Terms of reference are attached (Tab A).

The claims audit program required onsite access to documentation and was delayed by COVID restrictions until suitable COVID safe adaptations could be arranged.

The first quarterly claims audit has been completed and the second review is currently underway, with delays due to COVID 19 restrictions. The scope of the second SIRA quarterly claims audit also includes PIAWE.

In addition, SIRA is undertaking a larger PIAWE audit of Nominal Insurer claims from 2012 to 2019 and the terms of reference for that audit are also attached (Tab B). This audit was also delayed due to COVID restrictions but SIRA has notified icare that it will commence in September 2020 and will include evaluation of the icare NI remediation program.

2. QBE EMAIL/LETTERS

Mr DAVID SHOEBRIDGE: Sorry, on this one matter as well, it raises a number of deeply disturbing issues. One of the concerns that has been raised is that QBE falsely told the injured worker that the matter had been referred to icare and actually gave an email address, which has since become apparent was a false address. Are you aware of that issue?

Ms DONNELLY: As I said, I have not yet received the final report. I can assure you that the investigation team has been looking at everything in great detail so I am sure our team is aware of it.

Mr DAVID SHOEBRIDGE: Mr Parker, are you aware of that issue—that QBE falsely said that the matter had been referred to icare and deliberately gave a false email address to try to cover its tracks?

Mr PARKER: I have heard that suggestion previously. I cannot reflect right now as to whether it was in relation to this claim or some other claim.

The Hon. DANIEL MOOKHEY: Are you investigating any other claims like this?

Ms DONNELLY: We are investigating about 10 matters related to icare.

The Hon. DANIEL MOOKHEY: Is that related to a specific claims experience of a claimant?

Mr PARKER: Yes. We have a number of investigations underway and they have escalated complaints, and then we have our compliance team looking at a number of complaints.

The Hon. DANIEL MOOKHEY: Are they the thematically similar to Mr Fitzpatrick's matter?

Mr PARKER: There are a range of allegations and there is concern. There are similarities and differences.

The Hon. DANIEL MOOKHEY: What is the nature of allegations?

The CHAIR: Mr Mookhey, I am going to ask all members to acknowledge that I do not want anything that happens within this Committee to jeopardise any future actions. With the witnesses being as succinct and circumspect as they are, I ask members to respect that because I do not want any work that this Committee does to jeopardise anything into the future and any future actions. I want that acknowledged.

The Hon. DANIEL MOOKHEY: Thank you, Chair. I respect that and will stick to your guidance. Of course, I trust the witnesses to pull us up, should they find that any questions we are asking are creating any jeopardy. Is it the case that you are currently investigating 10 other matters to do with icare?

Mr DAVID SHOEBRIDGE: Ten matters in total.

Ms DONNELLY: Ten matters in total.

Mr DAVID SHOEBRIDGE: Mr Parker, could you get me an answer on notice about that email question?

Mr PARKER: Yes.

ANSWER

SIRA was aware of this allegation. SIRA is considering this allegation as part of an open investigation.

3. EY REPORT ON THE KEY RISKS ASSOCIATED WITH THE 31 DECEMBER 2020 NI VALUATION

The CHAIR: Can I also just confirm that the document being tabled now—the EY report—what is its status?

Ms DONNELLY: It is a final report to me to advise me of risks and suggested regulatory action.

The CHAIR: And publishing by the Committee?

Ms DONNELLY: I do not normally publish it but I am aware that the Committee may want to.

The CHAIR: I was just wondering if you had an objection?

Ms DONNELLY: No, I do not. We may need to take on notice whether there is anything in there that we would suggest is redacted before. Can we do that, Chair?

The CHAIR: I appreciate that.

ANSWER

Ms Donnelly provided advice to the Committee's secretariat on 18 August 2020 on publication of the EY report, for the Committee's consideration.

4. EY REPORT ON THE KEY RISKS ASSOCIATED WITH THE 31 DECEMBER 2020 NI VALUATION

The Hon. TREVOR KHAN: I would like you to explain to me, in a sense, what figure 3 means. On the face of it, it seems to me that what we have is a picture of deteriorating fit for work rates until December 2018 and then a projection of improvement—I take it projection on behalf of icare—in terms of performance. Are we to assume that there is some concern being expressed in this report as to how we have got what has become an historical drop in performance suddenly now changing into an improvement in performance?

Ms DONNELLY: My reading, yes, is that, as advised to me, it is highlighting a risk of a bias towards positivity in that particular area where the decline suddenly is corrected. It may be that there is evidence supporting that, but part of our role in supervising, and my main focus going forward is the June valuation, is to highlight that this is an important area of the valuation. There may be a risk that we need to manage for in our supervision that the projection has a bias towards positivity.

The Hon. TREVOR KHAN: Apart from figure 3 and the material surrounding figure 3 on page 11, are you able to identify in the report other indicia of bias towards positivity?

Ms DONNELLY: One of the things I think that we will be able to conclude is that we did not give EY a scope of work to assess the overall valuation. We asked them to narrow down the areas where there might be risk to the viability of the scheme, so most of their observations will be picking out the areas where there may be a bias towards positivity. I am happy to take questions on notice.

The Hon. TREVOR KHAN: Is there anywhere else in the report where you identify the same sort of concern?

Ms DONNELLY: I think the executive summary is helpful in pulling out the key ones.

ANSWER

Potential areas where a risk of bias towards positivity was highlighted in the EY report are well set out in the executive summary of the report and include risks to the valuation of weekly benefits, risks to the valuation of medical benefits and uncertainty in the valuation of work injury damages claims.

5. ICARE'S LEGISLATIVE REQUIREMENT and POWER TO EXIT AN INDIVIDUAL FROM THE SCHEME

The Hon. SCOTT FARLOW: Just picking up a point in terms of the assessments and the reviews conducted, you mentioned that icare had a legislative requirement to conduct these reviews. What is that requirement and what is icare's power to exit an individual from the scheme?

Ms DONNELLY: I am happy to give you more detail on notice but, basically, between 78 weeks on weekly benefits to 130 weeks there needs to be a work capacity decision, which is a binding decision, that enables them to then assess whether the person has an ongoing entitlement to weekly benefits or not, and the insurer makes that decision. There is a dispute resolution pathway through the Workers Compensation Commission [WCC] that can consider whether those decisions have been made, but we can give you some more information about that on notice.

ANSWER

Insurers perform work capacity assessments and make work capacity decisions regularly throughout the life of a claim.

For the purpose of assessing a worker's entitlement to weekly payments after 130 weeks, section 38(4) of the *Workers Compensation Act 1987* (1987 Act) provides the insurer must ensure that a work capacity assessment is conducted during the last 52 weeks of the second entitlement period (i.e. after the worker has received a total of 78 weeks of weekly payments, and before reaching 130 weeks of weekly payments), and thereafter at least once every two years.

Section 38(1) of the *Workers Compensation Act 1987* (1987 Act) provides that a worker's entitlement to weekly payments ceases on the expiry of the second entitlement period (after 130 weeks), unless the worker satisfies the special requirements outlined in section 38.

A worker who is assessed by the insurer as having no current work capacity, and this is likely to continue indefinitely, is entitled to weekly payments compensation after the second entitlement period.

A worker (other than a worker with high needs) who is assessed by the insurer as having current work capacity is entitled to weekly payments compensation after the second entitlement period only if:

- the worker has applied to the insurer after receiving 78 weeks of weekly payments, and
- the worker has returned to work 15 hours or more per week and is in receipt of current weekly earnings of at least \$155 per week (as indexed annually), and
- the worker is assessed by the insurer as being, and as likely to continue indefinitely to be, incapable of undertaking further additional employment or work that would increase the worker's current weekly earnings.

A worker will need to satisfy each of these requirements to continue to be eligible to receive weekly payments of compensation after 130 weeks.

The Workers Compensation Commission (Commission) has jurisdiction to consider work capacity decisions made on or after 1 January 2019. Workers who disagree with all or part of an insurer's work capacity decision have the right to request a review by the insurer. A worker can either ask for a review by the insurer or lodge a dispute directly with the Commission.

SIRA has published detailed guidance for insurers on work capacity assessments and decisions (refer [GN 3.9 Work capacity assessments and decisions](#), and [GN 5.4 Weekly payments after the second entitlement period](#)).

6. BROKERAGE PAYMENTS (1/4)

Mr DAVID SHOEBRIDGE: But the Act is explicit. It says:

A licensed insurer—

and icare is a licensed insurer—

shall not pay any amount by way of commission or other remuneration to an insurance broker, agent or intermediary in relation to the issue or renewal of a policy of insurance.

It could not be more explicit, could it?

Ms DONNELLY: It would be a noncompliance, yes.

Mr DAVID SHOEBRIDGE: But it is not a small noncompliance.

Ms DONNELLY: No.

Mr DAVID SHOEBRIDGE: It is \$11.5 million just last year. My question is, what is happening on that?

The Hon. TREVOR KHAN: Before you get on to that, can we just clarify with Mr Parker, what did icare describe the payment as?

Mr PARKER: They have got a name for a project, so they do have a name for it, which I cannot remember.

The Hon. DANIEL MOOKHEY: Is it risk consulting services?

Mr PARKER: I am not sure if that is it.

The CHAIR: You can take it on notice.

Mr PARKER: We did ask for some documented

ANSWER

The program is called *Protect Together (P2) partnership*. According to a document provided by icare dated 10 March 2020, the program primarily relates to injury prevention. An extract from the said document is provided below.

About P2

icare has developed P2 to help NSW businesses like yours achieve better work health and safety outcomes for their people.

P2 is designed to assist you in developing and implementing an action plan that suits your workplace. Our aim is to partner with you to create positive changes that are sustainable and beneficial to your organisation.

Your P2 program includes:

- An Injury Prevention Specialist to assist your business;
- Workplace Diagnostic Assessments (Culture and Safety Systems);
- Development of an action plan; and
- Ongoing monitoring and support.

SIRA has initiated an audit of the use by icare of the Workers Compensation Insurance Fund to assess compliance with s154E of the *Workers Compensation Act 1987*. This remains an open investigation.

7. BROKERAGE PAYMENTS (2/4)

The Hon. DANIEL MOOKHEY: Ms Donnelly, have you seen any evidence that this practice has stopped?

Ms DONNELLY: I am not able to answer that question. We will take it on notice.

ANSWER

SIRA has not been provided with any evidence that these payments have stopped.

SIRA is aware of an article published by Insurance Business Australia on 18 August 2020 titled, "[icare's Protect Together injury prevention program yields results](#)". This article conveys that icare is continuing with this program.

8. BROKERAGE PAYMENTS (3/4)

The Hon. DANIEL MOOKHEY: When did you initiate this investigation? I respect the boundary that the Chair has outlined and I do not want to jeopardise any active investigation that you are under. But when did SIRA initiate its investigation into payments to brokers that may be in breach of the law.

Ms DONNELLY: Mr Mookhey, I am going to answer more generally and perhaps take it on notice.

ANSWER

SIRA initiated its investigation into payments to brokers in June 2020. The investigation will be subsumed into the broader audit of the use by icare of the Workers Compensation Insurance Fund to assess compliance with s154E of the *Workers Compensation Act 1987*. This remains an open investigation.

9. BROKERAGE PAYMENTS (4/4)

The Hon. DANIEL MOOKHEY: If you cannot answer this, please say so: Was the payment of \$11 million to brokers and, over this period of time, \$22 million or thereabouts to brokers ever reported to the icare board? Have you seen any documents that would show that the icare board knows about this?

Ms DONNELLY: I do not think we are able to answer that definitively right now, so we will take it on notice.

ANSWER

SIRA has not been informed of what details of the P2 broker program have been provided to the icare board.

10. FUNDING RATIOS

The Hon. SCOTT FARLOW: We have heard about the icare funding arrangements and the funding ratio. Are there any other reports from other providers in the scheme in terms of their funding ratios at this stage?

Ms DONNELLY: We do supervise quite closely, and I will say that right now is obviously a very challenging time in terms of COVID. It is an extraordinary time in terms of where the funding position may be for insurers, probably globally, in terms of both the investment performance and the underwriting performance. What I would say is that the nominal insurer stands out for the level of risk because we entered this period of the pandemic with them already having such a deterioration in return to work and in the funding ratio and, as has been called out by the independence compliance and performance review and commented on in budget estimates already, that means there is a reliance on returns on investment. And the size means it is very material for New South Wales.

The Hon. SCOTT FARLOW: Is it possible, on notice, to provide the Committee with those funding ratios for the other providers in the system?

Ms DONNELLY: For any that are considered on a kind of watchlist?

The Hon. SCOTT FARLOW: On a watchlist, so to speak, that you might have.

Ms DONNELLY: I will take that on notice and provide that if we can, yes.

ANSWER

SIRA regulates six specialised insurers, four of which collect premiums and are regulated by the Australian Prudential Regulation Authority (APRA).

APRA sets their prescribed capital amount which is intended to take account of the full range of risks to which a regulated institution is exposed. The prescribed capital amount is the minimum required level of capital for regulatory purposes, calculated under APRA's capital framework.

The prescribed capital amount coverage ratio for the four APRA regulated specialised insurers as at June 2020, is listed in the table below:

Insurer	Prescribed capital amount coverage ratio
Catholic Church Insurance Limited	170%
Guild Insurance Limited	204%
Hospitality Employers Mutual Limited	242%
StateCover Mutual Limited	250%

SIRA understands the ratio required by APRA applies to the insurer generally, not specifically NSW workers compensation.

APRA publishes an extensive range of insurer statistics, including their financial performance, financial position and capital adequacy on their website at <https://www.apra.gov.au/quarterly-general-insurance-statistics>

11. DORE REPORT/SIRA'S SUGGESTIONS ON REGULATION/LEGISLATIVE CHANGES

Ms DONNELLY: This is an update to the 21-Point Action Plan that arose from the Dore review.

The CHAIR: Do you want to speak to that now? Then I will allow some final questions before we hit 3.00 p.m.

Ms DONNELLY: All right. There is one recommendation that is not covered through this 21-Point Action Plan, and that goes to Ms Dore's suggestion that the Government should investigate whether SIRA should have more powers. I might come to that at the end.

The CHAIR: You have been pretty clear on that—

Ms DONNELLY: There are a couple of other suggestions. I am also happy to give those on notice if you would like.

ANSWER

The level of regulatory control differs across the four types of workers compensation insurers in NSW - the Nominal Insurer (NI), Government employers who are insurers under the legislation, self-insurers licensed by SIRA and specialised insurers licensed by SIRA. That was the case prior to the structural reforms in 2015 and continues to be the case today.

The State Insurance and Care Governance Act 2015 dissolved the former WorkCover Authority, created two government sector agencies (SIRA and SafeWork NSW) and established icare as a Public Financial Corporation governed by an independent board of directors. The structural reforms were not accompanied by changes to regulatory controls.

As with all legislation introduced by Government, the changes were based on Cabinet consideration and then ultimately decided by the Parliament. The five-year Statutory Review is an opportunity for Government to reconsider the effectiveness of the current regulatory arrangements and SIRA will put forward options as part of the review process.

SIRA regularly considers the effectiveness of relevant legislation - including SIRA's regulatory powers - in achieving the objectives set out in the State Insurance and Care Governance Act 2015, workers compensation laws and other relevant legislation. For example, matters such as pre-injury average weekly earnings (PIAWE), prudential regulation, data quality and licence conditions have been discussed at various times. It should be noted that that formal advice for Cabinet consideration of legislative change is Cabinet in Confidence.

At the recent Law & Justice hearings for the 2020 Review of the Workers Compensation Scheme, the SIRA Chief Executive provided some suggestions for increased powers - particularly clear powers for SIRA to impose any licence conditions consistent with the legislation on any insurer or agent in the NSW workers compensation system. She also noted that the 2015 reforms introduced a power into the Workers Compensation Act 1987 for the making of a prudential regulation, but this regulation has not been made.

In 2016, SIRA published a discussion paper and sought submissions regarding the regulation and supervision of workers compensation insurer premiums, market practices, financial and prudential requirements.

SIRA regulates workers compensation and other schemes and has regulatory oversight of icare's management of those schemes. SIRA does not regulate icare as an entity.

icare "acts for" the NI in accordance with Act. However, icare itself does not have any obligations under the workers compensation legislation; and things done by icare on behalf of the NI are taken to have been done by the NI.

icare has the responsibility for administering the NI but does not own and is not legally responsible for, the financial liabilities of the NI which ultimately reside with the employers of NSW.

The NI has a unique statutory, governance and regulatory structure. It is established under Division 1A Part 7 of the 1987 Act with an unconditional licence to issue policies of insurance to NSW employers (section 154B(1) 1987 Act). It does not require an authorisation under the Commonwealth Insurance Act 1973 to operate and hence is not regulated by the Australian Prudential Regulation Authority.

The NI is taken to be the holder of an unconditional licence (with the exception of the need to comply with the Market Practice and Premiums Guidelines). SIRA can impose conditions on insurer licences, the contravention of which is an offence. The prevailing view is that SIRA is not able to impose conditions on the NI's licence. SIRA can also cancel or suspend an insurer's licence under s183. This does not apply to the NI.

Similarly, icare is not the insurer in its role of managing SICorp which acts for the Treasury Managed Fund (TMF). The TMF meets workers compensation claims on behalf of Government employers (who are deemed self insurers under Section 211B of the 1987 Act). SIRA can only impose licence conditions on those Government employers with the approval of the Treasurer.

12. ICARE BUSINESS PLAN

Ms DONNELLY: On the 21-Point Action Plan, overall the summary there is that some actions have been completed and there are others in progress. My view on it is that I am disappointed with the speed of action and there are a couple of areas where I think it is now urgent. The one that I would call out are this issue of targets for return to work. I have included in this update that we have not had the ability to impose conditions and say, "These will be your return-to-work targets", but we have had the ability under division 4 of the Workers Compensation Act 1987 to require a resubmission of a business plan. I wrote to Mr Nagle 11 months ago saying I required more of a program in icare's business plan to address return to work. I was not satisfied, and we rejected its business plan and said it was not compliant, that we required more. We got a resubmitted business plan, which I am also happy to table if the Committee does not already have it from the sweep of the many, many documents.

The Hon. DANIEL MOOKHEY: No, do you mind tabling that?

Ms DONNELLY: I am sure the team might have a copy with them.

ANSWER

Copies of the icare Business Plan and revised supplement are attached.

Terms of Reference

Nominal Insurer Quarterly Claims Management Compliance and Performance Reviews - 2020

February 2020 (Version 1.0)

State Insurance
Regulatory Authority



State Insurance
Regulatory Authority

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1. Purpose

- 1.1 This document sets out the Terms of Reference for SIRA's 'Nominal Insurer (NI) Quarterly Claims Management Compliance and Performance Reviews. (The 'Quarterly Reviews')

2. Background

- 2.1 During 2019, SIRA conducted a compliance and performance review of the NI. Part of that review, conducted by EY, was a claims file review of a sample of NI claims from the 2018 accident year. The review was conducted by three senior claims specialist including one authorized officer from SIRA. 122 claims were reviewed that were selected based on a stratified random claims sample.

- 2.2 In order to conduct a claims file review that was as objective as possible, a questionnaire was developed that would lead to a consistent assessment of each claim reviewed. This questionnaire consisted of approximately 170 mostly binary questions that had to be completed by the file reviewer. In addition, several dates and payment amounts were collected. The file reviewers also had free text fields they could use to record observations or other items not covered by the questions. The questions covered the following stages of the claims process:

- 2.2.1 Claim acceptance and triage

- 2.2.2 Liability decisions

- 2.2.3 Ongoing liability and work capacity assessment

- 2.2.4 Injury management and return to work

- 2.2.5 Medical treatment and costs

- 2.2.6 Weekly benefit assessment and payments.

- 2.3 Once each questionnaire was completed, all results were collated and analysed.

- 2.4 SIRA's response to the compliance and performance review of the NI included a 21-point action plan. Action number 10 stated:

- 2.4.1 *"During 2020, SIRA will conduct and publish a quarterly compliance and performance audit of claims management by the NI, under Division 4 of the Workers Compensation Act 1987, including file reviews utilising an enhanced methodology. Audit reports will be provided to the SIRA and icare boards. The first audit will commence in February 2020 and will be undertaken by EY in accordance with Terms of Reference to be finalised by January 2020"*

- 2.5 This document constitutes the Terms of Reference referred to in the above statement.

3. Overview

- 3.1 The Quarterly Reviews will be undertaken by SIRA and will consist of four separate reviews, conducted approximately three months apart, commencing in February 2020. Dependant on review findings, SIRA may decide to undertake additional quarterly reviews, under these or new Terms of Reference, following the completion of the initial four Quarterly Reviews.
- 3.2 SIRA may elect to exercise any of its legislative powers in the conduct of the Quarterly Reviews but will principally operate under the provisions of section 202A of the *Workers Compensation Act 1987*.

4. Claim Stages and Areas of Claims Management

- 4.1 The following table summarises the claim stages to be examined and the areas of claim management to be assessed under the Quarterly Reviews.

Claim Stage	Area Assessed
1. Claim reporting and acceptance	<ul style="list-style-type: none">▶ Assess if notification was compliant including if the claimant was deemed to be a worker under the Act and if injury occurred during the course of employment▶ Date of initial and subsequent liability decisions▶ Appropriate communication with all parties▶ Date of commencement of payments▶ Appropriate investigations to determine liability carried out and in a timely manner▶ Views of the employer given due consideration▶ Appropriate resolution of all issues raised
2. Triage and case management	<ul style="list-style-type: none">▶ Initial and subsequent triage categories▶ Date of moving triage category▶ Date of appointment of case manager▶ Appropriateness of initial triage decision▶ Number of case managers involved in the file▶ Degree of engagement with injured worker, employer and treating doctor
3. Ongoing liability and work capacity	<ul style="list-style-type: none">▶ Communication with injured worker of changes in liability status▶ Evidence of re-assessment of liability status having regard to work capacity and ongoing medical treatment needs▶ Evidence of worker's incapacity to support the level of weekly benefits being paid

4. Injury management	<ul style="list-style-type: none"> ▶ Appropriateness of injury management plan ▶ Compliance with section 45 of the Act ▶ Evidence of employer involvement in getting injured worker back to work ▶ Appropriateness of any appointment of rehabilitation provider ▶ Effectiveness of rehabilitation provider ▶ Appropriate communication with all parties during rehabilitation ▶ Appropriate review of injury management plan on an ongoing basis as treatment progresses
5. Medical management	<ul style="list-style-type: none"> ▶ Appropriateness of information used to prepare the medical treatment plan ▶ Ongoing review of medical treatment plan ▶ Appropriate use of IME and/or MSP ▶ Appropriate detail recorded on file to assess cost of medical treatment ▶ Required approvals for surgery ▶ Assessment of actual costs relative to expected ▶ Appropriate monitoring of treatment and its effectiveness ▶ Relevant challenge to treatment plan if proving ineffective
6. Weekly benefits	<ul style="list-style-type: none"> ▶ Appropriate evidence recorded on file to enable calculation of PIAWE ▶ Accuracy of PIAWE calculations ▶ Weekly benefits paid in accordance with medical certificates (work capacity) recorded on file ▶ Appropriate reimbursement schedules on file to justify payments made ▶ Timeliness of payments made
7. Data quality	<p>Check quality of certain data fields (if relevant) including:</p> <ul style="list-style-type: none"> ▶ Date entered insurer system ▶ Work status code ▶ Work status date ▶ Date ceased work ▶ Date resumed work ▶ Number of days absent

5. Review Activity

5.1 The Quarterly Reviews will involve:

- 5.1.1 Using a consistent set of evaluation criteria to assess files (the same criteria as used for the initial NI review).
- 5.1.2 Reviewing the sample of files based on this evaluation criteria and recording the findings.
- 5.1.3 Consulting with an assigned icare contact person as needed to clarify relevant matters in each claim.
- 5.1.4 Consolidating the individual review findings and discussing the main issues emerging with icare.
- 5.1.5 Documenting the detailed review for each file.

6. Assessment Principles

6.1 In assessing the claim files the following guiding principles will be used:

- 6.1.1 Questions are structured such that Yes is a positive response.
- 6.1.2 Either Yes or No is a preferred response rather than N/A, which should only be used when it is a patently correct response.
- 6.1.3 Many questions relate to timeliness. If evidence was necessary but was not obtained, it is therefore not timely.
- 6.1.4 Where a question assesses evidence on file, the evidence must be clear and not open to interpretation, otherwise the answer is No.
- 6.1.5 Some areas of assessment are by their nature subjective, the reviewer shall apply professional judgement and have consideration of all aspects of the claim.

7. Reviewer Conclusions

7.1 The results of the claim file review will allow the reviewer to draw conclusions with respect to the quality of claims management on:

- 7.1.1 The appropriateness of actions taken to assess liability initially and on an ongoing basis.
- 7.1.2 The effectiveness of liaison between icare, EML, the claimant and the employer in order to affect a successful return to the workforce.

- 7.1.3 Whether actions taken are proactive or reactive.
- 7.1.4 The timely and appropriate use of service providers.
- 7.1.5 Whether provider over servicing is identified and acted upon.
- 7.1.6 Whether actions are being taken where treatment is not reasonably necessary.
- 7.1.7 The evidence of strategic application of the legislation to promptly bring the claim to conclusion.
- 7.1.8 The commercial focus of claims strategy and decisions.
- 7.1.9 The management of claim payments.

8. Composition of Review Teams

- 8.1 Where practical to do so, the Quarterly Reviews will generally be conducted by the same reviewers. The Quarterly Review teams will generally be comprised of two independent and experienced claim file reviewers from EY, and one Authorised Officer from SIRA.

9. Claims Sampling

- 9.1 Claims for each Quarterly Review will be drawn from a stratified random sample using the following strata:
 - 9.1.1 Date claim reported between 1 January 2019 and 31 December 2019 and claim open status
 - 9.1.2 Liability status of provisional, accepted or denied
 - 9.1.3 Injury type of fracture, sprains, psychological injury or other
 - 9.1.4 Weekly benefits duration of <1 week, 1-4 weeks, 4-13 weeks, 13-26 weeks or 26+ weeks
 - 9.1.5 A minimum of 10 psychological injury claims will be reviewed
- 9.2 Each Quarterly Review will sample 120 claim files. Based on the findings of the initial file reviews, the Quarterly Reviews will focus on claims managed by EML. The Quarterly Reviews may also sample from any of icare's Authorised Providers (APs).

10. Data and Information

- 10.1 Data requirements for the Quarterly review will include, but may not be limited to:

SIRA Data

10.1.1 CDR data as at 31 December 2019 (claims header).

icare Data

10.1.2 Documentation of any changes made to the claims operating model since 30 June 2019.

10.1.3 The current triage segments and target case loads.

10.1.4 The current decision making framework between icare and EML.

10.1.5 The current process for case managers to engage with the MSP.

10.1.6 Current APs, the start date of the AP and the current number of claims reported to the AP (in the 12 months to 31 December 2019)

11. Timing

11.1 Each Quarterly Review is anticipated to take approximately 8 weeks to complete, based on the following key activities:

11.1.1 One week of preparatory coordination

11.1.2 Three weeks to conduct review of 120 claims

11.1.3 One week to undertake analysis or review finding and identify and execute any additional information requirements

11.1.4 Two weeks to prepare of initial draft report

11.1.5 One week to review of draft report and prepare of final report

12. Planning and Coordination

12.1 SIRA will designate a Lead Reviewer for each Quarterly Review. The Lead Reviewer will be responsible for preparing a Review Plan for each Quarterly Review and sharing that plan in advance of review commencement with the identified icare Lead Contact.

12.2 The plan will detail the following information relation to each Quarterly Review (Plan template at Appendix 1):

12.2.1 Location for the conduct of onsite review activity

12.2.2 Name and contact details of icare's principal point of contact for the review

12.2.3 Name and contact details of other icare employees assigned to assist the Review team

12.2.4 Description of the review objectives

12.2.5 Description of the review scoping and/or focus if narrower than the scope generally provided under these terms of reference

12.2.6 Schedule for conduct of any onsite review activity

12.2.7 Resource requirements to be provided by icare or its agents during onsite review activity

12.2.8 Name and contact details of the Lead Reviewer

12.2.9 Names of all Review Team members, including the identification of any formal designation such as “SIRA Authorised Officer” under applicable legislation

12.2.10 Details of claims to be made available for review

13. Amendments

13.1 These Terms of Reference may be subject to amendment between each of the Quarterly Reviews, only to the extent that the amendments seek to address some aspect of earlier review findings. Any such amendments will be promptly communicated to icare.

14. Reporting

14.1 EY will produce a report detailing the findings and analysis of each of the four Quarterly Reviews and as well as final report with consolidated findings and analysis. EY will present each of the reports to the SIRA executive outlining findings and conclusions. Consistent with Action 10 of SIRA’s 21 point action plan, the reports will be published by SIRA.

Appendix 1 – Review Plan Template



**State Insurance
Regulatory Authority**

NI Quarterly Claims Management Compliance and Performance Reviews

Quarterly Review Plan (TEMPLATE)

Insurer	<Insurer Name>		
Onsite Review Location	<Address> <Room details>		
Insurer Lead Contact	<Name> <Appointment/Title> <Mobile number> <Email address>		
Insurer Review Support Team	<Name> <Appointment/Title> <Email address>	<Name> <Appointment/Title> <Email address>	<Name> <Appointment/Title> <Email address>
Objectives	<Description of objectives – consistent with Terms of Reference>		
Scope	<Details of scope – consistent with Terms of Reference>		
Schedule	<Date/s of onsite review activity> <Indicative timings of specific review activities>		
Resource/Access Requirements	<List known resources and access requirements e.g. Room facilities, individuals to meet with etc>		
Lead Reviewer	<Name> <Appointment/Title> <Mobile number> <Email address>		
Audit team (Identify Authorised Officer where applicable)	<Name> <Appointment/Title> <Email address>	<Name> <Appointment/Title> <Email address>	<Name> <Appointment/Title> <Email address>
Claims	<Description/details of claims sample to be included in review>		

Nominal Insurer PIAWE Audit Terms of Reference

SIRA will conduct a comprehensive audit under section 202A of the *Workers Compensation Act 1987* (1987 Act).

The audit will assess compliance with the workers compensation legislation, particularly in regard to PIAWE assessment and calculation of selected claims. It will also assist SIRA to evaluate the PIAWE remediation program.

Primary Objectives

The primary objectives of the PIAWE Compliance and Assurance audit will be to:

- Determine the level of insurer compliance with legislative requirements to calculate and process weekly payment entitlements
- Provide assurance that the findings of insurers' self-review/audit activity are appropriate and accurate.

Scope

The audit will include a review of selected claims. The audit will focus on claims where PIAWE has been determined and weekly payments paid.

The claim will be assessed against the legislative provisions in force at the time.

Claims for exempt categories of workers will be excluded as the PIAWE amendments introduced by the *Workers Compensation Legislation Amendment Act 2012* do not apply (including police officers, paramedics and firefighters).

SIRA's Nominal Insurer (NI) rolling quarterly audit program will further consider selected newer claims to assess whether this issue presents a continuing problem for the NI.

Preliminary considerations are outlined in the table below:

Claim stage	To be assessed
Initial calculation of PIAWE	<ul style="list-style-type: none">• Evidence on file to support PIAWE calculation• Appropriate communication to worker and employer to confirm PIAWE• Appropriate use of interim PIAWE
Commencement of weekly payments	<ul style="list-style-type: none">• Compliance with legislative timeframe to commence provisional weekly payments• Appropriate communication to worker and employer to confirm commencement of payments
Calculation of weekly payment entitlements	<ul style="list-style-type: none">• Weekly payments supported by evidence of incapacity on the claim file and insurer work capacity decision• Legislative entitlement periods applied correctly• Special provisions for workers with highest needs processed correctly
Processing weekly payments entitlements	<ul style="list-style-type: none">• Evidence of timely processing of weekly payments• Appropriate adjustment payments made in a timely manner where appropriate• Appropriate communication where payments made direct to the worker

	<ul style="list-style-type: none"> • Reimbursement schedules on file support payments made, where applicable
PIAWE recalculations	<ul style="list-style-type: none"> • Insurer recalculation of PIAWE supported by evidence on file • Evidence of appropriate review and remediation of entitlements, where applicable
PIAWE Agreements	<ul style="list-style-type: none"> • Evidence that PIAWE agreements made as per regulation requirements, if / where applicable

The focus of the audit and claim stage to be assessed as per the primary objective is to determine insurer compliance with the legislative requirements.

Observations may be made if and where claims handling conduct may not be aligned to SIRAs expectations.



Nominal Insurer Business Plan

Nominal Insurer Business Plan –
FY2019/20 to FY2028/29

COMMERCIAL IN CONFIDENCE

This Business Plan is “Commercial in Confidence”. Insurance and Care NSW (icare) acts for the Nominal Insurer. The Nominal Insurer is not a Government Sector Finance agency for the purposes of the *Government Sector Finance Act 2018*. The Nominal Insurer is not, and does not, represent NSW or any authority of NSW. Its liabilities as an insurer with a workers compensation insurance policy can only be satisfied from the Workers Compensation Insurance Fund (Insurance Fund).

Section 154B of the *Workers Compensation Act 1987* explicitly provides that any liabilities incurred by the Nominal Insurer are not liabilities of the NSW Government. Accordingly, the Insurance Fund is excluded from the State Budget and the NSW Total State Sector.

The detailed information provided in this document has the potential to put the Nominal Insurer at a competitive disadvantage in relation to other specialised insurers or self-insurers in the Nominal Insurer’s market, as well as alternative competing organisations including Comcare. This information is of competitive commercial value to the Nominal Insurer and must not be made available to the general public.

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1. icare executive forward

1.1 Context

As the consolidated service provider for the insurance and care schemes of NSW, icare acts on behalf of the Nominal Insurer (NI) to manage the NSW Workers Compensation Scheme (the Scheme).

Under section 202B (4) of the *Workers Compensation Act 1987*, icare is required to prepare and deliver a business plan for the NI to the State Insurance Regulatory Authority (SIRA).

Under SIRA's current guidelines, the FY20-28 Business Plan for the NI must:

- describe the manner in which the workers compensation insurance business is to be conducted (including premiums, claims handling, management, expenses and systems)
- be approved by icare's Board prior to submission to SIRA
- include icare's strategic objectives for its NSW workers compensation business, together with targets, timeframes and planned activities to achieve the strategic objectives.

icare is required to deliver the plan to SIRA by 30 September 2019.

1.2 Preface

Our core activities are to protect, insure and care

icare operates as a trusted risk advisor to the NSW Government, helping to protect the people of NSW and prevent injuries in the first place. If work accidents occur our role is to ensure that there is sufficient support to respond to any situation. And when people are significantly injured at work, we provide leading care services and support to help them achieve a better quality of life – it's about our customers, not us.

While icare functions as an insurance organisation, we are different. As a social insurer, we offer insurance for the benefit of society, placing our customers, business partners and key stakeholders at the centre of everything we do. We aspire to change the way people think about insurance and care, by going above and beyond what our customers expect of us. To do this, we strive to think differently, challenge our current ways of working, and remain open to new opportunities that deliver better customer experiences and outcomes.

Commercial mind, social heart

Governed by a Board of Directors, icare is one of the largest insurers in Australia. At the heart of our aspiration and purpose is our DNA – commercial mind, social heart. This means that we will continue to exceed our customers' expectations by improving their experiences and outcomes, while ensuring that the NI is financially sustainable over the long term. Our DNA guides our day-to-day and strategic judgements, ensuring we consider and balance both the commercial and social elements of the decisions we make.

2. Message from icare Chair and CEO

In the year ahead, the focus for the Nominal Insurer is to deliver better outcomes for the customers we serve and the communities we protect. We will achieve this by leveraging the infrastructure we have built and through the delivery of our strategy.

Over the coming year we aim to achieve operational excellence and financial sustainability through a focus on service delivery and continuous operational improvement, as well as improving connectivity with our customers, community, people, processes and systems in order to strengthen our role as the state's social insurer.

Upon the creation of icare we set ourselves a significant target of \$160m in annual savings. I am delighted that we have exceeded this target each year, achieving a total savings to NSW employers of \$1.47bn to date. Despite inflation in medical costs, premium savings have been made possible through operating model improvements, proactive management of claims leakage and risk selection leakage, effective handling of under insurance, and a range of effective prevention initiatives. We also aim for a target funding ratio operating range of between 110% and 130% - this is currently at 109% and we believe is quite manageable over the next three to five-year period.

Over the past four years, we have created a culture that puts NI customers at the centre of everything we do. Adopting a customer-centred approach to our structures and processes has seen an improvement in our overall net promoter score (NPS), a key customer metric, which rose from -3 at the start of FY2016/2017 to +14 at the end of FY2017/2018. We set out to implement a fairer scheme for all customers and the changes we have implemented have been of greater benefit to injured workers over employers. We acknowledge that as we have rolled out new systems and new processes we've not got everything right. While we have made significant progress during the first phase of our journey, with advocacy rising for people who have been injured at work, advocacy measures vary significantly across our different customer cohorts and we have seen a decrease in employer's advocacy from -14 in March 2016 to -25 at the end of 2018. We acknowledge the need to balance the needs of employers with people who have been injured, and that we still have much to do for this particular customer group. We will continue to listen to and work with each of our customer cohorts to ensure we truly understand their needs and can address them through the interventions we deliver.

Looking beyond 2020, our strategic intent for the NI remains clear. Our purpose is to protect, insure and care for the people and businesses that make NSW great. Our vision is to change the way people think about insurance and care through delivering best-in-class services. We advocate



John Nagle
icare Chief Executive Officer and Managing Director



Michael Carapetis
Chair

equally on behalf of all our customers and look to create shared value across our ecosystem, building connectivity through collaboration with the community and our partners.

We will continue our focus on realising operational efficiencies for the NI and long-term Scheme sustainability through improved performance. This is critical given the challenging economic climate we are facing and the evolving expectations of our customers and stakeholders.

To deliver on our FY2020-28 strategy we need to further integrate the way we operate and provide ongoing support to our people, promoting a culture focused on greater collaboration and continuous improvement. This will ensure we deliver on operational transparency, value and affordability, and improved customer outcomes.

We are excited about the year ahead and the opportunity to serve and protect the customers and communities of NSW.

3. Who we are & what we do



our purpose

We protect, insure and care for the people, businesses, & assets that make NSW great

our vision

To change the way people think about insurance and care by providing best-in-class services to people, businesses and communities

our values

integrity
courage
accountability
respect
empathy

our dna



COMMERCIAL MIND
SOCIAL HEART

Nominal Insurer

As a social insurer, the NI goes above and beyond to deliver better outcomes for customers and social value for the broader community by:

- being an advocate for all our customers, not an adversary
- taking special care of the most vulnerable people we support
- being willing to agitate for change to positively impact the ecosystem
- engaging and partnering with the community to drive better customer outcomes.

Our achievements

- An improved customer experience through the upgrade of our IT infrastructure and bringing our policy and billing in-house to interact directly with employers.
- Designed and delivered a segmented claims service model that triages injured workers according to their needs, supported by a new partnership model.
- Launched a new single icare website, aggregating documents and information into a simple, transparent and easy-to-use online portal available on any device, including a new tool to purchase workers compensation policies.
- Delivered over \$100m in premium discounts, issued more than 37,000 new workers insurance policies and renewed over 282,000 policies.
- Through the Medical Support Panel, reduced average treatment approval times from six weeks to five days and assessed 2,400 cases.

Created a great place to work. icare's Employee NPS increased from +18 in April 2016 to +20 in April 2019. Our People Matter Employee Survey score for 2019 is 70%. Our result has decreased by 6%

compared to 2018, our score remains higher than the public sector score of 66%. **Our providers**

Our providers include those who help us deliver better outcomes for our customers, including medical, treatment and rehabilitation service providers and general suppliers.

We will continue to improve our network to ensure our providers continue to deliver quality services and outcomes for the customers we serve.

Our customers

Our customers include all those who we protect, insure and care for: injured workers, employers, and the severely injured and their families.

We are committed to delivering empathetic experiences and fair outcomes for the customers we serve and protect by keeping their interests at the centre of everything that we do.

Our organisation

Our organisation comprises all the internal operations and functions needed to deliver our customer promise in the most efficient and effective way.

Our goal is to achieve operational excellence by continuing to streamline our operation in a way that improves efficiency and effectiveness and reduces risk.

Our stakeholders

Our stakeholders include our providers, our partners, our customers and employees, as well as those we interact and engage with to ensure quality and consistency of service (including SIRA and the NSW Government).

We will provide improved clarity and transparency regarding our performance and the value we generate based on our ability to serve NSW as the state's social insurer.

4.NI customers

Workers

We protect approximately 3.1 million workers in NSW, which equates to around 86 per cent of the NSW workforce.

We provide empathetic, people-centred services to help injured workers recover and return to work in a sustainable way. Our efforts extend to the families and support networks that help accelerate our customers' return to work.

Employers

We protect and insure over 300,000 private employers throughout NSW.

We are there for employers – to promote the safety and wellbeing of workers and support them should an injury or illness occur. Through industry insights we promote transparency, reduce risk and champion safety.

Our focus over the next three years

Workers

Promote practices that achieve sustainable return-to-work outcomes and empower workers to make informed decisions through increased transparency of information, and safety and risk education.

Employers

Deliver value and affordability by providing clarity on pricing and policy information, insights and education to promote safety and prevent injury, and greater choice and control in claims service provision.

5.NI ecosystem

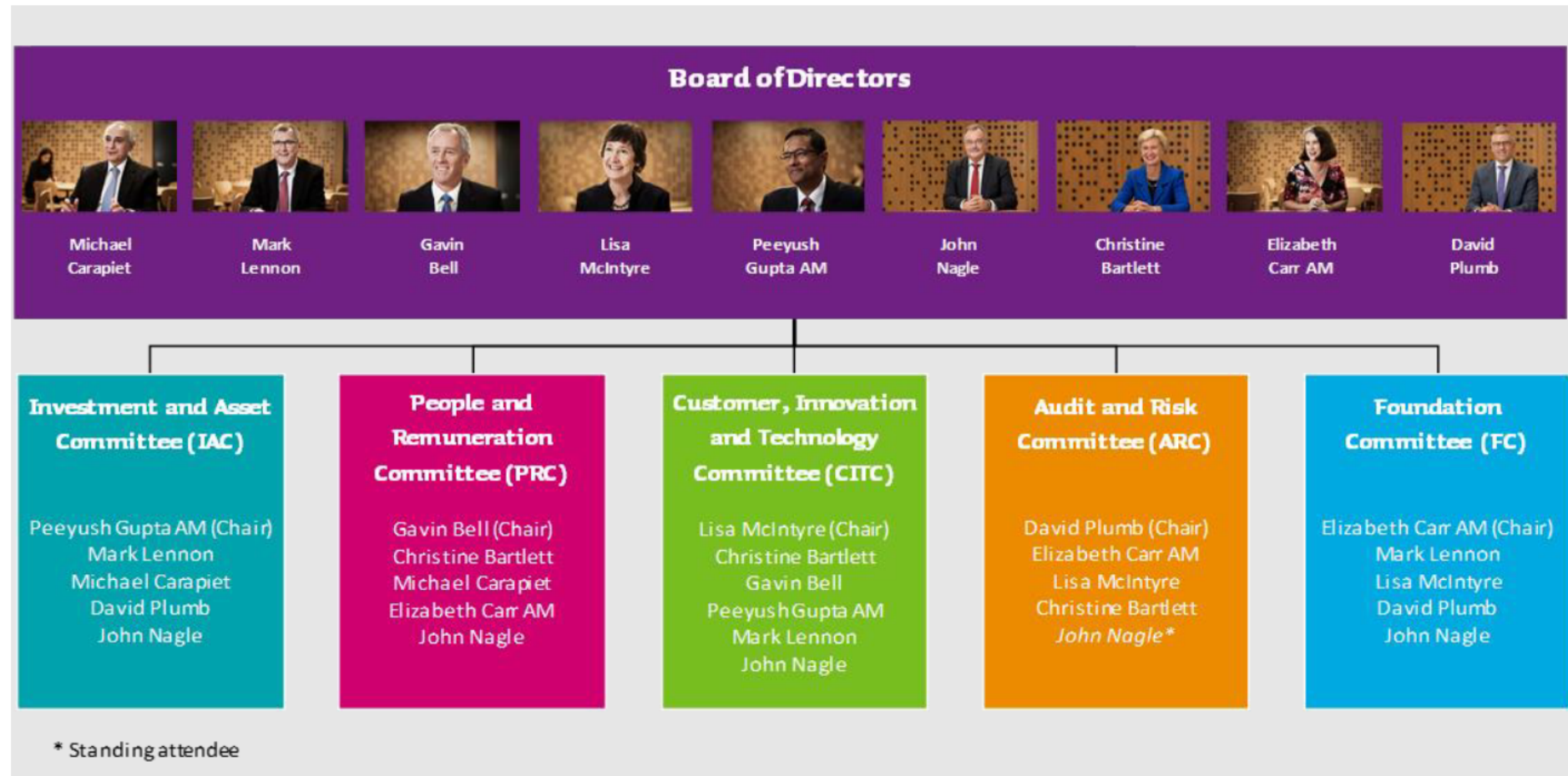
As a social insurer operating in a complex environment we acknowledge our responsibility to positively influence and impact our ecosystem.

Our strength lies in our ability to facilitate connectivity to solve common problems and unlock community-wide benefits. Our focus is on creating awareness of knowledge gaps and opportunities, fostering confidence and advocacy, and working more closely with others to improve outcomes for the customers we serve.

Our goal is to embody high standards of conduct and meet the community's expectations of us. To ensure alignment of our interests with those of our customers and stakeholders, we strive for operational excellence and invest in the areas that drive connectivity to deliver better customer outcomes.

6.NI governance

We are governed by a Board of Directors consisting of eight independent Non-Executive Directors and the Chief Executive Officer (CEO). Board Directors are appointed by the Minister.



The Non-Executive Directors are highly skilled and have extensive experience across a range of areas including insurance, customer experience, business improvement initiatives, finance, investment, healthcare, disability services, technology and digital, and strategy.

Roles and responsibilities of the Board

All decisions relating to our functioning, including the appointment of the CEO, are made by or under the authority of the Board. Our CEO is also the Chief Executive of the NI.

The Board has ultimate authority over our management and has delegated responsibility for the day-to-day operations to the CEO. The Board has also delegated certain functions and responsibilities to its Committees, as outlined below, to assist in the oversight of the organisation and the discharge of its responsibilities.

The Board's role is to govern us rather than manage us and its responsibilities include:

- determining our strategic direction and organisational objectives,
- determining investment objectives and strategies for icare-managed funds,
- monitoring the financial performance of icare and the NI, and approving major capital expenditure and capital management including budgets,
- monitoring the performance of the CEO and Group Leadership Team (GLT),
- determining our desired culture and shared value proposition,
- determining the Board's risk appetite and ensuring controls and monitoring mechanisms are in place,
- enhancing and protecting icare's reputation, and
- monitoring engaging with stakeholders including customers, service partners, employees, Government and industry.

The Board meets up to ten times per year and meetings are held in line with the Board's charter. A Board Strategy Day is held annually, typically in December. Directors regularly attend senior leader forums and other employee events in addition to representing icare at external engagements.

A review of the Board's effectiveness is undertaken annually, with external reviews conducted every three years, the most recent of which was carried out by the Australian Institute of Company Directors (AICD). The reviews include Directors as well as the GLT.

Board Committees

The Board has established five Committees, each chaired by a Non-Executive Director. These are:

Audit & Risk Committee (ARC)

The ARC is responsible for assessing the effectiveness of our financial reporting, risk management and compliance frameworks and systems, internal and external audit functions, and fraud prevention.

Investment & Asset Committee (IAC)

The IAC assists in the setting of the investment strategy, investment policy and provides oversight of the investments of our funds.

People & Remuneration Committee (PRC)

The PRC assists in the setting of the remuneration framework and approves our human resource policies and practices.

Customer, Innovation & Technology Committee (CITC)

The CITC assists with approving and monitoring the creation and implementation of customer and technology strategies, and endorses and monitors our approach to innovation.

Foundation Committee (FC)

The FC oversees the investment and funding of innovative prevention and intervention programs that aim to improve dignity, quality of life, social inclusion, optimal recovery for people who have been injured at work or on the roads of NSW, with potential benefits for the broader community.

Group Leadership Team (GLT)

The GLT is responsible for managing icare and delivering against the strategic plan. The Board has delegated specific functions to the CEO in managing the organisation. The CEO has allocated operational, financial and people functions and responsibilities through icare's delegation framework.

Role of NSW Audit Office

The NSW Audit Office, and its co-sourced provider, give the Board independent advice and perform financial and performance audits of the NI.

Role of SIRA

We comply with regulatory requirements as determined by the NI's regulator, SIRA.

Capital management

Our Board has applied an approach aligned to the standards and guidance provided by the Australian Prudential Regulation Authority (APRA) to its regulated entities. Capital is core to an insurer's financial strength and long-term sustainability and capital management is an integral part of our risk management framework. One of the key objectives of the Scheme is to have sufficient capital to meet customer obligations, even under adverse conditions, such as significant movements in claims liabilities or interest rates, a share market crash, or worsening claims experience.

Consistent with the APRA requirements, and where applicable, we have applied two basic elements to the Scheme's requirements in relation to how it maintains capital adequacy:

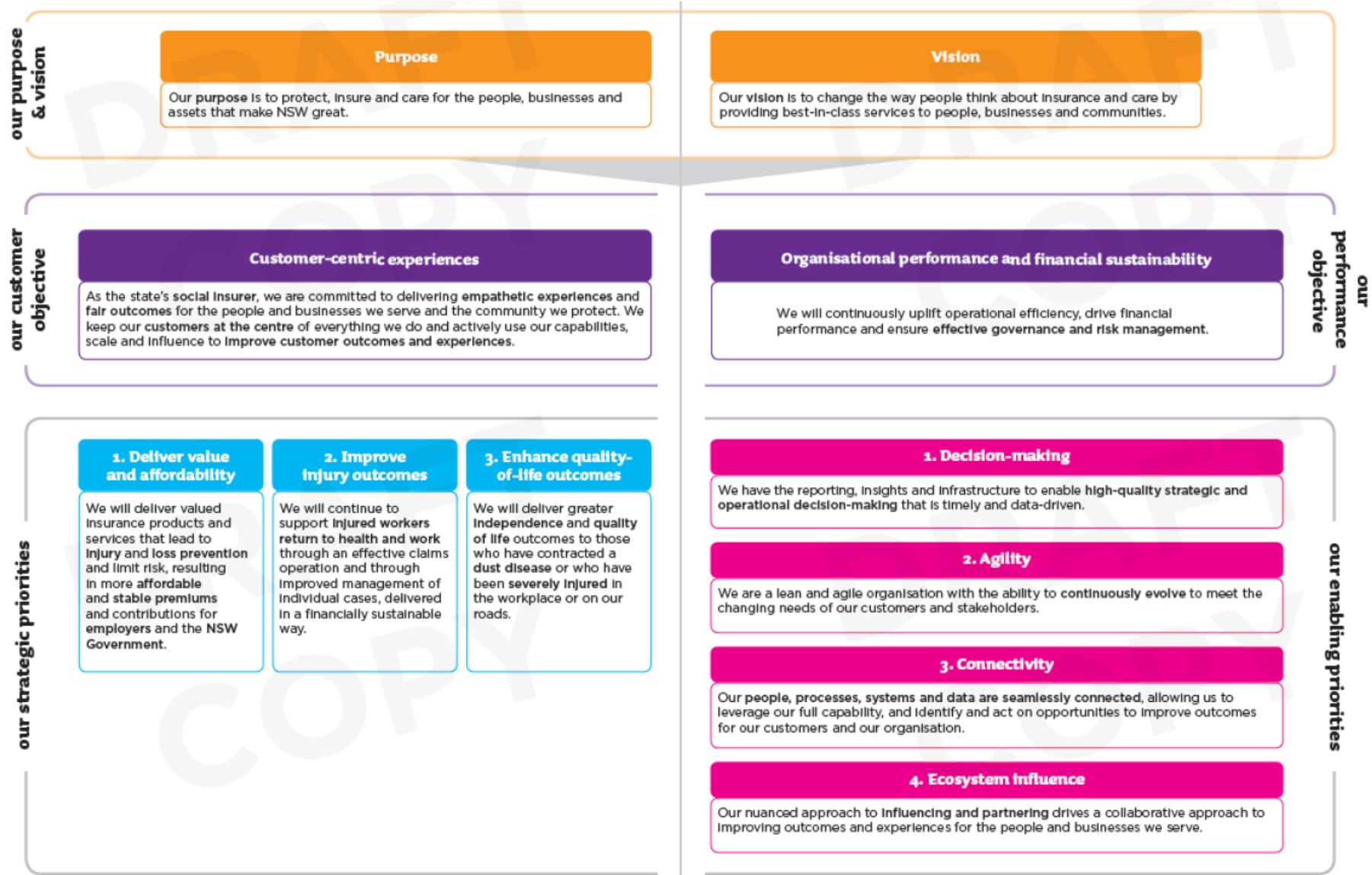
1. the Minimum Capital Requirement (MCR) set by the Board, and
2. the additional requirements, as decided by the Board, to provide the Scheme with reasonable assets above the MCR to address the possibility that the MCR may be breached at any time. The way these additional assets are maintained is through the application of a Target Capital Ratio Policy which is included in the Scheme's Capital Management Policy.

We have established five-year guidance principles for the Capital Management Policy for the NI.

The NI will be managed towards holding excess capital above the MCR within a defined range as follows:

- an appropriate Target Capital Ratio of 123%
- an appropriate Minimum Capital Requirement at 100%
- the Target Operating Zone should be 110%-130%
- all capital ratio calculations and projections should use liabilities which include a risk margin to a 75% Probability of Adequacy
- Delivering on the strategic priorities & plan.

7.icare NI Strategy



8.NI objectives

8.1 Customer-centric experiences

Why

We are committed to ensuring our customers are supported throughout their journey with us and that the services we provide effectively balance the diverse needs of our different cohorts. We will continue to work with our partners to ensure our interactions are transparent and our services are effective.

Our commitment to delivering sustainable outcomes for customers drives us to find ways to continuously improve, while ensuring our customers remain at the centre of everything we do. We believe that providing our customers with access to the right support at the right time will drive better experiences and outcomes in the long-term.

We are listening to our customers.

Over the last year, through well-established programs like NPS, we've engaged directly with more than 19,000 customers to understand how they feel about their experiences with us. The diversity of our customer base, from employers to injured workers, creates a customer landscape of very different needs and expectations.

Advocacy measures vary significantly among the different customer cohorts, with NPS scores in FY2018/19 ranging from -31 for 'Employers' to +28 for 'Workers'. The lower score for Employers reflects in part challenges experienced as a result of changes to our service and operating models and supporting technology, including employer-perceived loss of choice and control. Our research is focused on understanding these differences, where we may not have got everything right, and implementing improvements exactly where they are needed. In the last year we:

- Directly engaged with over 3,500 customers identified as in need of assistance via our NPS program to 'close the loop'. The 'close the loop' initiative is crucial to resolve issues

quickly, understanding the root cause of problems, taking corrective action and capturing insights to inform future decision making.

- Reviewed our engagement model with policy holders so that we are best placed to understand the specific needs and risks that exist across each customer group.
- Worked with scheme agents to create more empathetic call experiences by introducing new coaching and development programs for all claims advisors.
- Improved continuity of service for injured workers when transferring between case managers, with enhanced communication processes.
- Engaged on a remediation plan to improve quality of decision making of scheme agents and uplift their capability.

What

01. Provide greater transparency in performance and propositions

- Externally publish insights derived from complaints, feedback and proactive customer measurement to relevant stakeholders.
- Provide greater access to policy and claims information via dedicated online portals that support self-service.

02. Evolve data capture, analysis and response to better inform customer insights and feedback:

- Transition from measuring feedback predominantly via the NPS to include a tiered measurement approach.
- Enhance the existing NPS program to provide increased visibility and depth of customer understanding, and extend its reach further as a customer-centric decision-making tool.
- Empower staff to make informed decisions, with access to detailed insights like customer pain points, service needs and 'moments of truth' that define the customer relationship.
- Continue to expand and integrate our customer liaison function to:

- Improve feedback capture and monitoring.
- Strengthen the platforms and processes we use to capture and synthesise customer insights and facilitate collaboration across teams.
- Leverage digital technologies to drive speed and accuracy in data analysis and operational insights.

03. Embed enterprise-wide, human-centred design and continuous improvement principles.

- Evolve our approach to human-centred design by establishing a mentoring practice and enhanced training.
- Embed design thinking in how we deliver operational services as well as continuous improvement.

8.2 Organisational performance and financial sustainability

Why

Focusing on financial sustainability and the efficient delivery of our services will help us deliver customer-centric outcomes while simultaneously reducing the financial impact of the Scheme on our policy holders.

As our organisation continues to mature, we will maintain our focus on continuous improvement and optimisation. We aim to further streamline our processes and operations and continually improve core capabilities, driving performance using data analysis.

We are also committed to improving the way we manage risk, our governance arrangements and the way we report on financial and operational performance.

Critical to achieving operational excellence and maintaining a financially sustainable Scheme is the identification and prioritisation of key operational and strategic capabilities that will enhance our business and add value to our customers.

Working smarter eliminates wasted effort and supports automation where relevant, to drive efficient operations and enhanced customer experiences and outcomes.

An enhanced focus on our ongoing financial and non-financial performance will underpin our longevity and allow us to better service our customers. Monitoring and managing performance closely, and setting ambitious yet achievable targets, will drive our desired culture of continuous improvement and strengthen our role as a social insurer.

Where are we now?

- We are improving processes and system efficiencies while managing risks.
- We identify where our service model is functioning as designed and seek to improve it where it is not.
- We are facilitating collaboration across icare through enabling technologies and flexible working arrangements.
- We are maintaining Scheme solvency within approved risk and performance parameters.
- We are sharpening our understanding of key measures of organisational success and what drives performance at icare.

Where are we going?

- Developing fully integrated systems with automated processes that reduce risk and the level of human effort required.
- Building a strong performance culture, a clear and aligned view of what performance looks like, and a framework that supports us to measure and manage performance.
- Operating more efficiently using common language and data from a single source of truth.
- Strengthening the operational control environment to improve our ability to achieve target objectives and outcomes.

- Improving our capability around reporting and data quality including monitoring of remediation activity to monitor compliance of scheme agents.

What will we deliver?

01. A clear and aligned view of what performance looks like to inform continuous improvement

- Identify the operational drivers of performance, by delivering an end-to-end, icare-wide framework that supports us in measuring and managing performance.
- Set targets across icare's key performance measures, with designated accountability.
- A focused and disciplined approach on scheme agent compliance including but not limited to liability determinations, timeliness of treatment approvals, payment decisions (weeklies/medicals) and data quality.

02. Leverage our technology and data to drive efficient operations and actionable insights

- Develop more simplified processes through automation where possible, redirecting our people from processing to more value-add activities.
- Use data and insights to inform decision making

03. Enter partnerships that improve our operations and promote financial sustainability

- Leverage partnerships that best support us to accelerate delivery of our commitments without compromising quality.

04. Embed a strengthened governance framework that ensures the strategic guidance of icare

- Embed a strong governance framework to drive accountability and continuous improvement through clearly defining roles and responsibilities.
- Promote an open environment that provides structure in planning and agility in execution.

9.NI strategic priorities

9.1 Deliver Value and Affordability

Why

It is important that our customers know what they're paying for and why, so that they know our levies are fair and provide the level of protection they need.

Over the next three years we will work with our policyholders to ensure the value we aim to deliver is understood, agreed and realised.

Our aim is to continue to make our policies as affordable as possible, ensuring that the people and businesses we protect receive the coverage and protection that meets their range of needs.

We are committed to delivering valued insurance propositions and cover to our customers, supporting prevention initiatives that limit risk and promoting premium affordability.

Where are we now?

- We understand the needs of our employer customers and have built infrastructure to support upgraded service delivery and customer outcomes.
- Employers receive improved but inconsistent services and have a developing understanding of their policy value.
- The new business portal is developed to digitise the policy acquisition process. A human-led policy support channel is established for employers to resolve post-purchase enquiries.
- We have improved employers' knowledge of icare's processes and product through industry- and regional-based forums and meetings, and we need to continue this education journey.
- Our existing product suite adequately meets the needs of our customers but offers limited customisation and flexibility.
- There remains a perception of greater focus on injured workers' interests.

Where are we going?

- We offer a set of products and services that meet our customers' evolving needs.
- Employers have greater choice and control over their policies.
- We extend all service offerings to, and consistently support, the whole customer base.
- We offer clear and transparent information to our employers and ensure that pricing, policy, claims experience and rights are clearly articulated and understood.
- Our product pricing effectively balances affordability for employers and scheme sustainability, through an efficient operation supported by robust infrastructure.
- Our customers are closely supported by the icare team and key partners throughout their journey to actively reduce injury incidence.
- We establish strategic partnerships across the public and private sector to expedite the delivery and scale of injury prevention initiatives.

What will we deliver?

01. Proactively engage with customers to prevent injury, and deliver valued outcomes

- Work with employers and selected industry bodies to design and market-test customer value propositions (across prioritised industry segments).
- Promote safer workplaces throughout NSW by further developing and implementing prevention initiatives across high-risk market segments.
- Align our industry engagement model with our internal account management and prevention functions to deliver holistic customer services.
- Enhance our risk and reward incentives to promote preventative customer behaviour.

- Enhance risk intelligence through closer engagement and promotion of risk awareness, learning and development.
- Work with strategic partners in public and private sectors to innovate and collaborate on prevention initiatives.

02. Optimise product and pricing processes and infrastructure

- Design and evolve our product suite to provide coverage that reflects customers' risk exposure, injury rates and loss risk appetite.
- Review and optimise pricing approach to form an affordable product while the Scheme remains sustainable.
- Improve claims reporting to enable employers to effectively track their claims management performance.
- Improve our Scheme underwriting framework to refine the way we assess pricing risk.
- Embed our insurance risk framework to improve Scheme sustainability and maintain premium affordability.
- Simplify the way our customers interact with us to manage their policy and billing needs to create a consistent experience across all channels.
- Further enhance product and pricing personalisation based on employers' risk maturity and claims experience.
- Optimise and enhance functionality and features within existing technology infrastructure to reduce customer effort for policy enquiries.
- Extend the automation capability of key policy creation/renewal processes to create an efficient operation.
- Review and uplift premium collection process and model to reduce the financial burden that will be shared across the community.
- Strengthen performance monitoring capability to detect inefficiencies within the current operating model.
- Establish industry knowledge sharing forum and platform to provide a greater transparency and clarity of NI products and pricing.

How are we measuring success?

Goals	Metrics	FY20 Targets
<i>Proactively engage with customers to prevent injury and deliver valued outcomes</i>	Claims frequency	Less than 0.35
	<ul style="list-style-type: none"> • No. participants in Injury Prevention Program • No. participants executing work safety action plan 	<ul style="list-style-type: none"> • 50 high-risk employers by end FY20 • 50 high-risk employers commence plan by 31/12/20
<i>Optimise product and pricing processes and infrastructure</i>	NPS scores (Policy, Claims experience, Employer)	<ul style="list-style-type: none"> • Policy and Employer scores tbc FY20 Q2 • Claims experience – improve by 8.3 % (to-22)
	<ul style="list-style-type: none"> • No. of customer complaints • No. of unresolved complaints 	<ul style="list-style-type: none"> • Less than or equal to 1,600 per month (equates to 6% of policyholders annually) • Less than or equal to 5% of open complaints

9.2 Improve Injury Outcomes

Why

Each year around 60,000 people are injured at work across NSW businesses.

We consider it our responsibility to make it easy for people who have been injured and their employers to interact with us. We make choices that drive optimal outcomes, ensuring:

- We provide responsive services based on need to every injured person with empathy, fairness and respect.
- We deliver a fair, transparent and efficient claims experience that empowers injured workers and their employers with greater choice and flexibility regarding how optimal return to work is managed.
- We continue to work with service providers to most effectively support our customers' outcomes.

Where are we now?

While the claims service model embodies empathy and support for workers and employers, icare is aware of a number of service delivery challenges highlighted in customer feedback (both worker and employer). Actions are underway to address these challenges and to further embed consistency in quality and outcomes.

icare has significantly improved the customer experience for workers. Employers however have a perceived loss of choice and control and icare is working with large employers to further meet their needs and address their concerns.

We have successfully delivered technology that provides customers with greater accessibility and transparency, and allows claims teams to spend more time on proactive case planning, however icare have yet to migrate all claims to this platform.

icare has commenced several workplace and community support initiatives. There is an opportunity to deliver these more systematically and effectively through the front-line channels.

Where are we going?

- Empower customers (workers and employers) to make informed decisions throughout the claims journey.
- Use automation to enhance case practices, deliver a high degree of service consistency and better support the people who need it most.
- Influence the ecosystem so that the intent of the legislation is implemented in a way that is fair, balanced and empathetic.
- Establish case management practices that are responsive to the changing needs of employers and injured workers.
- Develop a culture of intervention focused on positive outcomes for workers rather than measures of impairment.
- Improve the claims management system infrastructure to provide an efficient and consistent service across claims lodgement and management

What will we deliver?

01. Empower customers to be actively involved in their return to work journey

- Provide large employers a choice of claims service provider, through the Authorised Provider model.
- Increase transparency of information to customers and providers to encourage outcomes-focused treatment decisions.
- Provide timely information that supports our customers to make more informed decisions about their claims.

02. Optimise access to treatment pathways to deliver improved outcomes

- Uplift workforce capability to provide improved case management services.
- Deliver operational excellence through a focus on digital adoption, and system and process improvements.
- Improve oversight of service providers to ensure that services are delivered consistently.
- Leverage data to support more timely and targeted case management.

- Develop a case management approach that is consistent across the Scheme and adapts to the changing needs of workers.
- Deliver strategies that respond to the impact of mental health on physical and psychological recovery.

03. Influence the ecosystem in order to improve outcomes for our customers

- Maximise recovery through collaboration with the health industry to support biopsychosocial informed interventions.
- Invest in trials to assess opportunities to provide services that support and reflect changing work and recovery options.
- Engage proactively with injury and regulatory bodies to influence decisions that enable better customer outcomes.
- Collaborate closely with provider groups, including treating professionals and pharmacies, to minimise costs and potential harm.
- Establish ways of working and support mechanisms that enable families to support individual recovery.
- Deliver the intent of the legislation in a way that is empathetic, fair and transparent.
- Implement Legislative Reforms (2018)

How are we measuring success?

Goals	Metrics	FY20 Targets
<i>Empower customers to be actively involved in their return to work journey</i>	Return to work outcomes	80% Return to Work (RTW) by 26 weeks
<i>Optimise access to treatment pathways to deliver improved outcomes</i>	Scheme sustainability	Total cumulative costs for 2018 and 2019 Accident

Goals	Metrics	FY20 Targets
		Years are below cumulative quarterly targets Reduced delivery of low value clinical care. Medical cost containment.
<i>Influence the ecosystem in order to improve outcomes for our customer</i>	Net Promoter Score (NPS)	Workers: +14 Employers: -22

9.3 Improving quality-of-life outcomes

People who are severely injured at work are supported to achieve meaningful independence and return to their community. This support is delivered through NI's Workers Care program, which utilises icare Lifetime Care's model of delivering treatment, rehabilitation and care services to severely injured road users. Services and support for injured workers are delivered internally and in partnership with clinicians, allied health professionals, case managers and industry service providers.

The NI's commitment and value proposition to workers who are severely injured is:

- Quality of life through independence.
- A service model that is targeted to the condition and lifestyle needs of the person and those that care for them.
- An empathetic and easy-to-navigate experience with icare.

Where are we now?

- Shifting from scheme-led participant support towards individual support for specific needs.
- Transforming to overcome duplication of operational functions.

- Actively aligning our services across regions to balance service delivery quality, price and timeliness, and to ensure that our service delivery model can be scaled to include larger or different participant cohorts.
- Pivoting towards a balanced and consistent partnership performance framework.
- Overcoming manual processes and stand-alone legacy applications used for reporting and decision-making.

Where are we going?

- A single care model that provides valued support based on injury requirements, with capacity to cover a growing and evolving participant cohort.
- A highly efficient and effective operation with no duplication of function or effort.
- Consistent quality and delivery of participant services and experiences across providers, geographies and schemes.
- Active partnership and collaboration with service providers to identify improved ways to deliver care solutions.
- Mine data and insights to enhance outcomes and experiences.

What will we deliver

01. Improve service delivery to enhance outcomes to our customers' recovery and quality-of-life

- Further integrate the Workers Care program into a single icare service delivery model.
- Design and build technologies to support customer experience enhancements and foster internal customer-centricity.
- Drive greater integration across Care schemes, leveraging capability and removing duplication to optimise the customer experience.
- Deliver more deeply integrated support for end-of-life planning and provide grief support training.

02. Implement frameworks and utilise data to enhance provider outcomes and improve operational performance

- Implement frameworks to support performance monitoring of providers and identify improvement opportunities.
- Work with partners and service providers to achieve consistent service quality and build assurance.
- Continuous application of data and scheme insights to inform opportunities for operational and service delivery improvements.

03. Innovate and collaborate to improve experiences and quality of life for scheme participants

- Invest in innovative opportunities that can sustainably improve quality-of-life outcomes for participants, their families and dependants, leveraging the capabilities of the icare Foundation.

How are we measuring success?

Goals	Metrics	FY20 Targets	FY19 Actuals
<ul style="list-style-type: none"> • <i>Improve service delivery to enhance outcomes to our customers'</i> 	No. of Workers Care participants with a My Plan	80%	81.5%

<i>recovery and quality-of-life</i> <ul style="list-style-type: none"> • <i>Implement frameworks and utilise data to enhance provider outcomes and improve operational performance</i> • <i>Innovate and collaborate to improve experiences and quality of life for scheme participants</i> 	No. of Workers Care participants progressing with goals in their plans	80%	76.5%
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10. Four differentiating enablers

10.1 Decision-making

Why

Our ability to enhance customer experiences and outcomes in a financially sustainable way is enabled by more deeply understanding our customers, our business and our partners. We seek to further our capability in understanding and interpreting data, and use insights gained to inform organisational action.

Rapid advances in data analysis and machine learning offer novel opportunities to improve our customer service and our operational effectiveness. Machine learning tools will recognise patterns and events in large volumes of complex data, empowering our people to make more informed decisions.

We are committed to being a 'fast follower' in data and analytics capabilities, rapidly adopting innovations, and creating a data-driven and innovative mindset across the organisation. A responsible approach to data analytics adoption will ensure that we balance customer experience and outcomes with consumer protections.

We aim to build an organisation that has data in its DNA, where the business is fully enabled to conduct core business activities and take decisions informed by advanced analytics. We will use data analysis to support performance management, initially through developing and embedding reporting dashboards. As our capability matures, data and insights will inform business planning and model organisational performance against a range of scenarios.

Where are we now?

- We have built fundamental capabilities in data and analytics through data glossaries and repositories, data documentation and frameworks for data confidence and security.

- We are beginning to see the business-wide impact of descriptive analytics and are focusing our attention on delivering business benefits and cultural change.
- We have improved data integrity by building enterprise data platforms.
- We have attracted and retained the required people capability to deliver on our forward plan.

Where are we going?

- Our business is empowered to effectively manage performance and make decisions through advanced analytics and DNA-embedded data.
- We use advanced analytics to deliver augmented intelligence, whereby machine learning guides us to make decisions based on our customer objectives
- Our established data platforms will enable all data types (unstructured, structured, internal, external) to progress our capability.

What will we deliver?

01. Data practices and infrastructure that improve the ability to make informed decisions.

- Advance triage capability to provide the right level of support to injured workers and employers at the right time.
- Improve data access and connectivity to better understand the financial impact of decisions and drive better risk management and planning.
- Optimise existing data source quality; use of budgeting tools to predict scenario outcomes that facilitate business planning.

02. Advanced data and analytics to enhance our customer experience and service proposition.

- Forecast treatment needs by geography.
- Predict workplace injuries patterns.
- Identify the most suitable providers for our customers (customer to provider matching).

- Improve employer compliance with accurate declarations.
- Improve medical decision-making.
- Deliver reporting and insights for our customers.

03. Insight driven actions and improvements to reduce operational risk.

- Identify claims-process bottlenecks to help reduce delays and inaccuracies in claims processing.
- Identify ways to reduce instances of provider over-servicing.
- Identify and reduce claimant fraud.
- Develop and build performance reporting dashboards.

10.2 Agility

Why

An agile approach has supported the delivery of our large-scale transformation and set in place a foundation to operate as a best-in-class insurance and care organisation. As we mature we must remain flexible, continuously responding to the evolving needs of our customers and stakeholders in a disciplined and consistent way.

We must efficiently and effectively deliver change that reflects sustained customer value and provides financial sustainability for our organisation and the Scheme.

We are committed to establishing the relevant capabilities across icare and developing the organisational agility that will enable a range of approaches to be adopted. They will be supported through:

- A continuous change infrastructure, including enterprise-wide adoption and use of the scaled agile framework SAFe (a set of organisation principles and practices that support enterprise agility).
- A process to embed an innovative organisational mindset focused on outcomes, continuous improvement and consistency in delivery quality.

- A commitment to establishing and reinforcing interconnectivity across core functional areas.

Where are we now?

- Large-scale build and transformation activity has occurred, with significant infrastructure in place.
- We are beginning to shift our intent from delivery at speed to a primary focus on quality.
- We have developed a centralised change-management capability.
- We are developing the capability to successfully deliver coordinated continuous delivery and support across the business.

Where are we going?

Shifting from an internal focus to looking at our impact on our ecosystem and agitating for systemic change.

A fully embedded change capability and an agile infrastructure across the organisation (people, systems, processes).

Proactive engagement and collaboration across the business to respond to emerging trends and insights.

A mature and agile approach to continuous delivery, providing value to customers effectively and efficiently.

Leader-led change, with our people empowered to implement change across the business.

Enterprise-wide continuous delivery.

What will we deliver?

01. Robust infrastructure to support continuous change agility

- Embed agile ways of working across the organisation to more efficiently deliver value to our customers to a regular and predictable schedule.
- Strengthen organisational governance arrangements, to provide clarity to our people, and ensure that the right initiatives are being prioritised, high quality outcomes are delivered, costs and risks are effectively dealt with, and the impact of benefits to our customers and stakeholders are measured.

02. Exceptional change leadership capabilities across the organisation

- Uplift the capability of leaders to drive enterprise change for their people.
- Develop a sophisticated organisational capability to manage our external partners.
- Establish a change management centre of excellence that leverages capability across the organisation to successfully guide, drive, support and embed change.

03. Connectivity across the organisation to foster efficiencies in change delivery

- Unlock further business benefits by reusing and optimising what has already been built.
- Promote a shared, continuous learning cycle that supports cross-functional decision-making.

10.3 Connectivity

Why

We believe that to deliver great outcomes and experiences for the people we serve we need to be customer-centric, not icare-centric, empowering customers to engage with us in any way, receiving the same consistent support and level of service. With both an internal and external focus, this means our people, processes, systems and data are tightly connected and collaboratively leveraged to engage with and meet the needs of our customers and stakeholders.

As a connected organisation we encourage and enable every person to work together to deliver great customer experiences and outcomes. We are focused on ensuring we have the culture and infrastructure to support this aspiration.

A culture of connectivity combines an enterprise mindset with embedded ways of working that are both collaborative and

achievement-oriented. Our leadership development agenda and our performance frameworks are aligned to deliver this.

Having spent the first phase of our journey building the foundations of a best-in-class insurance and care organisation, we are now turning our attention to identifying and driving synergies across the processes, technologies and data that we have developed to achieve our customer outcomes in a seamless, efficient and effective way.

Where are we now?

- A culture of strong functional leadership and accountability.
- A maturing approach to setting performance goals and alignment to our strategic objectives

Where are we going?

- Our customers can connect with us in the most convenient way for them and receive consistent and timely support.
- A culture of enterprise leadership and performance that encourages and rewards collaboration.
- A workforce that is empowered to leverage the best of our organisation to meet the needs of our customers and stakeholders.
- An organisational structure and infrastructure that clusters common capabilities yet seamlessly connects them.
- Continuous leveraging of synergies across our people, processes, systems and data.

What will we deliver?

01. Enterprise leadership at every level of the organisation

- Promote a culture of enterprise leadership over functional leadership where at every level our people are encouraged and rewarded for optimising customer and organisational outcomes.
- Embed an enterprise perspective across every part of the employee lifecycle, from recruitment and onboarding through to career development and performance management.

02. An empowered workforce with a culture of collaborative accountability

- A culture of distributed leadership that empowers our people, those closest to our customers, to make the decision at the right time.
- A performance approach that holds our people and our partners accountable to our organisational outcomes and recognises collaborative effort.

03. Connected ways of working that foster 'one icare' and stronger partnerships

- Technological enablement of our people and partners supporting connected ways of working beyond organisational structure and geography.
- Our physical work environments encourage and support cross-functional collaboration.
- Consistent practices and policies align our business as well as our partners to our customer and organisational outcomes.

04. A diverse and mobile workforce

- A diverse workforce that is representative of the people we serve and supports connectivity across our partners and our broader community.
- A holistic approach to workforce, talent and succession planning that drives the cross-functional mobility of our people across our organisation.

10.4 Ecosystem Influence

Why

As the state's social insurer, we understand we have an opportunity and responsibility to work across our ecosystem to drive positive change for the customers we protect and the community we serve.

Our focus over the next three years will be to foster confidence and advocacy for icare and the NI, earning the right to work more closely with the community to improve customer outcomes.

By engaging and investing in the community we are part of, we support the development of a culture that fosters individual resilience, and social frameworks that support injured individuals to return to their family, community and employment.

Engaging with our network of service providers, industry bodies and partners, our ability to influence our ecosystem is dependent on how effectively we work with our community.

To support the continued influence of our community, icare will continue to identify opportunities to partner with external organisations and partners to enhance the outcomes we deliver to our customers.

Where are we now?

- We have invested in over 20 unique customer-outcome focused initiatives through the icare Foundation, totalling \$23m.
- Our brand and reputation are still developing
- Our understanding of the extent of impact and influence our stakeholders have in the community is maturing.
- Social issues that impact our customers and the broader community are multifaceted and complex.
- Our approach to considering and executing socially-driven investments that directly impact our customers continues to be refined.

Where are we going?

- We actively measure the impact of each contribution through the outcomes of our customer segments.
- We develop stronger relationships with selected partners to drive deeper customer and community impact.

- We proactively identify and develop opportunities to partner and collaborate with new players
- Our role and intention to positively influence our ecosystem is recognised and understood by our customers and the community.
- We use data and insights to strategically select investments and manage our partnerships to lead to better customer and community outcomes
- We continue to actively listen to our community, bringing their voices into the products and services we deliver and how we deliver them.

What will we deliver?

01. Deeper and targeted engagement to identify community impact opportunities

- Through focused customer engagement events and forums, establish a community voice to help capture valuable customer segment insights.
- Target key industry events to build our external reputation, allowing us to deliver effective, outcome-focused initiatives.
- Facilitate connectivity with key partners to deliver improved outcomes for customers and extended community-wide benefits.

02. Enhance infrastructure to drive ecosystem connectivity and support continued community collaboration

- Actively utilise available customer and community data and insights to measure the impact of our contribution towards strategic priorities and customer focus areas.
- Establish efficient investment pathways that promote Scheme contributions and accelerate initiative funding.
- Extend our external engagement model across all stakeholders (e.g. community, industry and customer segments) to align effort and investment.

03. Collaboration with selected partners to improve customer outcomes.

- Identify relevant social impact investment opportunities that align with our strategic priorities and have the potential to deliver extended community value.
- Collaborate with our community and broader ecosystem partners to identify pain points that inhibit the long-term sustainability of the Scheme and desired customer outcomes.
- Align and actively use customer and community insights to identify and pursue strategic investment opportunities to improve experience and outcome

Our Enabling Priorities			
Priority	What success means	What success looks like by FY 22	Metrics
1. Decision Making	There is a high degree of alignment, access and transparency across the business, with critical business decisions informed by data-driven insights.	<ul style="list-style-type: none"> • Every part of the business has access to operational insights to drive action. • Our leaders are empowered to make informed business decisions that improve the NI's operations and service delivery. • Information is shared and communicated to internal and external stakeholders regularly, delivering greater transparency on our performance. • We use common definitions and reference points, facilitated through a single source-of-truth repository that is maintained and governed. • We develop, build and utilise reporting dashboards to communicate insights and drive performance across the organisation. 	The success of our internal systems and processes will be measured against selected strategic measures for FY2021/22, including NPS scores, return to work outcomes, premium volatility and policy coverage.
2. Agility	We are a flexible organisation that can quickly respond and adapt to a changing operational environment and our people hold a 'continuous improvement' mindset.	<ul style="list-style-type: none"> • We are a flexible organisation that is continuously evolving to respond effectively to changing environments. • Organisation-wide change is well-designed and embedded, with robust measurement, tracking and realisation reported by scheme and function to deliver continuous improvements. • Building on our foundations, we aim for continuous improvement, demonstrated through adoption rates of new infrastructure. • Our people adopt a lean and agile mindset, supported by disciplined methodologies. • We focus on delivering outcomes to budget and within timeframes, minimising waste and maximising value 	
3. Connectivity	Our people have clear roles and accountabilities, and their objectives are clearly defined and linked to icare's broader	<ul style="list-style-type: none"> • We are connected across our organisation. We actively collaborate across operational lines to deliver better outcomes and experiences. • We connect with external service providers and partners to successfully deliver the desired outcomes and experiences of our customers. 	

	outcomes. They actively collaborate across functional lines where required, and recognise they are supported through self-learning and growth opportunities.	<ul style="list-style-type: none"> • We develop and support our people and promote self-directed learning and leadership. • In leading our workforce we nurture the skills and talents that contribute to our strategic objectives. 	
4. Ecosystem Influence	We are able to augment the delivery of our customer outcomes through our ability to collaborate and influence our stakeholders.	<ul style="list-style-type: none"> • We collaborate with our stakeholders and influence key partners to unlock opportunities aimed at improving customer outcomes. • We actively engage with our community to identify investment opportunities that deliver improved customer outcomes and benefits aligned to our organisational and strategic priorities. • Our strong advocacy has driven positive community and stakeholder sentiment. 	Social & stakeholder sentiment measures

11. Claims Management Model

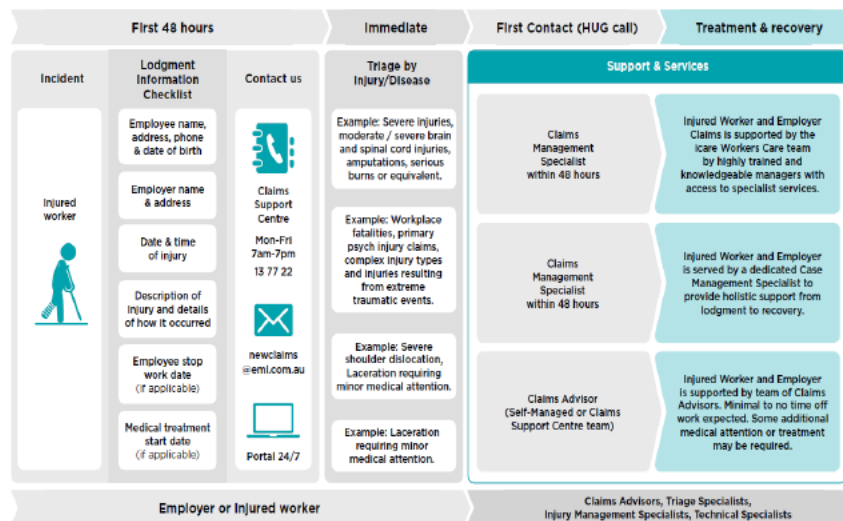
In operation since 1 January 2018, the NI claims model was established to support the following goals:

- facilitate return to work/life
- establish claims partnerships as an extension of icare
- achieve straight-through processing where possible
- direct resources to claims in need
- empower customers
- provide empathetic customer service

Our customer-centric service model (see diagram below) facilitates customers choosing their channel of interaction with WI and, by enabling more effective triage and management of claims, ensures that the right level of support is provided to each customer.

Claims & Return to Work support

icare™



In 2019 we introduced a new technology platform that will help us realise many of the benefits envisaged for the new claims model.

We also successfully piloted the Authorised Provider framework, which will be offered to other service providers to broaden customer choice whilst realising the benefits of our claims management model.

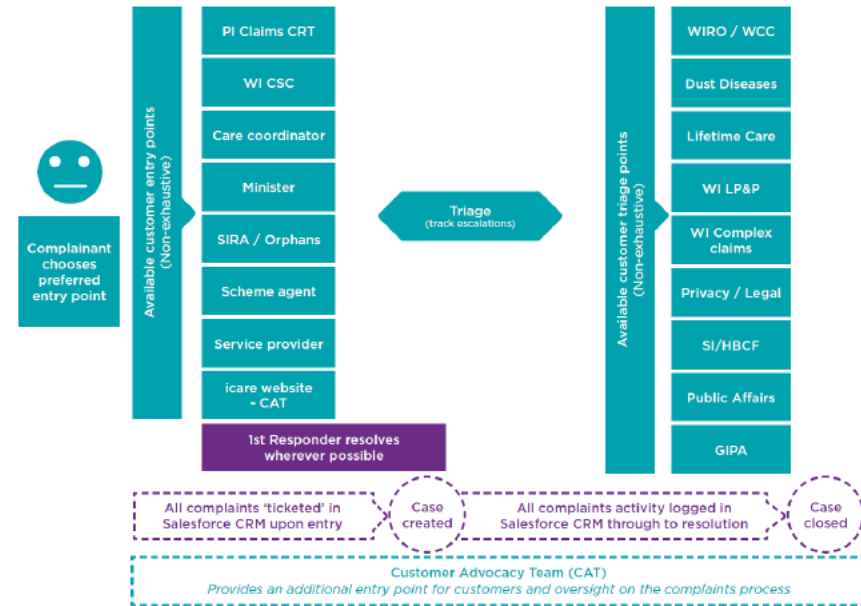
In FY 19/20 icare will commence migration of all legacy claims for scheme agents onto our new technology platform to enable full realisation of the single system benefits.

12. Complaints Resolution Framework

Enterprise-wide complaints service

icare's enterprise-wide complaints resolution framework ensures the following takes place within the organisation and the wider icare ecosystem:

- Complaints are 'ticketed' in Salesforce CRM and acknowledged at the time of entry into icare. All subsequent activity is logged in Salesforce (CRM). Wherever possible, complaints are managed and resolved at first response by whomever has the initial contact with the complainant.
- Complaints that cannot be resolved at first response must be referred to the correct Business unit or line of business SME.
- Regular and annual governance reporting is conducted on the management of complaints and disputes, as well as the performance of the organisation to ensure continuous improvement across icare.
- Unreasonable complainants, NPS detractors and most at risk customers (MARCs) are managed by qualified and well supported people in accordance with the policy ensuring all complaints are handled with respect and empathy.
- All people managing complaints or supporting complainants within icare have clear roles and responsibilities and do so in a consistent way in accordance with the icare complaints resolution policy
- The organisation is able to 'predict' pain points for customers and take proactive action based on data insights and a robust "jeopardy management" process that identifies key changes (internal and external) that are likely to give rise to complaints
- 'Independent' reviews of complaints and disputes conducted by Business units are appropriately supported.



13. NI business drivers & assumptions and comparison to Half Year Review (HYR)

Global assumptions

The global assumptions used are as follows:

- Contributions, levies, and claims incurred are based on the latest valuations as at December 2018.
- CPI of 2.5% is applied for employment costs and expenses.
- icare has been re-based to reflect functions becoming “run” state from “transformation” state which was previously funded by the schemes which has increased icare’s expenses.
- Investment income is based on the latest capital market information as provided by Mercer. For further information please see Investment sub-chapters for each of the schemes and chapter 8.
- FY2028/29 are new budgets for this year’s budgeting process as they were not included in the HYR.

Assumptions not included in the budget

Accounting Standard Changes

- AASB 16 Leases – This has not been changed as we are awaiting guidance and information from Treasury.
- AASB 17 Insurance Contracts - The impact of AASB 17 on future years is not included in the budget. The AASB 17 is currently slated to be effective post 1 January 2021 for the for-profit sector but not mandated for not-for-profit entities in Australia. When introduced, it will impact Nominal Insurer, CRIF, HBCF and Sporting Injuries. While the AASB do not propose impacting the

TMF, they are considering including LTC and the DDC within the scope of the standard.

Legislative changes

Dispute resolution/PIAWE legislation

- Project costs of \$30m have been included in the FY2019/20 budget for this legislation change in NI scheme. This is a new approach, as previously this was an unbudgeted item.
- .
- Recurrent operating expenses are assumed to be within the existing FTE envelope based on current understandings of the changes required.

NI Budgets and financial KPIs

NI budgets and financial KPIs are shown below, and the following table is the comparison to FY2018/19 HYR

Nominal Insurer	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual \$m	Forecast \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m
Revenue												
Premiums	2,339	2,536	2,858	3,108	3,239	3,450	3,697	3,949	4,204	4,375	4,515	4,646
Discretionary payment	28	-	-	-	-	-	-	-	-	-	-	-
Total revenue	2,367	2,536	2,858	3,108	3,239	3,450	3,697	3,949	4,204	4,375	4,515	4,646
Expenses												
Net claims incurred	(2,315)	(3,207)	(2,803)	(2,824)	(2,948)	(3,054)	(3,320)	(3,439)	(3,562)	(3,706)	(3,833)	(4,072)
Levies paid	(279)	(307)	(295)	(299)	(304)	(308)	(312)	(315)	(318)	(321)	(324)	(331)
Other operating expenses	(683)	(702)	(680)	(638)	(617)	(620)	(627)	(632)	(646)	(658)	(671)	(688)
Total expenses	(3,277)	(4,217)	(3,779)	(3,761)	(3,869)	(3,982)	(4,259)	(4,386)	(4,526)	(4,685)	(4,828)	(5,091)
Underwriting result	(911)	(1,681)	(920)	(653)	(629)	(532)	(562)	(437)	(322)	(310)	(313)	(445)
Investment income	966	1,287	771	804	809	843	881	927	980	1,039	1,100	1,163
Net Result	55	(393)	(149)	150	180	311	319	490	658	729	787	718
Total assets	18,480	18,914	19,363	19,966	20,610	21,403	22,360	23,471	24,744	26,087	27,500	28,976
Total liabilities	(16,027)	(16,853)	(17,452)	(17,904)	(18,368)	(18,851)	(19,489)	(20,110)	(20,724)	(21,338)	(21,964)	(22,723)
Net assets	2,454	2,060	1,911	2,062	2,242	2,552	2,871	3,362	4,020	4,748	5,536	6,253
Funding Ratio	115%	112%	111%	112%	112%	114%	115%	117%	119%	122%	125%	128%

Nominal Insurer variance to HYR	2018/19 Forecast \$m	2019/20 Budget \$m	2020/21 Budget \$m	2021/22 Budget \$m	2022/23 Budget \$m	2023/24 Budget \$m	2024/25 Budget \$m	2025/26 Budget \$m	2026/27 Budget \$m	2027/28 Budget \$m
Revenue										
Premiums	75	145	288	326	434	578	703	830	877	900
Other income	(15)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenue	60	144	288	325	433	577	703	829	876	899
Expenses										
Net claims incurred	(757)	(267)	(328)	(362)	(341)	(366)	(379)	(391)	(430)	(458)
Levies paid	0	14	14	15	15	15	16	16	17	17
Other operating expenses	18	(15)	(16)	(13)	(18)	(8)	(16)	(16)	(18)	(26)
Total expenses	(739)	(267)	(330)	(360)	(344)	(358)	(379)	(391)	(431)	(467)
Underwriting result	(679)	(123)	(42)	(35)	89	219	323	438	445	432
Investment income	542	6	22	2	10	(202)	(204)	(200)	(209)	(229)
Net Result	(137)	(117)	(20)	(33)	99	17	119	238	237	203
Total assets	809	785	826	851	982	1,025	1,147	1,374	1,593	1,789
Total liabilities	(939)	(1,033)	(1,093)	(1,151)	(1,184)	(1,209)	(1,212)	(1,200)	(1,183)	(1,176)
Net assets	(130)	(247)	(267)	(300)	(201)	(184)	(65)	173	410	613

13.1.1. Underwriting & Net result

- Overall the underwriting result for NI has decreased by \$123m compared to FY2018/19 HYR due to the following drivers:
- Premium has increased compared to HYR driven by higher forecast wages. Additionally, the premium rate has been revised from a flat 1.35% for FY2019/20 and beyond to achieve acceptable funding ratios. These revised rates are 1.39% FY2019/20, FY2020/21 and FY2021/22 and then an increase of 2.5% per annum for FY2022/23 to FY2025/26. Loss Prevention and Recovery (LPR) rates have also increased by 13% from FY2020/21 onwards.
- Claims incurred have increased due to higher medical claims costs per worker and higher forecast weekly benefits resulting in the strengthening of claims reserves at the December 2018 valuation compared to the June 2018 valuation. This is mostly offset by an increase in anticipated savings from claims management actions.
- Other expenses excluding levies have increased compared to HYR expectations. The key drivers are:
 - New transformation budget of \$13m to support the legislative changes for dispute resolution/PIAWE in FY2019/20 only.

- Increased costs of Scheme Agent Remuneration (SAR) for FY2019/20 to FY2020/21 for the implementation of the new claims management operating model for disengagement and transition costs; which has been impacted by the delays in the implementation of NISP.
- Budget for the new claims customer centric service delivery model which was unknown when producing the HYR.
- The icare-wide project transformation budget has been increased for future years acknowledging the need for continuous improvement and therefore the scheme has been re-based on this revised budget assumption.

The net result is also being impacted by the decline in investment market performance which is based on the latest December 2018 capital market assumptions. The upper range of the expected investment returns assumptions provided by TCorp have been used from FY2021/22 onwards. Due to the improved investment performance to April 2019, the updated starting position of our investment income has been incorporated.

The funding ratio is expected to decrease in FY2019/20 due to forecast losses due to the impact of the June 19 valuation results. Outer year funding ratios are forecast to increase, arising in part from improvements in handling cost and claims costs, increased investment returns and target premium rate increases from FY2021/22 onwards. It is predicted that by the end of FY2018/19 the funding ratio will achieve its target rate of 110% (Actual Funding Ratio was 109%).

13.1.2. Premium

Annual premium revenue is determined by a target premium rate applied to estimated wages across a broad range of occupation categories. The target premium rate is derived from an actuarially determined break-even premium rate which includes factors such as estimated claims costs, inflation, and investment returns, and then applies discounts and other adjustments to arrive at a target premium rate.

The actuarial break-even rate is set to cover the expected cost of claims and expenses arising in that underwriting year on a fully funded basis, including a risk margin and discounted using the risk-free rates of return.

The operational break-even rate is set to cover the expected cost of claims and expenses in that underwriting year on a fully funded basis, allowing for any variations to account for transformational initiatives or other experience changes, excluding a risk margin and assumptions on market aware investment returns. The target rate can be greater or less than the operational breakeven rate and is managed to achieve a sustainable funding ratio over the longer-term horizon. Therefore, in any particular year, the profit margin and funding ratio may be under or over the long-term target funding ratio.

Projected written premium growth for FY2019/20 and beyond is higher than projected at the HYR. This reflects higher forecast wages and the premium rate increases as described in the section above, Underwriting & Net result.

13.1.3. Claims incurred

The expected cost of claims is determined by the actuarial team as a central estimate of expected claims costs, plus a risk margin allowance for uncertainty. The central estimate is driven by actual claims experience, plus allowances for the estimated impact of legislated changes where applicable, allowances for any expected deterioration or improvement in the drivers of underlying claims costs, allowances for the estimated impact of economic variables, and allowances for the estimated cost of handling claims.

The increase in projected claims incurred for FY2019/20 for the NI reflects the strengthening of the reserves at the December 2018 valuation with an increase in the forecast claims cost for future accident years. The increases reflect higher medical claims costs per worker which is attributable to half of the increase, worsening front-end weekly experience, removal of the PIAWE step-down at 52 weeks and unfavourable changes in economic assumptions. This is mostly offset by an increase in anticipated savings from claims management actions noted below.

Claims Management Strategies

The scheme's management is currently developing and actioning claims strategies to address this increase in claims costs and achieve the claims benefits. These strategies will be jointly designed and implemented across the NI. The key strategies are being developed and costed, with the support of Finity, for both schemes in collaboration are shown in the table below.

Strategies	Activities
Medical expense inflation	KPI target – contain the rate of cost increase at Review – surgery & private hospitals, professional attendances, allied health SIRA review of gazetted rates Provider management strategy
FY2016/17 Prior Accident Year valuation deterioration	Liability status reviews Reasonable Excuse or undetermined In P/L status and greater than limits (either \$7,500 or 12 weeks' payments) Data clean up Medical claims review Work capacity decision review
Psychological Claims	Psychological injury claims framework Post Inpatient Program Support Consolidating – Psychological Claims Projects (identify and understand impact)
PIAWE trends	Audit underway to assess impacts of emerging PIAWE trends
Scheme Agent Renumeration	Review workloads because of active claims definition changes Financial audit In-housing of Industrial Deafness claims Estimated efficiencies from Nominal Insurer Software Platform (NISP)

Strategies	Activities
Return to Work (RTW)	RTW initiatives – targeting claims at 52, 104 and 130 weeks Work Capacity Decision initiative Commutations – identify opportunities in the portfolio
Prevention	Implement injury prevention plans for largest worst performing employers - focus on top 1,000

13.1.4. Operating expenditure

Operating expenses, excluding Levies paid, has increased by \$15m in FY2019/20. The drivers of the increases for FY2019/20 and future years is described in 13.1.1 Underwriting & Net result.

13.1.5. Investments

The investment income is determined by fair value of the current and non-current investment portfolio managed by TCorp. The expected returns by asset class are applied to the portfolio forecast assets under management to determine investment returns. The drivers of the increases for FY2021/22 and future years is described in 13.1.1 Underwriting & Net result.

13.1.6. Balance sheet & funding ratios

Assets are predominantly investment assets driven by growing funding to meet growing volume of liabilities, and reinvested investment earnings. Liabilities are predominantly insurance liabilities including provisions for outstanding claims, unexpired risk and unearned premium.

The balance sheet shown is at 80% Probability of Sufficiency. The resulting funding ratio represents the ratio of total assets over total liabilities measured at an 80% Probability of Sufficiency.

The funding ratio is expected to decrease in FY2019/20 of the plan due to forecast losses from claims assumption strengthening. Outer year funding ratios are forecast to increase, arising in part from improvements in handling cost and claims costs, improved investment income returns and target premium rate increases from FY2021/22 onwards as described in section 13.1.1 Underwriting & Net result.

14. Financial Risk Management

We apply a consistent and integrated approach to enterprise risk management (ERM) through our risk management framework. The framework sets out the approach to managing key risks and meeting strategic objectives and is articulated in the Risk Management Strategy (RMS) which is approved annually by the Board.

The Board is ultimately responsible for identifying and controlling financial risks. This is done through the establishment of holistic strategies and policies which are cognisant of financial risk management.

The framework consists of complementary elements that are embedded throughout the business management cycle and culture of the organisation. Key aspects include - risk appetite, governance, risk management processes, risk reporting and insights, modelling and stress testing, management, monitoring and culture.

Risk management is a continuous process and an integral part of robust business management. Our approach is to integrate risk management into the broader management processes of the organisation and to embed it in the business by ensuring the risk makers or risk takers are themselves the risk managers. Specifically, the management of risk must occur at each point in the business management cycle.

The following key risk categories are used to classify financial risk.

Insurance risk

Insurance risk involves fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations. Key drivers of insurance risk include natural or man-made catastrophic events, pricing of insurance contracts, reserving and insurance claims. This is managed through detailed reviews by icare's actuaries to enable early detection of emerging issues and cost pressures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

We seek to manage exposure to market risk so that it can generate enough returns to meet current and future liabilities. The portfolio of investments is invested in accordance with strategic asset allocations. The purpose of the strategic asset allocation is to construct a portfolio that achieves our investment objectives, including a return in excess of the liability discount rate, while limiting the probability of large declines in the various scheme's funding ratios.

Interest rate risk

Interest rate risk is the risk that the (fair) value of a financial instrument will fluctuate because of changes in market interest rates. The interest rate and inflation risk of icare is managed primarily through the strategic asset allocation and mandate objective setting.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Appointed investment managers manage foreign exchange risk through a variety of strategies such as the investment managers in investment grade credit (developed markets), unlisted infrastructure, alternatives, bank loans, and global high yield bonds are required to fully hedge portfolio foreign currency exposures.

Liquidity risk

Liquidity risk is the risk of insufficient liquid assets to meet liabilities as they fall due. To assist in meeting our liquidity risk management objectives, we maintain a cash balance and invest most of our assets

in investments that are traded in active markets and can be readily disposed of. Each investment manager is responsible for cashflow management of the assets that have been mandated to them. That is, each investment manager is responsible for managing settlement liquidity risk. The custodian supplies daily reporting to each investment manager to assist them in this process.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arising on financial instruments is mitigated by investing primarily in rated instruments as determined by Standard's and Poor's, Moody's or Fitch. We minimise our credit risk by monitoring counterparty creditworthiness.

15. Business Risk Management

Our Risk Management Strategy describes our approach to the management of risk. The strategy is a communication tool that describes the guiding principles in the management of risk, the risk framework, key policies, roles and responsibilities, governance and the part that culture plays in delivery on organisational objectives. The Risk Management Strategy also focuses on the organisation's perspective and approach to risk and the opportunities presented.

Risk Management Framework

We have implemented a comprehensive risk management framework appropriate to our size and complexity. The framework is informed by best practices in risk management, including the requirements of regulated insurance companies as documented in APRA's prudential standard "CPS 220 – Risk Management". Key to the Risk Management Framework are employees and our culture that enables growth of risk maturity.

We manage risks and opportunities likely to impact our ability to achieve our strategic objectives. There are three major sources for opportunities and risks, being external, strategic and operational.

Compliance

Compliance is managed as part of operational risk in line with our risk management framework. It involves the identification and assessment of icare's (and the NI's) legal and regulatory obligations and establishing appropriate policies and procedures to ensure those obligations are met. Monitoring mechanisms are put in place to ensure ongoing compliance and continuous improvement.

Compliance is core to icare's operations and governance. As new systems and processes have been implemented, there have been challenges in ensuring consistent delivery of our compliance objectives in some areas. We remain committed to meeting our compliance obligations and continue to embed and improve relevant processes, dashboards and reporting and into our workflow and governance.

Operational risks are managed through the ‘Three Lines of Defence’ (3LoD) model. This model involves the delineation of the three “lines” being business functions, enterprise risk management and compliance functions, and independent assurance functions (e.g. internal and external audit). 3LoD enhances the understanding of risk management and control by clarifying roles and duties. When the three “lines” are appropriately

Risks and opportunities			
	Description	Overview of response	Management approach
External	External events or activities which are outside our control or beyond direct ability to influence.	Monitor / Detect / Adapt and / or build resilience to reduce impact.	Facilitated by Risk and Governance together with Strategy and Transformation.
Strategic	Higher level risks and opportunities taken for superior strategic benefit.	Identify and manage in pursuit of our strategic objectives.	Facilitated by Risk and Governance with assistance / input from the Service and Enabling lines.
Operational	Lower level risks and opportunities which are preventable and arise from within an organisation. Should be cost effectively controlled, eliminated or avoided.	Monitor operational processes and controls. Identify potential risks and manage these to mitigate their impact.	Undertaken by the Service and Enabling lines with support from Risk and Governance.

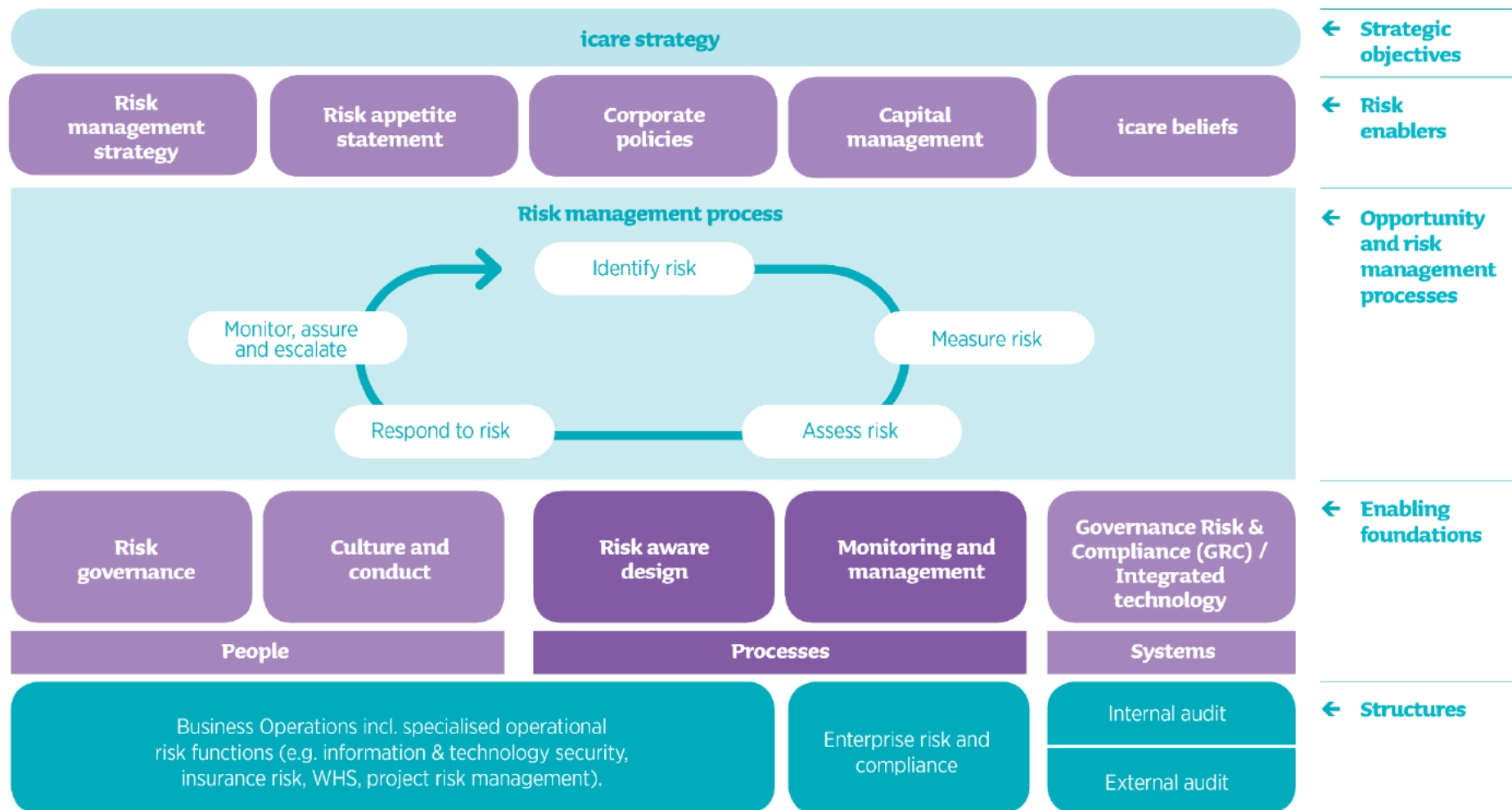
Risks and opportunities should be assessed based on their impact on:

- Financial wellbeing
- Customers
- Reputation
- Operations

structured with no gaps in coverage, the organisation’s risks have an increased likelihood of being effectively managed.

The framework is the totality of structures, systems, and processes within the organisation that support us to identify, assess, respond, monitor report and/or communicate all internal and external sources of risk that could present a challenge to taking advantage of an opportunity and / or have a material impact on operations.

The identification and assessment of risk is a continuous process. Risks are identified and assessed through several different mechanisms as defined below.



Material Risks

The material risks to us achieving our business objectives are set out below. We monitor these, including the mitigating actions in place to reduce risks to within our risk appetite. Reporting is provided to the Group Leadership team and the Board's Audit and Risk Committee on a regular basis.

Material Business Risks	Key Controls
Customer benefit realisation does not meet evolving customer expectation	Statement of Business Intent Corporate Plan Customer Design Principles Customer experience research
Systemic privacy breach impacting customers	System access controls icare Privacy Management Plan Privacy training
Third party provider's performance or conduct causes disruption to care services	Contracts with third parties Active case management Complaints handling processes
Third party provider's performance or conduct causes disruption to insurance services	Contract (remedies) with third parties Service standards Net Promotor Score Complaints handling processes
Transformation change distracts from delivery of business as usual operations	icare governance structure Enterprise Portfolio Management Office established Transformation framework Dedicated program directors
Change impacting employee productivity and engagement	Corporate Plan / Integrated Planning process Culture program / Employee Value Proposition Performance framework Leadership and Recognition programs

Material Business Risks	Key Controls
Disruption to information technology services (including cyber risk, systems design or use)	IT risk, governance and design forums Penetration testing Endpoint security
Regulatory or policy change impacts icare's service delivery, customer experience or financial sustainability	Monitoring regulatory change proposals
Investment market performance below expected outcomes	Board Investment and Assets Committee
Adverse movement in claims liabilities	Premium and benefit forecasting Asset and liability management Contract management of insurer contracts Premium Determination Guidelines Capital management policies
New IT infrastructure fails to deliver planned outcomes	Dedicated NISP program NISP risk and issue framework Governance Committees (Sub-Board and Steering)

Appendices

A. 10 Year Balance Sheet

Nominal Insurer (NI)

Nominal Insurer	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual \$m	Forecast \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m
Assets												
Cash and cash equivalents	181	231	184	206	164	178	160	142	134	110	125	91
Receivables	1,237	1,419	1,387	1,356	1,326	1,296	1,265	1,232	1,198	1,163	1,127	1,092
Financial assets	16,980	17,091	17,647	18,286	19,030	19,858	20,874	22,035	23,349	24,751	26,185	27,731
Intangibles	83	110	83	55	27	9	0	0	0	0	0	0
Other Assets	-	62	62	62	62	62	62	62	62	62	62	62
TOTAL ASSETS	18,480	18,914	19,363	19,966	20,610	21,403	22,360	23,471	24,744	26,087	27,500	28,976
Liabilities												
Payables	(712)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)	(486)
Unearned Premium	(491)	(536)	(599)	(624)	(651)	(699)	(749)	(800)	(851)	(881)	(908)	(934)
Unexpired risk reserve	(118)	(165)	(101)	(106)	(110)	(98)	(85)	(69)	(51)	(52)	(54)	(56)
Security deposits	(69)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)
Outstanding claims	(14,637)	(15,592)	(16,192)	(16,615)	(17,046)	(17,493)	(18,096)	(18,681)	(19,262)	(19,845)	(20,442)	(21,173)
TOTAL LIABILITIES	(16,027)	(16,853)	(17,452)	(17,904)	(18,368)	(18,851)	(19,489)	(20,110)	(20,724)	(21,338)	(21,964)	(22,723)
NET ASSETS	2,454	2,060	1,911	2,062	2,242	2,552	2,871	3,362	4,020	4,748	5,536	6,253
EQUITY												
Accumulated reserve	2,454	2,060	1,911	2,062	2,242	2,552	2,871	3,362	4,020	4,748	5,536	6,253
TOTAL EQUITY	2,454	2,060	1,911	2,062	2,242	2,552	2,871	3,362	4,020	4,748	5,536	6,253

B.10 Year Cashflow

Nominal Insurer (NI)

Nominal Insurer	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual \$m	Forecast \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m	Budget \$m
Cashflows from Operating Activities												
Total receipts	2,804	2,650	3,008	3,221	3,357	3,591	3,843	4,101	4,360	4,512	4,653	4,787
Total payments	2,956	3,400	3,255	3,349	3,450	3,576	3,711	3,869	4,017	4,156	4,288	4,421
Net Cashflows from Operating Activities	(152)	(750)	(247)	(128)	(92)	14	132	232	343	356	365	366
Cashflows from Investing Activities												
Proceed from sale of investments	27,741	800	200	150	50	-	-	-	-	-	-	-
Purchases of investments	(27,692)	-	-	-	-	-	(150)	(250)	(350)	(380)	(350)	(400)
Purchases of intangibles	(50)	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows from Investing Activities	(1)	800	200	150	50	-	(150)	(250)	(350)	(380)	(350)	(400)
NET INCREASE/(DECREASE) IN CASH	(153)	50	(47)	22	(42)	14	(18)	(18)	(7)	(24)	15	(34)
Opening cash and cash equivalents	334	181	231	184	206	164	178	160	142	134	110	125
Closing cash and cash equivalents	181	231	184	206	164	178	160	142	134	110	125	91
Movement in Cash	(153)	50	(47)	22	(42)	14	(18)	(18)	(7)	(24)	15	(34)

C. Wages Policy Compliance

In line with the NSW Public sector Wages Policy 2011, it is our intention to seek approval from the Wages Policy Taskforce (WPT) for a 2.5% per annum increase to salary and salary related allowances for one year from July 2019.

D. Performance rating for executives

The final performance rating for all executives is based on a combination of icare, scheme and individual performance, with the percentage weighting on each of these components dependent on the executive's level. For CEO and Group Executives, the weighting is as follows.

Executive Level	icare performance	Function performance	Individual performance
Group Executives	50%	25%	25%

E. Board governance checklist

Checklist item		icare's response
Principle 1: Lay solid foundations for management and oversight		
Board Charter	1. Have a board charter setting out the respective roles and responsibilities of the board and management.	We have a Board charter, which sets out the roles and responsibilities of the Board and management.
	2. Ensure newly appointed or reappointed directors are aware of the Board charter and understand the roles and responsibilities it sets out.	The Board charter is included in the induction pack for new directors. All directors (including those reappointed) have access to a resource centre in the Board's IT portal which contains the Board charter for their perusal.
Background checks	3. Undertake required probity checks for the preferred director candidate once they have been selected by the interview panel.	icare and/or the executive recruitment firm engaged to assist with sourcing and selection of preferred directors undertakes the required probity checks for all our Board directors.
Role of company secretary	4. Ensure the company secretary is accountable directly to the board in matters to do with the proper functioning of the board.	The Company Secretary is accountable directly to the Board in matters to do with the proper functioning of the Board.

Checklist item		icare's response
Diversity policy	5. Have a diversity policy covering directors, senior executives and employees.	We have an inclusion and diversity policy that applies to Board directors, ongoing and temporary employees, contractors, consultants and contingent workers.
	6. Annually report the government business' collective progress towards achieving measurable objectives in respect to gender, cultural background, Aboriginal people and people with a disability.	Our annual report includes information on trends in the representation of the workforce diversity groups identified by the NSW Government.
Board evaluation	7. Annually evaluate board performance	The Board annually evaluates its performance and the performance of its Committees by way of a discussion facilitated by the Chair and through the use of feedback data and insights drawn from Board and Committee members and attendees at meetings. The Board and each of its Committees are committed to supporting a culture of continuous improvement, and this is provided for in the charters.
	8. Disclose to shareholders a summary of the evaluation report, together with any actions taken or planned as a result of the findings.	We will report a summary of the annual evaluation and actions to the Treasurer, as shareholding Minister.
	9. Undertake an external and independent evaluation at least every 3 years.	icare and our Board were constituted in 2015. In 2017, we engaged the Australian Institute of Company Directors (AICD) to conduct an external and independent evaluation of the Board, and AICD's recommendations have been implemented where accepted.
Senior executive evaluation	10. Periodically evaluate senior executive performance.	We periodically evaluate senior executive performance. Talent reviews of senior leaders are undertaken, and outcomes are reported to the Board's People and Remuneration Committee.
	11. Annually report to shareholders whether an evaluation was taken.	We will report whether an annual evaluation of senior executive performance is undertaken to the Treasurer, as shareholding Minister.

Checklist item		icare's response
Principle 2: Structure the board to add value		
Nomination committee	12. Have a board nomination committee with at least three members, a majority of whom are independent directors, an independent chair and a committee charter.	<p>Our Board has five Committees, being:</p> <ul style="list-style-type: none"> • Audit and Risk Committee, • Customer, Innovation and Technology Committee, • icare Foundation Committee, • Investment and Asset Committee and • People and Remuneration Committee. <p>The People and Remuneration Committee performs the functions of a nominations committee for senior executives and, like each of the other icare Board Committees, it has at least 4 independent directors, an independent Chair and a Committee Charter.</p>
	13. Annually report on the number of board nomination committee meetings and individual attendance of members.	This information is provided in our annual report.
Succession planning and crisis management	14. Have succession planning and crisis management procedures.	<p>Board members are appointed in three staggered cohorts, with terms expiring at different times, to enable succession planning and Board continuity.</p> <p>Board members undergo crisis management education and are aware of their role and the role of management in crisis scenarios.</p>
	15. Tenure for board directors should generally be limited to two terms of three years each.	The term of office of appointed directors is specified in Schedule 1 of the <i>State Insurance and Care Governance Act 2015</i> . We comply with the requirements of the Act and appointments are subject to the approval of the Minister.
Board skills matrix	16. Have a board plan.	The creation of the icare Board in 2015 involved determining the appropriate Board composition and directors' skills. This approach remains appropriate.
	17. Have and disclose to shareholders a skills matrix of the board covering all board directors.	This information is provided in our Annual Report.

Checklist item		icare's response
Director independence	18. Have a majority of independent directors on the board.	The majority of board directors are independent, with 8 of the 9 directors being non-executive directors (including the Chair).
	19. Each director should be limited to sitting on three government boards.	None of our Board directors are on more than three government boards.
	20. Disclose names of independent directors, their length of service and why the board considers them to be independent.	This information is provided in our Annual Report.
	21. Ensure the board chair is independent from the CEO.	The Board Chair is independent from the CEO.
Board induction	22. Have a program for inducting new directors.	icare provides personalised induction for new directors.
	23. Provide appropriate professional development opportunities for directors.	<p>Our Board directors have access to platforms for professional development:</p> <ol style="list-style-type: none"> 1. Harvard Manage Mentor – leadership development content and 2. Leading Edge – thought leadership content from the Harvard Business school faculty. <p>Directors also have access to Blinkist, which provides key insights from best-selling books on relevant topics such as management and leadership.</p> <p>In addition, icare provides education sessions for Board directors throughout the year on topics relevant to insurance and care.</p>
Principle 3: Act ethically and responsibly		
Code of conduct	24. Have a code of conduct for directors.	Board directors are required to comply with our Code of Conduct and Ethics, which also applies to all of our employees.
Principle 4: Safeguard integrity in corporate reporting		
Audit committee	25. Have a board audit committee with at least three members, all of whom are non-executive directors and a majority of whom	Our Audit and Risk Committee consists of 4 non-executive, independent directors. The Chair is also independent and is not the chair of the Board.

Checklist item		icare's response
	are independent directors, an independent chair who is not the chair of the board, a committee charter and relevant qualifications of members.	The relevant qualifications of members are outlined in our Annual Report.
	26. Annually report on the number of board audit committee meetings and individual attendance of members.	The Audit and Risk Committee has a Committee charter, outlining its roles and responsibility delegated by the Board. This information is provided in our Annual Report.
CEO and CFO declaration	27. Receive from CEO and CFO a declaration that the financial records of the entity have been properly maintained and comply with the required standards and controls.	An annual declaration regarding the financial records and controls of icare is provided to the Board's Audit and Risk Committee.
Principle 5: Make timely disclosure		
Timely disclosure policy	28. Have a written policy for timely disclosure of all material information related to the commercial performance of the government business and on matters that would raise community concerns	The Board Charter requires open communication with the Treasurer, as shareholding Minister, in relation to the general conduct of icare, its performance and any significant developments.
Principle 6: Acknowledge the rights of shareholders		
Processes for communication with shareholders	29. The Chair is responsible for ensuring processes are in place to facilitate effective two-way communication with shareholders.	The Chair of the Board meets regularly with the Treasurer to facilitate effective two-way communication with shareholders.
	30. Acknowledge the role NSW Treasury plays as a representative of the shareholders for financial performance and corporate governance.	Acknowledged. We submit a Statement of Business Intent and Business Plan to Treasury annually.
Principle 7: Recognise and manage risk		
Risk committee	31. Have a board risk committee with at least three members, a majority of whom are independent directors, an independent chair and a committee charter.	Our Audit and Risk Committee consists of 4 non-executive, independent directors. The Chair is also independent and is not the chair of the icare Board.

Checklist item		icare's response
		The Audit and Risk Committee has a Committee charter, outlining its role and responsibility delegated to it by the Board.
	32. Annually report on the number of board risk committee meetings and individual attendance of members.	This information is provided in our Annual Report.
Risk management framework	33. Review the government business' risk management framework at least annually.	We comply with the Internal Audit and Risk Management Policy for the NSW Public Sector, including complying with its core requirements relating to risk management frameworks.
	34. Disclose whether an annual review has taken place.	An Internal Audit and Risk Management Attestation Statement is made each financial year and included in our Annual Report, signed by the CEO and Chair of the Board.
Internal audit	35. Have an internal audit function or, if there is no internal audit function, disclose the processes employed for evaluation and continually improving effectiveness of risk management and internal control processes.	<p>We have an internal audit function and comply with the Internal Audit and Risk Management Policy for the NSW Public Sector, including complying with its core requirements relating to risk management frameworks.</p> <p>An Internal Audit and Risk Management Attestation Statement is made each financial year and included in in our annual report, signed by the CEO and Chair of the Board.</p>
Material risks	36. Disclose any material exposure to political, economic, social, technological, environmental and legal risks, and how those risks will be managed.	A monthly risk report is provided to the Board, including mitigations, and material exposures are reported out of session where required.

F: SIRA Guidelines required content reference

Content and Description	Reference within this document
Premiums set in compliance with SIRA's Workers Compensation Market Practice and Premium Guidelines	14.1.2 Premium
Prevention of work-related injuries	9.1 Deliver Value and Affordability (strategic priority)
Innovative and fair injury management and return to work	9.2 Improve Injury Outcomes (strategic priority) 9.3 Enhance Quality-of-life Outcomes (strategic priority)
Customer service and complaints handling process targeted to the needs of employers and injured workers	12. Complaints Resolution Framework
Developing and improving internal resource capability or identifying external expertise to conduct workers compensation business	10.2 Agility (enabling priority) 10.3 Connectivity (enabling priority)
Building a strong governance and corporate culture	6.1 NI Governance
Claims management model	11. Claims Management Model
Workers compensation business objectives, goals and vision	7. icare NI Strategy
Workers compensation business performance and targets	9. NI Strategic Priorities 14. NI Budgets and Financial KPIs
Workers compensation operational and organisational risks (including identification, assessment and mitigation of those risks)	15. Financial Risk Management 16. Business Risk Management
Statement of business intent and business plan as submitted to Treasury	This document is an extract of the information provided in the icare Business Plan FY20-29 and the Statement of Business Intent as relevant to the Scheme, with further updates where available. As a result, the original Business Plan FY20-29 and Statement of Business Intent are not repeated within this document.
Latest workers compensation valuation report or relevant extracts of latest valuation report relating to workers compensation	The latest workers compensation valuation report is provided as a separate attachment.
Reference table for required content	Appendix F: required content reference



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28 February 2020

Ms Carmel Donnelly
Chief Executive
State Insurance Regulatory Authority (SIRA)
Level 6, 2-24 Rawson Place
Sydney NSW 2000

Dear Ms Donnelly

Re: Requirement to submit revised Nominal Insurer Business Plan

Further to your letter dated 16 January 2020 on the above topic, I now attach:

- An addendum to the 2019 / 2020 Nominal Insurer Business Plan submitted to SIRA in October 2019 (the **Business Plan**). The addendum (in Attachment A of this letter) contains the additional information requested in your letter to the extent that such information is required under the Licensed Insurer Business Plan Guidelines (**LIBPG**), and
- A document containing the remaining information requested in your letter (see Attachment B to this letter). This information is not required under the LIBPG therefore is not provided as part of the addendum to the Business Plan.

As the 2019/2020 year is now almost complete, I trust that the business plan is now settled for the year.

Please contact me if you would like to discuss this matter.

Yours sincerely


John Nagle
Chief Executive Officer &
Managing Director

cc:
Kerry-Anne Baxter

Attachment A: Addendum to Business Plan
Attachment B: Additional information requested by SIRA

SIRA 21-point action plan recommendation	NI Business Plan Addendum
Targets for return to work at 4, 13 and 26 weeks and related action.	<p><u>FY20 RTW Targets (Page 21)</u> 39% RTW by 4 weeks 75% RTW by 13 weeks 80% RTW by 26 weeks <i>(noting RTW uses payments based calculation)</i></p> <p><u>Action to Improve RTW (Page 20)</u> These actions include but are not limited to accident month/year reviews, RTW strategies to support work capacity decisions, treatment approval process reviews and uplifting capability through systems, processes, workflow improvements and introducing Key Responsibility Areas to effectively manage performance.</p> <p>Noting activities to improve RTW are called out throughout the NI Business Plan but specifically on pages 37 & 38.</p>
Scheme agent capability, resilience, staff turnover and resourcing.	<p><u>Competency Framework (Page 30 & 31)</u> The initial icare competency framework was developed in 2016 when the new icare service model was launched. The framework identified 71 competencies for frontline claims roles, including 41 technical and workers compensation legislation capabilities, case management and communication skills and medical and provider knowledge. The framework is currently under review to ensure alignment with the service model, legislation and set minimum standards of competency for all frontline claims' roles across the scheme. The review and update of the icare competency framework is on track and planned for release by the second quarter of 2020.</p> <p>For icare claims staff, the onboarding program includes mandatory training on all technical, legislative, case management, and soft skills aligned to the icare service model to deliver on best customer experience.</p>
Ongoing review and refinement of claims management including agent arrangements, triaging of claims and provision of dedicated case managers to significantly injured workers.	N/A
Claims management for workers with psychological injuries or mental illness.	<p><u>Psychological Claims (Page 37)</u> Initiatives include:</p> <ul style="list-style-type: none"> • Commence trial with SA partner into alternatives into traditional assessment and investigation of psychological injury claims. • 3-year mental health strategy developed including rollout of educational resources and case management approaches. Initial focus for first year includes expanding the role of MSP to provide clinical advice and increasing use of restorative mediation.

SIRA 21-point action plan recommendation	NI Business Plan Addendum
Systems for ensuring reasonably necessary healthcare services are provided appropriately, at the appropriate time for optimal recovery and return to work, and with high levels of regulatory compliance.	N/A
Compliance with the Market Practice and Premiums Guidelines and review and refinement of the NI premium methodology.	<p><u>MPPG Compliance (Page 17 & 18)</u></p> <p>icare have provided four premium filings in line with the market practice and premium guidelines since 2016. No premium filings have been rejected.</p> <p>One of the NI's strategic objectives is to ensure that premiums are set in compliance with the MPPG. icare performs the following activities:</p> <ul style="list-style-type: none"> • monitors and reviews the NI premium portfolio performance on monthly basis. • conducts a full premium model and pricing review in quarter two of each year premium year against the MPPG requirements • The premium model and pricing review forms part of the annual premium filing to remain compliant with the MPPG • The premium filing considers the operational break even premium from the most recently available scheme valuation to safeguard the sustainability of the scheme • In 2019 icare has been working closely with the NI's Regulator, SIRA and Ernst and Young through the Joint Pricing and Prudential Oversight Committee (JPPOC) since June 2019, to examine if the Nominal Insurer Premium Model is consistently operating effectively to deliver the five premium principles of the MPPG. • The JPPOC made a number of recommendations to icare with regards to the premium model and pricing. icare adopted all of the recommendations within the 2020/21 premium filing that was filing on 23rd December 2019.
Compliance with mandatory data reporting and data quality requirements.	N/A
Risk management, internal audit planning and risk mitigation reporting.	N/A
Stakeholder engagement.	N/A

SIRA 21-point action plan recommendation	Additional Information to share with SIRA
Targets for return to work at 4, 13 and 26 weeks and related action.	<p>icare has established a program of work to address RTW decline and uplift performance. As this is the 2019/2020 NI Business Plan all timeframes are 30 June 2020 unless specifically called out in the NI Business Plan as different.</p> <p>The Pathway 2 program consists of five work streams two of which support a more disciplined and accelerated approach to improving RTW.</p> <ul style="list-style-type: none"> • Early Intervention – focus on 13 & 26 week early intervention activity to drive appropriate case management strategies and to increase the number of claims returning to work above current performance • Portfolio reviews – with a specific focus on the 2018 and first half of 2019 claims. The reviews will focus on claims receiving benefits and target moving claims off benefits with the aim of improving RTW to historical performance. Targets are set to a mid-point of the 16 17 accident year by month and activities are tracked daily
Scheme agent capability, resilience, staff turnover and resourcing.	<p>icare acknowledges its unique and important role of accountability for Scheme wide claims capability.</p> <p>A review has commenced of the existing claims competency framework (which originally had 71 competencies including technical and legislative) to ensure alignment with the service model, legislation and set minimum standards of competency for all frontline claims' roles across the scheme. EML and AP Providers have been engaged in this process and in the development of the revised framework. This will be accompanied by a capability assessment tool for ongoing assessment of individual claims staff capability against the competency framework.</p> <p>The assessment tool will also identify learning and knowledge gaps which will form part of individual development plans. The competency areas that will be assessed include:</p> <ul style="list-style-type: none"> • Technical and legislative knowledge and skills (including compliance) • Case management best practice • Customer centric behavioural and soft skills. • Case management technology utilisation. <p>While all claims service providers to the NI have employee onboarding, development and wellbeing programs, icare has commenced working with EML on the development of a 2020 People Business Plan to specifically address turnover, employee engagement, wellbeing and professional development. The People Business Plan will incorporate EML's strategies and initiatives covering the whole 'people lifecycle' of attraction, recruitment, onboarding, culture, retention, offboarding and people capability (training, talent development and performance and development programs).</p> <p>Furthermore, in 2020, icare is establishing Information forums and Communities of Practice to support and improve people capability in the scheme and providing best practice coaching.</p>

SIRA 21-point action plan recommendation	Additional Information to share with SIRA
<p>Ongoing review and refinement of claims management including agent arrangements, triaging of claims and provision of dedicated case managers to significantly injured workers.</p>	<p><u>Agent arrangements</u> icare will continue harmonisation of scheme agent agreements to simplify the arrangements and administration across personal injury contracts. Authorised Provider contracts have been developed with RTW targets and remuneration at risk if performance objectives are not met. Work will continue on review of the existing NI contracts in FY20 including EML with adjustments likely to take effect from the next renewal of the relevant arrangement (January 2021 for EML)</p> <p><u>Triage</u> Triaging of claims is critical to ensuring the injured worker receives the right level of support based on the complexity of the claim. The triage process incorporates screening of biopsychosocial risks and identification of complex claims. This incorporates 103 data points as well as risks identify by case managers. This process is supported by 25 trained triage specialists, who review recommendations from the triage engine screening as well as providing additional support to identify and escalate claims with risk factors, including claims that have exceeded expected recovery duration.</p> <p><u>Dedicated Case Managers</u> Based on customer feedback icare revised the model in September 2019 to ensure all claims with forecast time lost beyond two weeks are assigned a dedicated case manager. Post this two week timeframe change 60% of claims are now assigned to a dedicated case manager. The triage engine also acts as a support tool for dedicated case managers, by flagging risks and creating a task for an Injury Management Specialist to review the claim where required. This is in addition to normal case conferencing and review schedules.</p> <p>Additionally, all customers with more than 16 claims per year have a Client Service Manager allocated as a single escalation point at EML and all Authorised Providers will also provide a single point of escalation.</p>
<p>Claims management for workers with psychological injuries or mental illness.</p>	<p>icare has begun implementing a 3-year mental health strategy that is aimed at developing a holistic approach to managing mental health claims, resulting in better return to work outcomes and a more sustainable scheme. Programs include:</p> <ul style="list-style-type: none"> • Expanding the role of the Medical Support Panel (MSP) to provide advice, and support in mental health claims • A multi-disciplined assessment model supporting timely decision making on more complicated claims • Expanding the use of restorative mediation for eligible claims • Targeted reduction of low value care for anxiety/depression and post-traumatic stress disorder
<p>Systems for ensuring reasonably necessary healthcare services are provided appropriately, at the appropriate time for optimal recovery and return to work, and with high levels of regulatory compliance.</p>	<p>icare agrees and supports the timely approval of treatment for injured workers to optimise health and return to work outcomes. icare has focused, and continues to focus, on timely treatment approvals.</p> <p><u>Official Disability Guidelines</u> icare has customised a claims support tool (ODG) with deidentified historical NSW claims data to assist case managers in assessing and</p>

SIRA 21-point action plan recommendation	Additional Information to share with SIRA
	<p>approving reasonably necessary treatments and interventions in a timely manner.</p> <p>Case managers can review all potential treatment requests against a specific diagnosis/injury type, to quickly see which treatments can be approved without further information, or those treatments which require further information/escalation (e.g. to an IMS or to the MSP)</p> <p>This claims support tool has inbuilt rules to ensure compliance with regulatory requirements (e.g. number of auto-approved allied health services).</p> <p>icare is currently working to improve the utilisation of ODG by engaging injury management specialists and case managers through Communities of Practice and enhanced training. We are also working to enhance the ODG tool to surface treatments relevant to the injury type which are correlated with a positive return to work.</p> <p><u>Medical Support Panel (MSP)</u> icare is expanding the role of the MSP to include regular face-to-face sessions with case managers to support decision making and develop greater skills in treatment approvals.</p>
Compliance with the Market Practice and Premiums Guidelines and review and refinement of the NI premium methodology.	<p><u>Premium Methodology</u> SIRA and the JPPOC asked for a review of the NSW premium methodology against other jurisdictions for alignment and compliance with the MPPG. icare commissioned PWC for an independent review of the NSW premium model against alternate premium models from both within Australia and overseas.</p> <p>A full summary of the work undertaken, including an independent review of alternate premium models, has been included in the premium filing submitted in December 2019.</p>
Compliance with mandatory data reporting and data quality requirements.	<p>icare acknowledges the importance of compliance with mandatory data reporting and data quality requirements. Consultation continues to take place with SIRA regarding data reporting and icare's data quality uplift program. To continue to improve performance in this area icare has:</p> <p><u>CDR</u> Engaged KPMG to conduct a system review and has implemented several data validations through system automation to improve compliance with the Claims Technical Manual (CTM) data requirements. Additional validations are scheduled for system releases in February and April 2020</p> <p><u>RTW</u> In addition, over the past 18 months made changes to ensure compliance with key SIRA data measures including:</p> <ul style="list-style-type: none"> • Undertaken retrospective fixes of codes in EML's system and a review and remediation of data in that system • Established a team of 16 EML and icare personnel to undertake a data review and remediation program of over 31,000 claims, • Embedded a data quality uplift program which has reviewed an additional 13,200 claims (184,000 data fields),

SIRA 21-point action plan recommendation	Additional Information to share with SIRA
	<ul style="list-style-type: none"> • Undertaken 2,500 Quality Audit reviews incorporating data hygiene, and • Implemented a weekly review of claims in icare's claims system.
Risk management, internal audit planning and risk mitigation reporting.	<p><u>Risk Management</u> icare continues to operate in compliance with the Internal Audit and Risk Management Policy for the NSW Public Sector. Following a Strategic Risk review conducted by KPMG in mid-2019, icare has embarked upon a risk uplift initiative. Key activities to date include:</p> <ul style="list-style-type: none"> • Enhanced Risk Reporting to the Group Executive Team (GET) and to the Audit & Risk Committee (ARC) • Risk awareness sessions and internal communications • Providing clarity on the role of each of the 3 Lines of Defence. <p><u>Internal Audit</u> icare's Internal Audit function operates to review and provide independent assurance on business activity. An annual internal audit plan is developed in consultation with the icare Executive, Audit & Risk Committee and Board.</p>
Stakeholder engagement.	Stakeholders include not only employers or injured workers but a broader ecosystem including health professionals, regulatory & industry bodies, treating professionals. As a social insurer icare understands its responsibility to work across this ecosystem to drive positive change for customers. Connecting with stakeholders and customers is fundamental to icare's goal of providing best-in-class insurance and care services.