

NZ Scheme Beset by Unfunded Liabilities

One outcome of last November's change in New Zealand's government was a realisation that Accident Compensation Corporation (ACC) had an unfunded liability of \$24 billion, off-set by assets of \$11 billion.

While some commentators said that was very unsatisfactory, others found it acceptable.

However, the incoming government has said the situation is far from satisfactory and taken the former government to task for not disclosing the correct financial information.

Gallagher Bassett NZ was invited to present a paper and participate in two panels at a summit on reviewing NZ's accident compensation system.

Peter Walker, GM Business Development, gave a very informative presentation on GB's global experience with different systems and approaches to claims management. He said few providers could match GB's global experience and provide guidance based on first-hand experience.

Peter participated in a panel that discussed different approaches to the delivery of effective scheme performance and asked whether there was a role for competition. The outcome was that there were several positive features in the NSW and Victorian schemes that could be readily adopted into the NZ system.

John Jury, GM NZ, participated on a panel discussion that examined the pros and cons of re-introducing experience rating.

From the perspective of employers who actively managed their health and safety programs, experience rating was very positive.

However, for ACC, it was not a financial success as ACC paid more in bonuses than it collected in penalties.

Following the summit, GB has presented several suggestions for scheme improvement to ACC and will continue to liaise with the various stakeholders.

GB NZ Clients Benefit From Injury Prevention Scheme

About six years ago, New Zealand Accident Compensation Corporation (ACC) introduced the workplace safety management practices (WSMP) program.

The program is used to strengthen workplace safety systems to create and maintain a safer environment for employees. In return, employers can qualify for lower ACC levies by meeting specific health & safety standards. Once approved, a levy discount applies for 24 months, after which re-application is required. Program features are as follows:

Level of recognition

ACC rewards employers who cooperate with regulated WSMP guidelines. There is a three-tiered levy discount:

- 1) Primary level: 10% discount verifying that the business meets the minimum performance standard across all aspects of workplace health & safety management.
- 2) Secondary level: 15% levy discount recognising high standards of performance and good practice across all aspects of workplace health & safety management.
- 3) Tertiary level: 20% discount rewarding best practice across all aspects of workplace health & safety management and a commitment to continuous improvement.

Standards

To achieve a discount, employers need to ensure their workplace meets an appropriate standard. If the boxes below can be ticked, the employer may be well on its way to meeting the standard and qualifying for WSMP levy discounts.

- We regularly check our workplace to identify hazards and check that our hazard control measures are working.
- We have identified possible emergency situations and trained employees in the procedures to respond to them.
- All staff are training in health & safety requirements relevant to their position.
- We record injuries and incidents and investigate causes to prevent them from occurring again.
- We have a health & safety plan that shows what we are trying to achieve and we have communicated it to all employees.
- We regularly audit our organisation's health & safety management performance and review the results.



GBNZ continues to support its clients through the renewal process. Wiltek Maintenance Ltd and Playground People Ltd are just two clients that have recently successfully retained their WSMP. More clients are scheduled to renew soon.



GB a Finalist at ANZIIF Awards

GB was the only third-party administrator (TPA) selected as a finalist in the Service Provider of the Year category at the annual Australian & New Zealand Institute of Insurance & Finance awards.

The industry awards were presented at a dinner in Sydney on July 30.

The category winner was Finity.

Damien Gilhooley, GB National Business Development Manager, said,



“It was a great achievement for GB to be in the top three service providers across Australia and New Zealand and the only TPA recognised.”

“This is an outstanding achievement in itself and testament to the innovative processes and outstanding work done by GB staff on a daily basis,” he said.

He thanked staff for their service delivery and clients who provided testimonials for GB’s nomination.

The awards pay tribute to the achievements of companies and individuals in the Australian and New Zealand markets throughout the previous year. The 14 award categories give companies and individuals the opportunity to demonstrate the highest standards of best practice and innovative initiatives in their field.

Entrants in the service provider of the year category were assessed against the following criteria:

- In-depth knowledge and understanding of the insurance market through research
- Responsiveness to insurers’ needs
- Innovation
- Industry leadership
- Thorough provision of information
- Service flexibility and efficiency
- Professional standards
- Promotional efforts proposed by the winner.

Service Charter Outlines GB’s Customer Commitment

Customer service is the bedrock of GB’s approach to claims management, says Managing Director Jon Winsbury.

He said GB was committed to providing the highest level of customer service. “We are passionate about what we do and the outcomes we deliver to our customers, our people and the community.

“We measure our success by our clients’ success: fewer claims, faster claims resolutions, more efficient claims administration and improved customer experience,” Jon said.

These are the five elements in the GB customer service charter:

Accessibility:

We will acknowledge, by phone or in writing, all written customer inquiries within five business days.

We will make every effort to speak with you each time you call us, however, if we are unavailable, we will return your call within one business day.

We will contact all relevant stakeholders when we make a decision that will affect your claim.

You will have a dedicated case manager to assist you through the claims management process.

Accountability:

We will make claim payments within relevant legislated or agreed timeframes.

We will acknowledge and explain what to expect if we are unable to immediately resolve your requests.

We will measure our performance against this service charter and encourage customer feedback to continuously improve our service performance.

We will maintain an objective customer feedback process.

Transparency:

We will adhere to the highest standards of ethical behaviour at all times in your dealings with us.

We will advise you of your rights and entitlements.

We will explain our decision-making process and respect your rights to seek a review of our decisions.

Customer Focus:

We will contact all stakeholders within two business days of receiving a new claim.

A screenshot of a "CUSTOMER FEEDBACK FORM". The form has a header "CUSTOMER FEEDBACK FORM" and a sub-header "CONTACT DETAILS". Below the sub-header, there are four rows of input fields: "Full Name", "Claim Number (if applicable)", "Address", and "Telephone". Below these fields is an "Email" field. At the bottom of the form, there is a "FEEDBACK" section with a text area and a "Submit" button. The form is titled "Please complete this form and send to the relevant Customer Fax (see contact details on the back)".

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We will treat you with dignity and respect in all our dealings with you.

We will keep you up to date with your obligations and let you know what you can expect from the claims management process.

We will actively seek your feedback on our service performance.

Privacy:

We will respect the privacy and confidentiality of your personal information.

We will value the personal information you give us and take all precautions to prevent unauthorised access to that information.

We will, with your help, keep your personal information accurate and up to date.

We will provide you with access to our privacy policy through our website.

To provide customer feedback to GB/NZ, you can go to the website, www.gallagherbassett.co.nz (look under Contact Us), or contact GB by mail, phone or email at :

PO Box 8971, Symonds St, Auckland 1150
Phone +64 9 966 1760
Email customerfeedback_nz@gbtpa.com.au

ACC Stocktake

ACC needs to be reviewed. From a business perspective the liabilities are twice that of the assets and this situation cannot continue indefinitely.

The Government's election manifesto committed it to undertaking a Stocktake of ACC Accounts to identify how the Scheme can:

- deliver more value for money to levy payers and taxpayers,
- find areas where cost shifting or cross subsidisation is occurring,
- review the governance and management of ACC's \$10 billion investment portfolio.

It is proposed that the Stocktake will include an analysis of each active Account, covering:

- its underlying cost drivers (these are likely to vary for each Account) and strategies to address them,
- how many people come into the Account,
- how long they receive entitlements under the Account,
- the entitlements they get,
- how the interpretation of legislation impact when providing those entitlements,

- how and whether injury prevention works in the Account,
- any subsidisation occurring within the Account or across other Accounts,
- options for funding policy (eg, change in balance of funding sources, such as funding the Motor Vehicle Account from petrol as opposed to licences etc),
- the nature of major risks (eg, underwriting, investment performance, liability valuation risks) – who bears these risks and options for managing them,
- the constraints on achieving value for money and a steady-state financial,
- position (for example administrative factors or legislation) the potential for, and cost effectiveness of, introducing experience rating or risk-sharing.

A review of the \$10 billion investment portfolio will be undertaken by the ACC Board and the results will be made available to the Stocktake steering group.

Flexibility exists for the steering group to raise with the Minister additional work it considers necessary, for example, international benchmarking.

Of particular interest to employers the Stocktake will include a review of:

- current employer programmes, and the incentives needed to encourage more businesses to focus on health and safety in return for levy discounts. These programmes include the WSMP (Workplace Safety Management Practices and the ACCPP (ACC Partnership Programme),
- how injuries sustained outside the workplace by workers, can be efficiently managed by employers to promote rehabilitation,
- who is best placed to provide effective rehabilitation services,
- key changes in legislation over time and their impact on claimant entitlements,
- a review of ACC's \$10 billion investment portfolio.

A timetable has been proposed and most of the review issues relating directly to employers are to be completed by December 2009.

It is GB's expectation that this Stocktake will result in ACC returning to accident insurance principles.

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