



**Private & Confidential**

Geniere Aplin  
General Manager  
Workers Compensation Insurance (Operations)  
Nominal Insurer  
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LISAROW NSW 2252

25 May 2012

Dear Geniere

**Information to be provided to the Joint Standing committee Inquiry into the NSW Workers Compensation Scheme.**

Please find attached to this letter a report which documents an assessment of the potential financial implications of two specific packages of potential benefit reforms, namely:

- A package of benefit reforms consistent with the options discussed in the Government's Issues Paper
- A package of benefit reforms consistent with the points raised in the submission to the Inquiry by the NSW Bar Association (Submission 77).

I have also attached to this letter a copy of chapter 17 of the Productivity Commission report "*Disability Care and Support*" dated July 2011 which considers the merits of fault based approaches to compensation. Having considered the evidence the Productive Commission concludes "Overall, no-fault based systems are likely to produce generally superior outcomes compared with fault based system." The arguments presented in this chapter are also relevant when considering the merits of payment of other lump sum benefits such as commutations.

My response to various other questions which I took on notice from my appearance on 21 May 2012 are:

- When did the index used to inflate weekly benefits change?

I have attached to this letter page from the NSW WorkCover Benefit Guide which describes the indexation of weekly benefits and when the changes in the indexation series changed.

- What other accident compensation schemes utilisation a long term gap approach for selecting discount rates and future inflation rates?

Such an approach is only appropriate for insurance portfolios which have long tail insurance liabilities which extend for many years into the future. Most privately underwritten insurance portfolios do not meet this criterion.

With respect of long tail government sector schemes I am aware of this approach being utilised by the following Schemes:

- Worksafe Victoria



- Victorian Transport Accident Corporation
- NZ Accident Compensation Commission
- NSW Dust Disease Board
- NSW Lifetime Care and Support Authority.

Can you please forward the attached documents to the Joint Select Committee Inquiry into the NSW Workers Compensation Scheme.

Yours sincerely

Michael Playford FIAA  
Partner