

INQUIRY INTO 2020 REVIEW OF THE WORKERS COMPENSATION SCHEME

Organisation: Insurance Council of Australia

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22 June 2020

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

By email: law@parliament.nsw.gov.au

Dear Mr Fang

2020 Review of the NSW Workers Compensation Scheme

The Insurance Council of Australia (ICA) is the peak representative body for the general insurance industry. ICA members participate as underwriters or scheme agents in a number of workers' compensation schemes including the NSW workers compensation scheme.

The ICA appreciates the opportunity to provide a submission to the Standing Committee on Law & Justice review of the NSW workers compensation scheme. The Scheme currently provides protection for more than 3.6 million employees in NSW.

It is the ICA's long held position that competition, in relation to both underwriting and claims management, can aid and improve the performance of statutory insurance schemes.

It has been well documented that competition in well-designed injury insurance schemes can be beneficial.

As outlined in the ICA's submission to the 2019 independent review of the nominal insurer scheme, the benefits of competition to customers and the broader economy has been highlighted by various productivity inquiries. For example, the Australian Productivity Commission's 2004 Report on National Workers' Compensation and Occupational Health and Safety Frameworks identified that competition in workers compensation schemes is likely to generate incentives for both efficiency and innovation as well as greater transparency in relation to premiums.

Similarly, the Independent Reviewer Report on the Nominal Insurer of the NSW Workers Compensation scheme also identified that a lack of competition has contributed to the recent deterioration of the nominal insurer scheme.¹

¹ Dore J., *Independent reviewer report on the Nominal Insurer of the NSW workers compensation*, December 2019, p. 5.

In line with the findings of this report, the ICA remains of the view that a level of competition in the provision of claims management could help improve the performance and outcomes of the nominal insurer scheme. The ICA therefore supports competition in claims management being broadened in the scheme.

The ICA also welcomes SIRA's 21-Point Action Plan following on from the findings of the independent review and looks forward to SIRA further progressing this.

We trust this feedback is of assistance.

If you have any questions please contact Tom Lunn, Senior Policy Manager, Consumer Outcomes

Yours sincerely

Rob Whelan
Executive Director & CEO