



Memo

To: Joint Select Committee into the NSW Workers Compensation Scheme

From: Michael Playford/PwC Actuarial, Sydney

Date: 23 May 2012

Subject: WorkCover NSW Benefit Reforms – Journey Claims

The following table summarises the number of claims reported for each of the calendar accident years 2000 to 2010 inclusive, using a claims data extract as at 31 December 2011. Data for the 2011 accident year was excluded as the experience of that year is relatively immature.

Claim reports

Accident Year	Journey claims	Other claims	Total Claims	Journey Proportion
2000	7,481	112,312	119,793	6.2%
2001	6,798	101,781	108,579	6.3%
2002	6,142	91,266	97,408	6.3%
2003	6,257	89,831	96,088	6.5%
2004	6,626	91,546	98,172	6.7%
2005	7,088	91,310	98,398	7.2%
2006	6,744	83,573	90,317	7.5%
2007	7,064	81,215	88,279	8.0%
2008	6,901	81,874	88,775	7.8%
2009	6,842	76,112	82,954	8.2%
2010	6,421	73,830	80,251	8.0%

The table shows that approximately 6,500 to 7,000 journey are reported in respect of each calendar accident year). The proportion of claims reported which are journey claims has increased from 6.2% in 2000 to circa 8% for more recent accident years.

Not all journey claims involve motor vehicles. The following table shows that there are approximately 4,000 motor vehicle Journey claims each year.



Mechanism of injury = 92(Motor Vehicle accident)				
Financial Year of	Commuting Journey	At Work - road traffic accident	All other Duty Status	Total
2005/06	4,076	719	634	5,429
2006/07	4,319	804	464	5,587
2007/08	4,158	766	536	5,460
2008/09	4,093	746	491	5,330
2009/10	3,890	763	477	5,130
All	20,536	3,798	2,602	26,936

Journey (and recess) claims are currently excluded from experience premium rating and so there is an incentive for employers to have these claims miscoded as journey and recess. The potential for this miscoding of motor vehicle claims is illustrated in the above table where approximately 80% of all motor vehicle claims are currently coded as commuting journey claims.

The following table outlines the payments made by calendar payment year in respect of journey claims and the corresponding recoveries gained.

Payment Calendar Year	Gross Paid (\$)	CTP Recoveries (\$)	Other over recovery types (\$)	Net Paid (\$)
2005	\$132,726,855	\$52,735,692	\$4,835,755	\$75,155,407
2006	\$134,037,554	\$47,645,123	\$7,683,049	\$78,709,383
2007	\$132,360,207	\$46,543,481	\$4,330,284	\$81,486,442
2008	\$142,483,676	\$45,251,908	\$3,179,986	\$94,051,782
2009	\$164,325,218	\$40,595,599	\$2,753,990	\$120,975,630
2010	\$168,048,704	\$46,420,525	\$2,750,642	\$118,877,537
2011	\$169,932,552	\$54,447,947	\$2,261,370	\$113,223,236
Total	\$1,043,914,767	\$333,640,275	\$27,795,076	\$682,479,417
Total (all claim types)	\$12,412,161,888	\$430,114,041	\$280,160,452	\$11,701,887,395
% Journey claims / all claims	8.41%	77.57%	9.92%	5.83%

Note: This data has been collated from the claims extract provided by WorkCover NSW at December 2011. Journey claims have been identified using the Duty Status Code (C:2.1.32).

The total cost to the scheme for journey claims in the calendar years 2005 to 2011 was **\$682m** net of all recoveries. This represents **5.83%** of the claims payments made in the Scheme.

Recoveries from journey claims fluctuate from year to year depending on the focus for pursuing recoveries and initiatives in place. In many cases the recoveries received will relate to prior payment years and as a result there is generally a misalignment in payments and recoveries

The above analysis shows that the cost to the Scheme of journey claims is relatively small, with a significant proportion of claims costs being recovered from CTP insurers (31.9%).