

## Re-introduction of experience rating

The Minister for ACC, Dr Nick Smith has announced that “experience rating” will be introduced to the work account as from 1 April 2011. To meet this legislated guideline ACC has released an “Experience Rating Information and Consultation Document” which clearly details ACC’s approach.

In simple terms experience rating rewards for a good claims experience and penalises for a poor claims experience. The proposed experience rating framework has two components:

- Industry risk groups
- Two new performance pricing programmes:
  - The No-Claims Discount Programme for small employers (a no-claims discount or a high-claims loading)
  - The Experience Rating Programme for large employers, which recognises and rewards effective workplace safety practices and return-to-work programmes.

Experience Rating is the adjustment of an employer’s premium based on the employer’s historic claims experience. Employers with a worse than average claims record are required to pay a higher premium (a loading) while employers with better than average claims records receive a rebate (discount). Typically the percentage increase is greater than the discount and the

loading could be as high as 50%.

There are some challenges implementing such a regime.

The Experience Rating process proposed by ACC is to be based on previous three year’s employer claim history. It will be in the employer’s best interest to prepare for what ever the detailed finalised Experience Rating process will be by ensuring that the Employer’s ACC Claim History is accurate. This implies the following:

- Did the accident recorded happen in the employer’s workplace?
- Was the employer notified of this accident?
- Was the injured person an employee?
- Has ACC managed the resulting claim appropriately?

All these and other questions should be addressed.

GBNZ assists employers by challenging ACC on the accuracy of the Employer’s Claims History. To action this GBNZ requires an *Authority to Act* to be signed and returned.

Please contact John Jury on 09 966 1761 or 027 6808 725 for further information.

## WorkSafe Victoria offers financial incentives for employers

In Australia WorkSafe (the NZ equivalent of ACC) is offering WISE (WorkSafe Incentive Scheme for Employers) program which gives an employer incentives of up to \$26,000 for permanently employing an injured worker - a valuable boost for many small-to-medium businesses.

Employers who take on a worker through WISE gain:

- A significant financial subsidy
- A committed worker who can provide a positive contribution in the workplace, and
- A worker who has been assessed to safely perform the tasks required.

Workers gain the opportunity to return to work with a supportive

employer and experience the sense of purpose and social contact that work provides.

How does WISE work?

A workplace assessment is conducted to ensure the worker’s physical capacity matches the duties required by the role. WorkSafe-approved occupational rehabilitation providers with workplace expertise conduct the assessment.

If the worker has a new injury in their first year of employment, there is no impact on the employer’s WorkSafe premium.

The financial subsidy is based on the hours worked and the worker’s gross weekly earnings. It is paid regularly over 12 months.

For more information, go to [www.worksafe.vic.gov.au/wise](http://www.worksafe.vic.gov.au/wise).



## GBNZ now offers training programmes

GBNZ has received advice from the Dep. of Labour that our Health and Safety Representatives (Stage 1) training course has been approved for the purpose of Employment Relations Education (ERE) under Section 19G (3) of the Health and Safety in Employment Act 1992. Notice to this effect has been posted on the Dept of Labour's web site.

This is a significant development in our service offering to our clients.

GBNZ has considerable resources available for training in health and safety management and claims/case management. Examples of the type of courses available are:

- **Accident/ Incident Investigation;** This course enables employers to set up a process to effectively investigate accident/incidents. The outcome is to show how information from the investigation can be used to improve the safety management system.
- **Employing Contractors;** The responsibility that the legislation places on principals is discussed and effective solutions posed.
- **Implementing and Running Effective Health and Safety Committees;** To be effective the Committee must work as a unit.
- **Legal Requirements of the Legislation;** This is a "how to" course designed to assist employers meet their obligations. This would be useful for managers.
- **Practical Hazard Identification and Control;** To assist in meeting the obligations of identifying and controlling hazards.
- **Basic Claims Management;** This session covers employer and employee obligations.
- **Occupational Stress;** An overview of stress, the principles of effective injury management and organisational strategies to manage stress in the workplace.
- **Practical Communication Techniques to Reduce High Cost Claims;** How to identify the distressed or poorly coping employee.
- **Role of the Rehabilitation Coordinator;** How to manage the return to work of the injured employee. This course will be significant with the introduction of Experience Rating from 1 April 2011

For further information contact Leon Fox Injury Prevention Advisor 09-9661763 or 027- 459-8005

## Levy Consultation 2011 to 2012

ACC has announced its consultation for the proposed levy rates for the financial year 2011/12. In the Consultation Document ACC are proposing to:

- a. Increase the use of individual employers' experience in setting levies by:
  - Increasing the number of industry based "levy risk groups"
  - Introducing experience rating
  - Introducing a new programme for small employers; a "no-claims" discount for those who make few or no weekly compensation claims and a "loading" for those who have high claim numbers.
- b. Introduce an "excess" or "deductible" option for small employers:
  - ACC propose introducing an excess or deductible option that provides incentives for employers to reduce their risks. ACC indicate that they could offer:
    - » Option of a longer "stand-down" period in which the employer pays for the first four weeks of weekly compensation for their employees workplace injuries, rather than the current one week
    - » A medical excess option, in which the employer pays a portion of each claim up to a specific limit for a specified time.
- c. Realign programmes that offer levy discounts to employers:
  - Lower the available levy discounts to better align them with new no-claims discounts and experience rating changes
  - Extend the Workplace Safety Discounts programme to all employers and self-employed
  - Expand the discount programmes to recognise return-to-work practices

GBNZ is currently considering all these proposed changes and the impact these will have on our clients and their employers.

Comments on these consultation documents close on 29th October 2010.

Interested parties should visit [www.acc.co.nz/consultation](http://www.acc.co.nz/consultation) to see the relevant documents.



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## GB a finalist in risk management awards



### 2010 Risk Management Committee

From Left to Right: Craig Thompson, Damien Gilhooley, Chenoa Daley, Greg Larkin, Phil Bawden, Andrea Kanserski, Bill Dwyer, Hedy Babi, Anya Robinson, Keith Mills, Peter Walker

Gallagher Bassett was selected as a finalist in two categories in the Sentinel Risk Management Awards – the Risk Management Evolution Award and the Risk Enterprise of the Year Award.

While it was beaten in both by large, publicly listed entities – Qantas for the Risk Enterprise award and Leighton Contractors for the Risk Evolution award – making the finals was a major achievement for GB.

The evolution award submission outlined how GB's risk management plan has evolved over the past five years, including the move to an electronic Management Enterprise Risk Vehicle (MERV) – developed in-house to replace a manual, Excel-based spreadsheet system. It allows easy access by GB's risk owners and gives the board and senior executives instant access to live data during meetings and at their desktops.

MERV's electronic register includes automated control library, risk allocation, approval process, escalation, notification and risk reporting functionalities, and other GB system integration capabilities.

The second submission, for Risk Enterprise of the Year, detailed GB's corporate governance structure and how its processes are based on management of risk.

The GB Risk Management Policy and Framework are aligned to ISO 31000 and, together with a very comprehensive risk management plan, support GB's strategic growth objectives and strategies.

The risk plan outlines four distinct phases, each supported by key objectives, strategies and measurable outcomes. Implementing a consistent risk assessment methodology and language supports the identification of risk, assessment and mitigation across all corporate and operational business units at executive, corporate and operational levels.

Integration of the risk plan, including aligning with GB's strategic and operational business planning, audit and compliance, policy, HR and control framework, to name just a few, has allowed GB to capitalise on several new business opportunities and provide governance assurance to existing clients.

The awards are hosted by Risk magazine and were presented in Sydney on August 10.

## GB dials up state-of-the-art technology



GB has significantly reduced its telecommunications expenditure while concurrently increasing service for clients by implementing a VoIP telephone system.

VoIP (voice over internet protocol) uses the internet to transmit phone calls, rather than the public switched telephone network. VoIP converts the analog voice signal to digital format, compresses it into internet protocol packets for transmission, then reconverts the data to a voice signal.

For clients, there is no discernible difference in the phone call, apart from improved voice clarity.

However, for GB, it means all calls within the GB office network, including New Zealand, are free, regardless of geographical distances or time spent on the phone. GB team members can work remotely, with instant diversion of their usual phone numbers to mobile or home phones.

GB team members can access features such as extension dialling, call transfer, conference calls, and integration with Microsoft software and directories, all while working away from their office phones.

Up to eight people can participate on conference calls and team members can dial direct from their computers.

Julian Martin, General Manager – Information Systems, said a key advantage for GB clients was the system's enhanced disaster capabilities. With easier call routing, when GB is handling claims calls after a disaster, multiple calls can be answered simultaneously because they can be routed to any GB office anywhere within the network.

"It increases capability on the data network, with greater resilience and throughput," he said.

Implementation began in the Brisbane head office in February and the system has now been rolled out across all GB offices in Sydney, Melbourne, Adelaide and New Zealand.

GB selected Telstra IP Telephony (TIPT) as its preferred system and Telstra has managed implementation throughout the GB network.

TIPT uses a hosted delivery model that allows interoperability with existing telephone systems.

Julian said TIPT's business drivers were minimising costs, converging voice and data, and standardising technology across all sites.



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## Risk management protects corporate reputation



An enterprise risk management (ERM) framework is as important for a low-hazard business as for one that digs tunnels, operates dangerous equipment or refines explosive chemicals.

That was the message Peter Walker, Gallagher Bassett's General Manager – Business Development, told a meeting of the Queensland chapter of the Risk Management Institution of Australasia.

"It is extremely unlikely Gallagher Bassett, as a professional services provider, is ever going to kill a member of staff from a paper cut or RSI. Unlike say, a structural engineer, even if we give wrong professional advice, it doesn't have the potential to kill anyone, although it could cost a sizeable sum of money," he said.

However, GB implementing a controlled ERM framework brought about a better structure to the previous, often unconscious, process of informal risk assessment.

ERM was fully integrated into the business. The process formalised recording and reporting of work already being done. "The transparency generated enabled the risk management process to become auditable and that helped it become part of every-day life," Peter said.

For GB, the fundamental importance of being able to demonstrate sound corporate governance and have high-quality controls in place to manage the inevitable risks was to protect the company's reputation.

"Client confidence, or trust, can take time to build and, if we do something wrong that impacts on a client, that reputation can be quickly tarnished," Peter said.

He said several customers who had conducted due diligence as part of procurement or tender processes had given feedback that GB's ERM was better than some much larger organisations. "Punching well above your weight was how one major household insurer described it."

Peter said it was vital for clients to be able to trust GB to "look after their interests and their money".

GB had many large government contracts and was the Federal Government's only third party provider to have been granted direct access to the Reserve Bank to draw down on public money. That allowed GB to handle the run off of hardship claims under the HIH compensation scheme.

Peter said granting that delegation was a huge step for the government and was possible only because the government had "confidence in our systems, processes and management".

"Demonstrating a strong ERM culture and adequate controls was an essential part of building that trust. Treasury needed to see that we were constantly considering risks that might affect delivery of the scheme's claims management service."

Peter said the GB ERM framework's benefits included having risk mitigation at a companywide not local level, and the best possible value from the risk treatment spend.

"At a consolidated business level, one unit's highest risk may not be as critical as say the first five risks of another business area. Creating visibility and enabling an independent, corporate review ensures the maximum bang for our risk mitigation buck," he said.

GB implemented an Investment Council and any projects valued at more than \$50,000, including risk mitigation or treatment projects, go through the council for spend approval.

"This adds further rigour to the risk prioritisation process and ensures continuity of funding from a budget point of view, which is especially important to ensure longer-term projects can see out the full duration," Peter said.

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