



Insurance Commission
of Western Australia

STATEMENT OF CORPORATE INTENT 2023-24

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1 INTRODUCTION

I have the pleasure to present on behalf of the Board of Commissioners and the Executive of the Insurance Commission, the strategic plan for the 2023-24 financial year. This plan is presented as the Statement of Corporate Intent (SCI) as required by the *Insurance Commission of Western Australia Act 1986*.

Our four strategic objectives for 2023-24 are to:

1. Provide quality and affordable insurance products and services;
2. Operate effectively and efficiently;
3. Deliver sustainable financial outcomes; and
4. Develop a high performance culture.

Each strategic objective is supported by initiatives that complement long-term strategies outlined in this Statement of Corporate Intent and the Statement of Expectations (incorporating the Strategic Development Plan obligations). The strategies and initiatives have been developed to improve service delivery and communications with claimants and align with the approved budget and Forward Estimates. Most of the strategies and initiatives are designed to make it easier for claimants and service providers to do business with the Insurance Commission.

The strategic plan is fit-for-purpose for the organisation and its operating environment, and balances our objectives with the uncertainty that investment markets and long-tail insurance liabilities bring.

Return to Government

The Insurance Commission has returned more than \$1.8 billion in dividends and capital to the Government since 2013 through its investment functions. We recognise the importance of these contributions to the government as a revenue source to deliver important public services to Western Australians.

The Insurance Commission looks forward to continuing to deliver value for our customers and shareholder, the Treasurer representing the Western Australian Government.



ROB BRANSBY
CHAIRPERSON

2 OUR BUSINESS

The Insurance Commission is a Government Trading Enterprise and statutory corporation owned by the Government of Western Australia. Its enabling legislation is the *Insurance Commission of Western Australia Act 1986*.

The responsible Minister is the Treasurer.

2.1 Our Functions

The Insurance Commission is primarily responsible for:

- managing motor injury insurance;
- managing the self-insurance arrangements of Government;
- investing and managing funds to provide assets to meet insurance liabilities;
- advising Government about insurance and liability matters.

The Insurance Commission manages and/or underwrites a number of funds to deliver its insurance functions.

2.1.1 Motor Injury Insurance

The Insurance Commission delivers motor injury insurance to almost two million Western Australian motorists. Two insurance products make up the motor injury insurance policy, compulsory third party (CTP) and catastrophic injuries support (CIS).

The CTP product provides owners and drivers of WA-registered vehicles with cover for the costs incurred in the event they cause a crash that injures another person.

The CIS product provides lifetime treatment, care and support to all people if they are catastrophically injured in a crash in WA and are unable to claim against CTP.

The *Motor Vehicle (Third Party Insurance) Act 1943* and the *Motor Vehicle (Catastrophic Injuries) Act 2016* set out the arrangements for the CTP and CIS products respectively.

Owners, when registering their vehicles, purchase the insurance policy from the Department of Transport, who act as the Insurance Commission's retail-arm.

As at 30 June 2022, insurance policies had been issued for over 3 million WA-registered vehicles.

Revenue is collected into the Third Party Insurance Fund (TPIF) for the CTP product and into the Motor Vehicle (Catastrophic Injuries) Fund (MVCIF) for the CIS product. Together with investment income, this revenue is used to pay claims, provides assets to meet long-term liabilities and administer the motor injury insurance schemes.

The Insurance Commission also receives revenue from the Commonwealth Government to deliver motor injury insurance to motorists in the Indian Ocean Territories.

2.1.2 Government Insurance

The Insurance Commission manages and administers a number of insurance functions for the State Government.

Self-Insurance for Government

The Insurance Commission manages the following covers for most public sector agencies' insurable risk exposures:

- workers' compensation;
- loss or damage to property;
- liability cover;
- cyber risks; and
- travel and personal accidents.

Revenue for these covers is collected from public sector agencies into the Insurance Commission's RiskCover Fund.

The Insurance Commission also continues to manage the WA Government's historic self-insurance arrangements via the Government Insurance Fund (GIF) in run-off. The Government has financial responsibility for the liabilities and any deficit in the GIF.

Industrial Diseases Insurance

The Insurance Commission issues industrial disease insurance policies to employers involved in the mining industry and pays claims made against these policies. The liabilities are underwritten by the Insurance Commission and claims are paid from the Compensation (Industrial Diseases) Fund (CIDF).

Non-Government Liabilities

The Insurance Commission continues to manage non-government liabilities of the former SGIO for policies that are in run-off, as no policies have been issued since 1987. The liabilities are held in the Insurance Commission General Fund (ICGF) and relate to workers' compensation and public liability claims, including claims against the mining industry for asbestos related diseases that are not covered by industrial diseases insurance.

The ICGF also acts as the operating fund of the Insurance Commission. Investment assets are held within the ICGF and then allocated to other funds. The Insurance Commission's own assets are held within the ICGF.

Services for WorkCover WA

The Insurance Commission manages claims on behalf of WorkCover WA if a workers' compensation insurer goes into liquidation.

WorkCover WA invokes a levy on workers' compensation policyholders to fund those claims and liabilities, and the levy is collected into the Employers' Indemnity Supplementation Fund (EISF). The majority of existing EISF liabilities arose from the collapse of the HIH Group of companies in 2001.

The Insurance Commission also manages claims lodged against WorkCover WA's General Account, mainly for injured workers of uninsured employers.

Former Police Officers' Medical Benefits

The Insurance Commission manages claims from former police officers and aboriginal police liaison officers who sustain a work-related injury or disease during their service and have since left the WA Police Force.

Former officers can claim for medical and other expenses under the *Police (Medical and Other Expenses for Former Officers) Act 2008*. Claim entitlements largely mirror those of the *Workers' Compensation and Injury Management Act 1981*. The Police Commissioner is liable for medical and other expenses incurred.

2.1.3 Investments

The Insurance Commission invests in assets to meet its insurance liabilities in line with Prudential Guidelines for Investment approved by the Treasurer.

The Insurance Commission uses an independent investment consultant to guide its investment strategy. Assets are mostly managed by external investment managers with the exception of the cash and inflation linked bonds portfolios, which are managed internally.

2.1.4 Advice to Government

The Insurance Commission undertakes analysis on policy issues and provides advice to the Treasurer and government on insurance and liability matters.

2.2 Our Structure

The Insurance Commission delivers investments and insurance services through its Motor Injury Insurance, Government Insurance and Investment Divisions. The corporate support areas help the organisation deliver its functions.

3 OUR STRATEGY

Four strategic objectives form the basis of the strategic plan:

1. Provide quality and affordable insurance products and services;
2. Operate effectively and efficiently;
3. Deliver sustainable financial outcomes; and
4. Develop a high performance culture.

Each of these strategic objectives are supported by underlying initiatives, performance targets and measures.

3.1 Strategies and Initiatives

The Insurance Commission strategies and initiatives over the 2023-24 period are set out below.

3.1.1 Provide quality and affordable insurance products and services, and operate effectively and efficiently

Strategy 1 – Enhance communications to improve the claimant experience, make the process easier for claimants to navigate, and support claimants to recover quickly.

Key initiatives:

- Communicate directly with claimants using plain English in the ways they prefer, delivered with empathy and respect.
- Implement a proactive, tailored engagement approach.

Strategy 2 – The claims process enables earlier access to treatment and supports a faster recovery, is simplified to allow more time for claimant engagement, and is fair and equitable.

Key initiatives:

- Use of injury coding data to better inform decisions and support fair and equitable claimant outcomes.
- Extend point of service payments for health treatment services to support faster access to treatment.
- Systems architecture modernisation simplifies claim administration, enabling more time to focus on claimants.

Strategy 3 - Improve the health and wellbeing of claimants and maximise their recovery and independence.

Key Initiative:

- Continue to pursue opportunities to improve the recovery and independence of people injured in motor vehicle crashes and at work.

Strategy 4 - Deliver proactive insurance and related advice to Government.

Key Initiative:

- Deliver proactive advice to Government on strategic insurance, liability and other policy areas that are relevant to the Insurance Commission.

3.1.2 Deliver sustainable financial outcomes

Strategy 5 - Balance affordability of insurance products, sustainability of schemes and shareholder return

Key Initiatives:

- Solvency and capital adequacy managed in line with capital management strategy.
- Diversified investment portfolio is dynamically managed in accordance with the Treasurer's Prudential Guidelines for Investments to deliver investment objectives aligned with meeting long term insurance liabilities and solvency levels whilst reducing the risk of loss.

3.1.3 Develop a high performance culture

Strategy 6 – Continue building a culture that is customer-focused to meet customer and stakeholder needs

Key Initiative:

- Implement the HR Blueprint and associated work health and safety, inclusion and training plans to achieve an agile and high performing workforce.

3.2 Performance Targets

The targets for financial Key Performance Indicators are presented in Appendix 1.

4 MINISTERIAL REPORTING

4.1 Annual Report

The Insurance Commission prepares and delivers to the Minister an Annual Report on its performance for the financial year. Content of the Annual Report meets the requirements of the *Financial Management Act 2006*, the *Insurance Commission of Western Australia Act 1986* and any resolution of the Board of Commissioners of the Insurance Commission. Specifically, the Annual Report includes:

- statutory financial statements;
- overview of the major achievements;
- performance against targets; and
- other information required by legislation.

4.2 Quarterly Report

The Insurance Commission provides the Minister and the Department of Treasury with quarterly reports on performance. The quarterly report includes the performance of the organisation and progress against the initiatives within the Statement of Corporate Intent (this document).

4.3 Other Information

The Insurance Commission provides the Minister with a five-year Strategic Development Plan (incorporating the Statement of Expectations) and a one-year Statement of Corporate Intent (this document) as required under the *Insurance Commission of Western Australia Act 1986*.

The Insurance Commission also provides the Minister with briefings and advice on insurance matters.

4.4 Past Performance

To improve transparency and frequency of performance reporting, the Insurance Commission prepares unaudited half-yearly performance reports. The reports are published on the Insurance Commission's website. The reports set out the Insurance Commission's financial and operational performance for each six-month period.

The Insurance Commission also publishes its financial and operational performance for the financial year in its Annual Report released in September each year. The Annual Report is tabled in Parliament and published on the Insurance Commission's website.

5 ACCOUNTING POLICY

The Insurance Commission prepares financial statements in accordance with Australian Accounting Standards, Statements of Accounting Concepts, and other authoritative pronouncements of the Australian Accounting Standards Board, as applied by the Treasurer's Instructions to ensure suitable reporting across the WA Public Sector.

Where modification has a material or significant effect on the reported results, details of that modification and the resulting financial effect are disclosed in individual notes to the financial statements in the Insurance Commission's Annual Report.

The Financial Statements are prepared on the accrual basis of accounting. The majority of the Insurance Commission assets and liabilities are measured at fair value (on a bid price basis for investment assets) and the remainder follow the historical cost convention.

INSURANCE COMMISSION

BALANCE SHEET		2023-2024
		\$'000
ASSETS		
Receivables		479,699
Current Tax Receivable		35,690
Investments		7,326,357
Deferred Premium Collection Costs		7,107
Other Assets		3,469
Lease Assets		5,299
Plant and Equipment		3,237
Intangibles		12,238
TOTAL ASSETS		7,873,096
LIABILITIES		
Payables		(39,843)
Financial Liabilities - RiskCover Investments		(1,044,675)
Outstanding Claims		(4,395,617)
Unearned Premium		(374,700)
Provisions		(21,118)
Deferred Tax Liabilities		(50,536)
Lease Liabilities		(6,672)
TOTAL LIABILITIES		(5,933,161)
NET ASSETS		1,939,935
EQUITY		
C(ID)F Reserve		22,694
Distribution of Equity - Dividends		(58,212)
Retained Earnings		1,975,453
TOTAL EQUITY		1,939,935

STATEMENT OF COMPREHENSIVE INCOME		2023-2024
		\$'000
Premium Revenue		962,393
Reinsurance Premium Expense		(8,532)
Reinsurance Commission Revenue		776
Net Premium Revenue		954,637
Claims Expense		(989,928)
Reinsurance and Other Recoveries		20,395
Net Claims Incurred		(969,533)
Underwriting and Administration Expenses		(74,781)
UNDERWRITING RESULT		(89,677)
Investment Income		463,963
Investment Expenses		(44,790)
RiskCover Investment Return		(82,260)
Other Income/(Expense)		(4,786)
		332,127
PROFIT BEFORE TAX EQUIVALENT EXPENSE		242,450
Income Tax Equivalent Expense		(72,735)
PROFIT AFTER TAX EQUIVALENT EXPENSE		169,715

INSURANCE COMMISSION

Key Performance Indicators	2023-2024
	Target

Investment Income Rolling 7-Year Return (%)

Main Fund	6.25
MVCIF	6.50

This KPI calculates the long-term investment performance, measured over a rolling 7-year period as a percentage (per year) of the amount of money invested. This KPI measures whether investment returns have achieved the Insurance Commission's long-term Consumer Price Index (CPI) plus 3% investment objective (Main Fund) and CPI plus 3.25% investment objective (MVCIF).

Annual Investment Rate of Return (%)

Main Fund	6.2
MVCIF	6.5

This KPI calculates the amount of revenue/(loss) the Insurance Commission's investment strategy generates over the financial year as a percentage of the value of the opening investment assets. This KPI measures the Insurance Commission's performance compared to a specific market-related benchmark. The benchmark is a mix of Australian and global equities, fixed interest, alternative assets, property and cash indices.

Investment Management Expense Ratio (%)

Main Fund	0.61
MVCIF	0.58

This KPI calculates the total management costs (investment manager, transaction, custodian, investment advisor, Investment Division administration, legal and audit fees) as a percentage of the average asset value (calculated as an average of the financial year-end valuations) of the Insurance Commission's investment portfolio. This KPI is a measure of the Insurance Commission's efficiency in managing its investments.

Solvency Level (%)

Insurance Commission	132.7
TPIF	142.8
MVCIF	130.9

This KPI calculates Total Assets as a percentage of Total Liabilities. This KPI measures the ability of the Insurance Commission to meet its long-term financial obligations as they fall due.

Net Loss Ratio (%)

TPIF	104.0
MVCIF	94.2

This KPI calculates net claims incurred (claims payments and movement in outstanding claims provisions) as a percentage of net premium revenue. This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates the Fund received sufficient net premium revenue to meet the net cost of claims incurred.

Net Expense Ratio (%)

TPIF	7.8
MVCIF	6.2

This KPI calculates underwriting and administration expenses as a percentage of net premium revenue, and measures operational efficiency. A lower expense ratio would contribute to higher profits or lower losses being generated.

INSURANCE COMMISSION

Key Performance Indicators	2023-2024 Target
Net Combined Ratio (%)	
TPIF	111.8
MVCIF	100.4
<p>This KPI calculates underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. This KPI is a measure of underwriting profitability used to indicate how well the Fund is performing. It is the combined result of the Net Loss Ratio and the Net Expense Ratio. A ratio below 100% indicates that an underwriting profit has been made, whereas a ratio above 100% indicates an underwriting loss.</p>	
Affordability Index - MII	27.5
<p>This KPI calculates the Motor Injury Insurance (MI) premium (including GST and insurance duty) for the average family vehicle as a percentage of one week's worth of WA's average weekly earnings. The target is to have the MI premium for the average family vehicle at or below 27.5% of one week's worth of WA's average weekly earnings.</p>	
Proportion of Claims Payments made for the Direct Benefit of Claimants (%) - MII	95.0
<p>This KPI calculates claims payments made for the direct benefit of claimants as a percentage of the total claim payments made in a financial year. Claims payments that do not go to the direct benefit of the claimant include the Insurance Commission's claims management, legal and investigation costs. This KPI reflects the Insurance Commission's effectiveness in minimising the financial hardship of claimants and delivering equitable compensation.</p>	
Timeliness of Liability Determination (%)	80.0
<p>This KPI calculates the timeliness of liability decisions for CTP compensation claims. The target requires that a decision be made on claims within 25 business days from the date of lodgement of the claim to ensure claimants are treated fairly.</p>	
Claim Administration Costs as a Ratio of Gross Claims Paid (%) - MII	6.8
<p>This KPI calculates claims administration costs as a percentage of the gross claims paid. This KPI measures the efficiency of claims administration.</p>	
Customer Satisfaction (%) - MII	65.0
<p>This KPI measures personal injury claimant satisfaction with the customer service delivered by the organisation and is determined by a survey.</p>	
Median Claim Duration (months) - MII	17.5
<p>This KPI measures effectiveness of claims management in supporting claimant recovery and calculates the median duration between claim lodgement and claim settlement/close dates.</p>	

RISKCOver FUND

BALANCE SHEET

2023-2024

\$'000

ASSETS

Cash and Cash Equivalents	18
Receivables	191,573
Investments	1,044,675
TOTAL ASSETS	1,236,266

LIABILITIES

Payables	(68,917)
Outstanding Claims	(1,021,366)
TOTAL LIABILITIES	(1,090,283)
NET ASSETS	145,983

EQUITY

Retained Earnings	57,357
Prudential Reserve	88,626
TOTAL EQUITY	145,983

STATEMENT OF COMPREHENSIVE INCOME

2023-2024

\$'000

Premium Revenue	495,667
Reinsurance Premium Expense	(43,988)
Reinsurance Commission Revenue	1,419
Net Premium Revenue	453,098

Claims Expense	(461,009)
Reinsurance and Other Recoveries	8,043
Net Claims Incurred	(452,966)

Underwriting and Administration Expenses	(39,381)
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UNDERWRITING LOSS	(39,249)
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Investment Income	82,260
PROFIT	43,011

RISKCOver FUND

Key Performance Indicators	2023-2024 Target
Solvency Level (%) This KPI calculates Total Assets as a percentage of Total Liabilities in the RiskCover Fund. This KPI measures the ability of the RiskCover Fund to meet its long-term financial obligations as they fall due.	113.4
Net Loss Ratio (%) This KPI calculates net claims incurred (claims payments and movement in outstanding claims provisions) as a percentage of net premium revenue. This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates the RiskCover Fund received sufficient net premium revenue to meet the net cost of claims incurred.	100.0
Net Expense Ratio (%) This KPI calculates RiskCover Fund underwriting and administration expenses as a percentage of net premium revenue, and measures operational efficiency. A lower expense ratio would contribute to higher profits or lower losses being generated.	8.7
Net Combined Ratio (%) This KPI calculates RiskCover Fund underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. This KPI is a measure of underwriting profitability used to indicate how well the Fund is performing. It is the combined result of the Net Loss Ratio and the Net Expense Ratio. A ratio below 100% indicates that an underwriting profit has been made, whereas a ratio above 100% indicates an underwriting loss.	108.7
Affordability Index This KPI measures the affordability of the workers' compensation self-insurance cover provided through the RiskCover Fund. This KPI is calculated as workers' compensation agency contributions (premiums) as a % of total agency wages.	1.50
Proportion of Claims Payments made for the Direct Benefit of Claimants (%) This KPI is calculated as workers' compensation claims payments made for the direct benefit of claimants as a percentage of total workers' compensation claims payments made by the RiskCover Fund during the financial year. Claims payments that do not go to the direct benefit of the claimant include claims management, legal and investigation costs incurred. This KPI measures the Insurance Commission's effectiveness in minimising the financial hardship of claimants and delivering equitable compensation.	94.5
Timeliness of Liability Determination (%) This KPI calculates the timeliness of all RiskCover Fund liability decisions for workers' compensation claims. WorkCover WA's legislation (<i>Workers' Compensation and Injury Management Act 1981</i>) for self-insurers requires that a decision be made on income claims within 17 days from the date of lodgement with the employer to ensure claimants are treated fairly.	90.0
Claim Administration Costs as a Ratio of Gross Claims Paid (%) This KPI calculates RiskCover Fund claims administration costs as a percentage of the gross claims paid. This KPI measures the efficiency of claims administration.	10.2
Customer Satisfaction (%) This KPI measures personal injury claimant satisfaction with the customer service delivered by the organisation and is determined by a survey.	78.0
Median Claim Duration (month) This KPI measures effectiveness of claims management in supporting claimant recovery and calculates the median duration between claim lodgement and claim settlement/close dates.	5.2