



# Scheme Exits Report

September 2024

A workers compensation and injury management scheme that works for all.

[workcover.wa.gov.au](http://workcover.wa.gov.au)





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## Scheme Exits Report

WorkCover WA is the government agency responsible for overseeing the workers compensation and injury management scheme in Western Australia (WA).

WA operates a privately underwritten workers compensation scheme, where private insurance agencies are approved by WorkCover WA to provide workers compensation insurance to WA employers. Additionally, WorkCover WA also exempts large employers, who have the material and financial resources to cover their own liabilities from any workplace injuries that may occur, from having to obtain workers compensation insurance from an approved insurer. Exempt employers are commonly referred to as self-insurers. During the period referenced in this report, there were six approved insurers and 23 self-insurers operating within the WA workers compensation scheme.

Data from the Insurance Commission of Western Australia (ICWA) is also included in this report. ICWA manages workers compensation arrangements for WA government agencies. Although not an approved insurer within the WA workers compensation scheme, ICWA is considered to be more appropriately grouped with approved insurers rather than self-insurers.

**The quarterly Scheme Exits Report measures trends and characteristics of finalised claims where claimants' injuries occurred over the past ten years. This report provides a summary of elements relating to claimants exiting the workers compensation scheme based on the initial finalisation date. The elements for analysis include:**

- Lump sum payments
- Claim costs
- Days lost
- Workplace rehabilitation services
- Legal services.

This report reflects the changes introduced by the new *Workers Compensation and Injury Management Act 2023*, which took effect from 1 July 2024.

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6,443

Claims finalised

- ▼ -2.6% over 6 months
- ▼ -3.0% over 12 months

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New to closed claims ratio

1.11

Number more than one indicates more new claims lodged than finalised claims

- ▲ +7.2% over 6 months
- ▲ +5.1% over 12 months

Average finalised claim cost

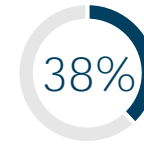
\$45,190

The two-year trend for average finalised claim cost decreased

- ▼ -5.7% over 6 months
- ▼ -0.6% over 12 months

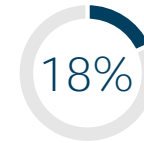
Service utilisation

p. 6



of lost-time claims had workplace rehabilitation services

- ▲ +0.5%p over 6 months
- ▼ -0.7%p over 12 months



of claims had legal payments recorded

- ▼ -0.3%p over 6 months
- ▼ -0.3%p over 12 months

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21% of claims finalised with a lump sum payment



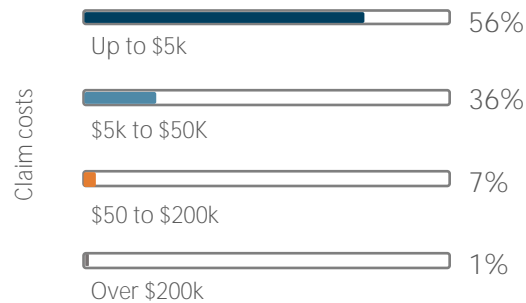
21% With lump sum

79% Without lump sum

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5,062 claims finalised without lump sum

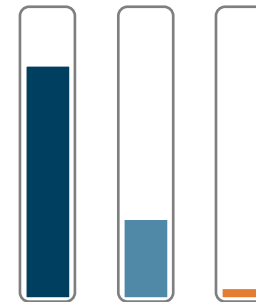
- ▲ +1.4% over 6 months
- ▲ +3.2% over 12 months



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1,381 claims finalised with lump sum

- ▼ -14.7% over 6 months
- ▼ -20.4% over 12 months



72%

Lump sum - general

25%

Lump sum - permanent impairment

4%

Lump sum - election registered

Average claim cost - with lump sum



Permanent impairment

\$84,009

- ▲ +4.9% over 6 months
- ▼ -0.8% over 12 months

General lump sum

\$148,184

- ▲ +1.3% over 6 months
- ▲ +2.3% over 12 months

Election registered

\$687,755

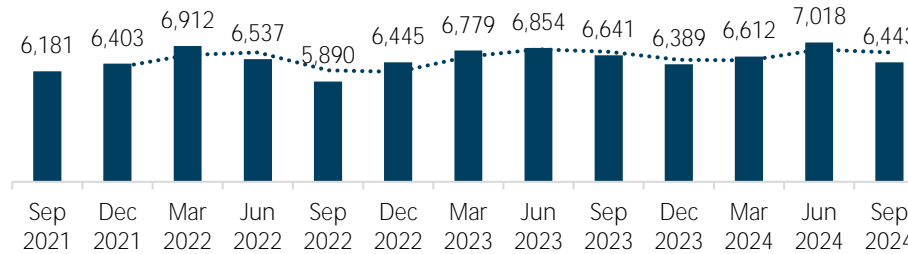
- ▼ -15.8% over 6 months
- ▲ +18.0% over 12 months

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# SCHEME EXIT TRENDS

## Number of claims finalised

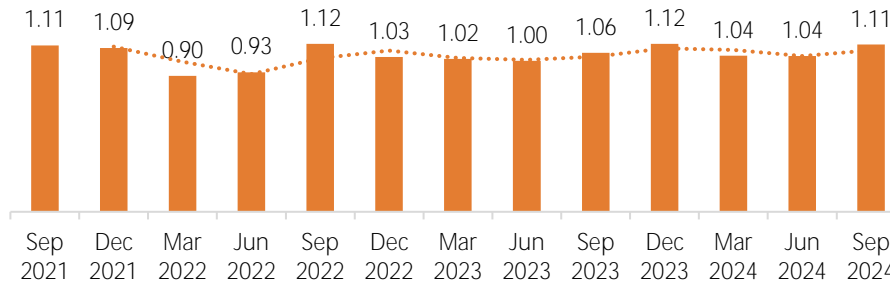
Current	% change over		
	2 years	1 year	6 months
6,443	+9.4%	-3.0%	-2.6%



- ▲ The number of finalised claims decreased (-3.0%) over the last year to 6,443.

## New to closed claims ratio

Current	% change over		
	2 years	1 year	6 months
1.11	-0.4%	+5.1%	+7.2%



- ▲ New to closed claims ratio compares the number of new claims to the number of closed claims.
- ▲ The new to closed claims ratio increased (+5.1%) over the last year to 1.11, indicating more new claims lodged than claims finalised.

## Average finalised claim cost

Current	% change over		
	2 years	1 year	6 months
\$45,190	-5.8%	-0.6%	-5.7%

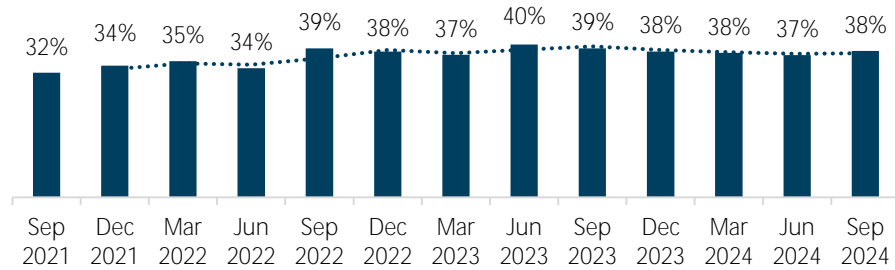


- ▲ The trend for average finalised claim cost decreased (-5.8%) over the last two years.
- ▲ The last 12 months show a decrease (-0.6%) in the average finalised claim cost.
- ▲ Payments are adjusted for inflation to allow meaningful comparisons over time.

# SERVICE UTILISATION FOR FINALISED CLAIMS

Proportion of lost-time claims with workplace rehabilitation services

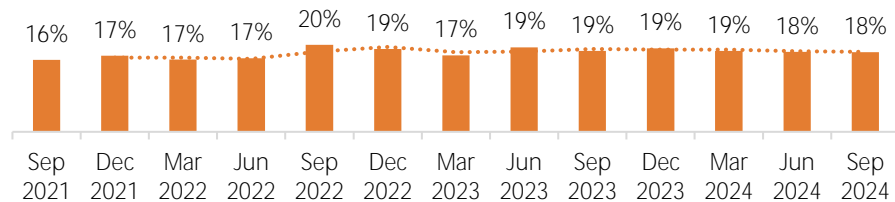
Current	%p change over		
	2 years	1 year	6 months
38%	-0.7%	-0.7%	+0.5%



- ▲ For the Sep 2024 quarter, 38% of lost-time claims had workplace rehabilitation services recorded.
- ▲ The proportion of lost-time claims with workplace rehabilitation services decreased (-0.7%p) over two years.

Proportion of claims with legal payment recorded

Current	%p change over		
	2 years	1 year	6 months
18%	-1.7%	-0.3%	-0.3%

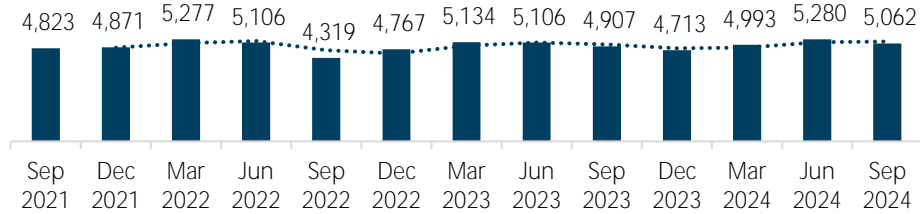


- ▲ The proportion of claims with legal payments decreased (-0.3%p) over a year.
- ▲ For the Sep 2024 quarter, 18% of claims had legal payments recorded.

# CLAIMS FINALISED WITH OR WITHOUT LUMP SUMS

Number of claims finalised without lump sums

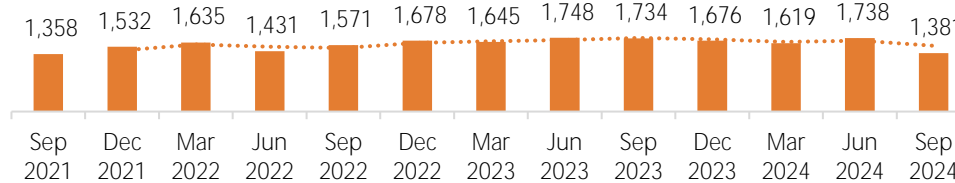
Current	% change over		
	2 years	1 year	6 months
5,062	+17.2%	+3.2%	+1.4%



- ▲ Over the six months, the number of finalised claims without lump sums increased (+1.4%).
- ▲ The number of finalised claims without lump sum payment stands at 5,062 for the Sep 2024 quarter.

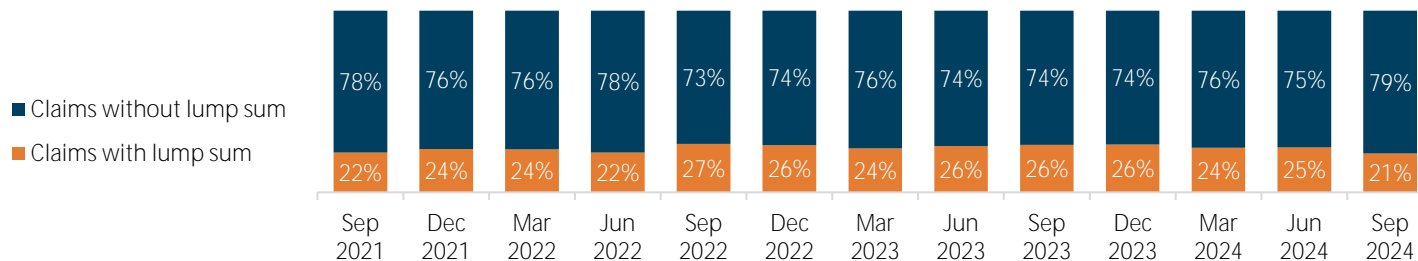
Number of claims finalised with lump sums

Current	% change over		
	2 years	1 year	6 months
1,381	-12.1%	-20.4%	-14.7%



- ▲ The number of finalised claims with lump sums decreased (-14.7%) over six months.
- ▲ The number of claims finalised with lump sums payments stands at 1,381 for the Sep 2024 quarter.

Proportion of claims finalised with or without lump sum



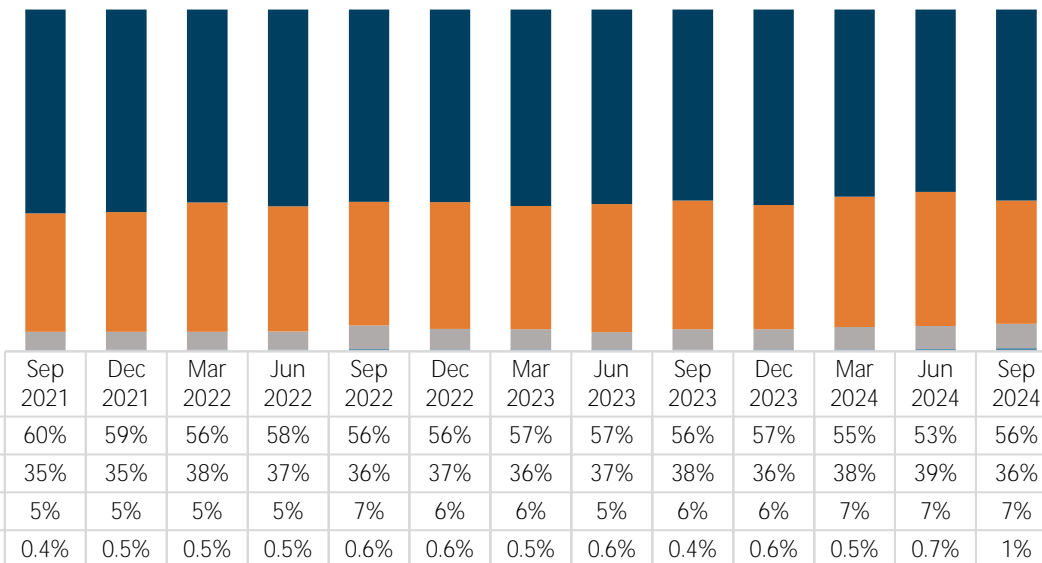
- ▲ Since the Sep 2021 quarter, the proportion of claims with lump sums ranges between 21% to 27%.
- ▲ Claims without lump sums continue to account for the larger proportion of finalised claims.

# SCHEME EXITS WITHOUT LUMP SUMS | CLAIM COSTS

Claims finalised without lump sum - proportion of claims by claim costs

Claims finalised without lump sum	Current	%p change over		
		2 years	1 year	6 months
Claim costs less than \$5,000	56%	-0.3%	+0.0%	+1.1%
Claim costs \$5,000 - \$50,000	36%	-0.1%	-1.6%	-2.0%
Claim costs \$50,000 - \$200,000	7%	+0.1%	+1.1%	0.5%
Claim costs over \$200,000	1.0%	+0.3%	+0.5%	+0.4%

- ▲ The majority of finalised claims without lump sums cost less than \$5,000.
- ▲ The last two-year period shows this proportion decreased (-0.3%p) to 56%.
- ▲ For the current quarter, 36% of finalised claims without lump sums cost between \$5,000 to \$50,000. This is a -0.1%p decrease over the two-year period.

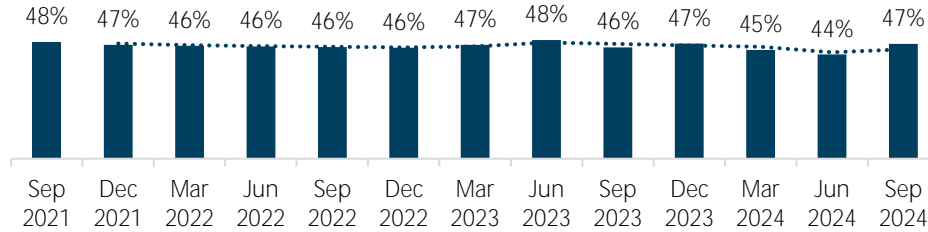




# SCHEME EXITS WITHOUT LUMP SUMS | DAYS LOST

## Claim finalised without lump sum No days lost

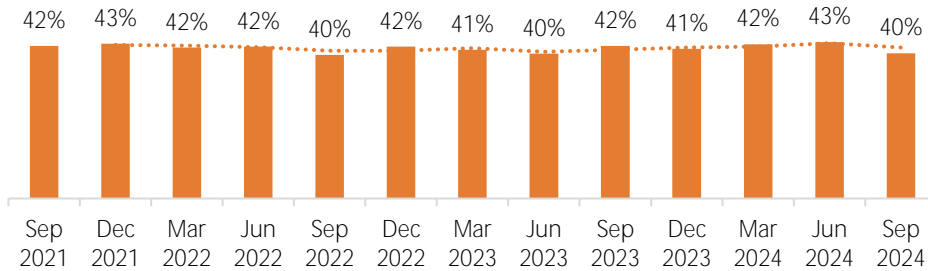
Current	%p change over		
	2 years	1 year	6 months
47%	+1.1%	+1.2%	+2.0%



- ▲ In the Sep 2024 quarter, 47% of claims finalised without lump sums had no days lost recorded.
- ▲ In annual terms, the proportion of finalised claims without lump sums and no days lost increased (+1.2%p).

## Claim finalised without lump sum 1 - 59 days lost

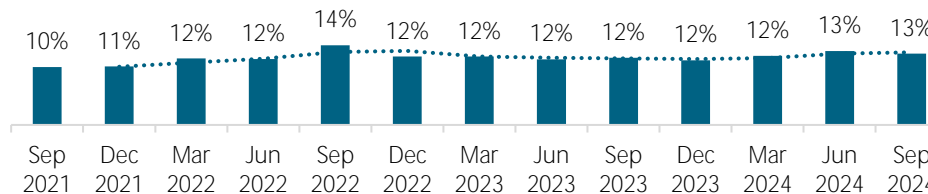
Current	%p change over		
	2 years	1 year	6 months
40%	+0.4%	-2.0%	-2.4%



- ▲ The proportion of claims with 1 to 59 days lost accounted for 40% of finalised claims without lump sums in the Sep 2024 quarter.
- ▲ This proportion increased (+0.4%p) over the last two years.

## Claim finalised without lump sum 60+ days lost

Current	%p change over		
	2 years	1 year	6 months
13%	-1.5%	+0.8%	0.4%

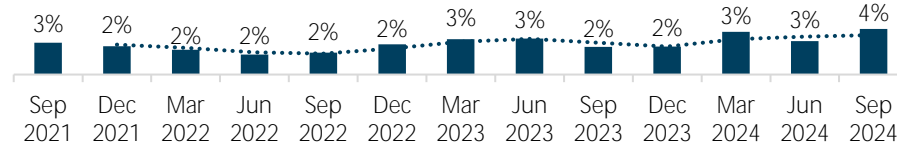


- ▲ Claims resulting in 60 days or more off work accounted for 13% of finalised claims without lump sums in the Sep 2024 quarter.
- ▲ Over three years, this proportion ranges from 10% to 14%.

# SCHEME EXITS WITH LUMP SUMS

Proportion of claims finalised with lump sum - election registered

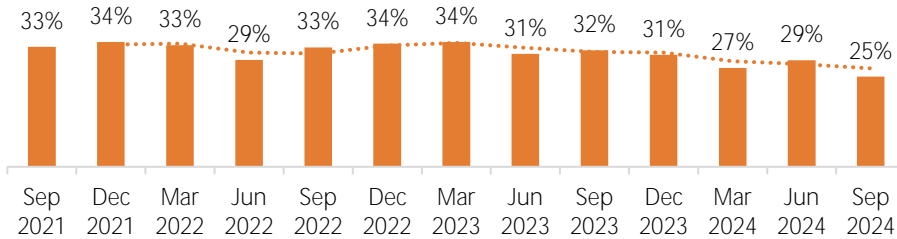
Current	%p change over		
	2 years	1 year	6 months
4%	+1.9%	+1.4%	+0.2%



- ▲ In the current quarter, 4% of finalised claims with lump sums had elections registered.
- ▲ This proportion increased (+1.4%p) over the last year.

Proportion of claims finalised with lump sum - permanent impairment

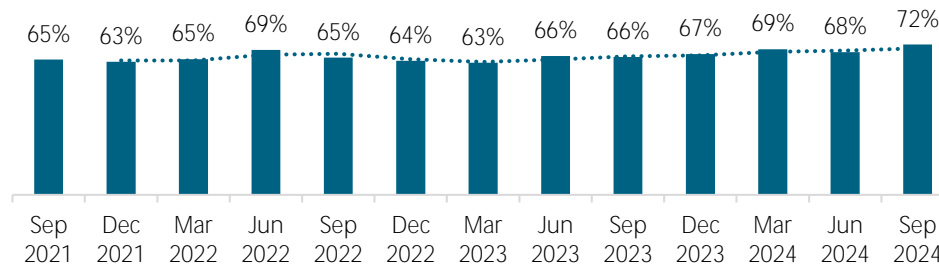
Current	%p change over		
	2 years	1 year	6 months
25%	-8.0%	-7.2%	-2.4%



- ▲ Around a quarter of finalised claims with lump sums were for permanent impairment.
- ▲ This proportion decreased (-7.2%p) over the last year.

Proportion of claims finalised with lump sum - general

Current	%p change over		
	2 years	1 year	6 months
72%	+6.1%	+5.8%	+2.2%

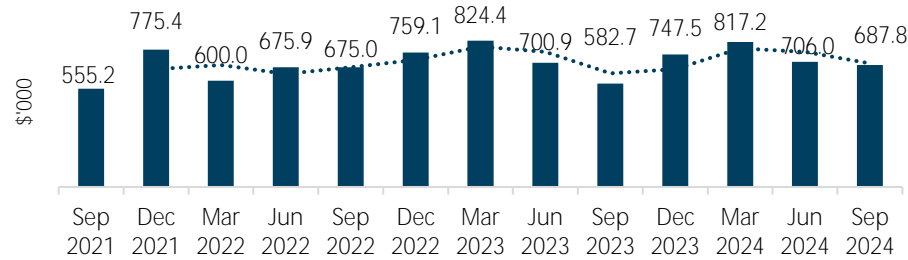


- ▲ The proportion of finalised claims with general lump sum payments was 72% in the current quarter.
- ▲ Over two years, the proportion increased (+6.1%p).

# SCHEME EXITS WITH LUMP SUMS | AVERAGE CLAIM COST

## Average claim cost - finalised claim with lump sum - election registered

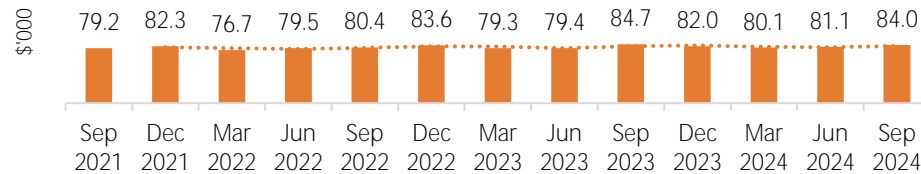
Current	% change over		
	2 years	1 year	6 months
\$687,755	+1.9%	+18.0%	-15.8%



- ▲ The average claim cost for finalised claims with lump sums and election registered is subject to fluctuation due to the small number of claims.
- ▲ In annual terms, the average claim cost for this category increased (+18.0%) to \$687,755 in the Sep 2024 quarter.

## Average claim cost - finalised claim with lump sum - permanent impairment

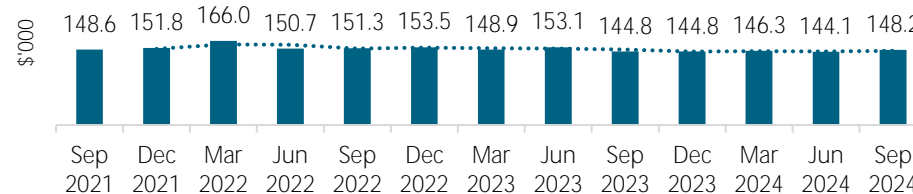
Current	% change over		
	2 years	1 year	6 months
\$84,009	+4.5%	-0.8%	+4.9%



- ▲ The average claim cost for finalised claims with lump sum for permanent impairment was \$84,009 in the Sep 2024 quarter.
- ▲ Over six months, the average cost for claims finalised with lump sums for permanent impairment increased (+4.9%).

## Average claim cost - finalised claim with lump sum - general

Current	% change over		
	2 years	1 year	6 months
\$148,184	-2.1%	+2.3%	+1.3%

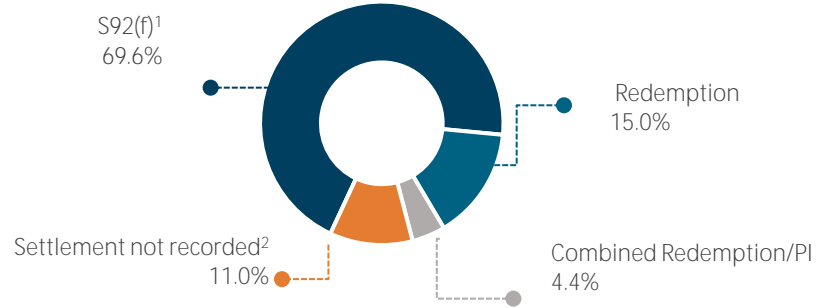


- ▲ In the current quarter, the average claim cost for finalised claims with general lump sums is \$148,184.
- ▲ The average claim cost increased (+1.3%) over the last six months.

# BREAKDOWN OF LUMP SUMS - GENERAL

Lump sum - general claims finalised in the last four financial quarters (2023/24 Q2 - 2024/25 Q1)

Lump sum - general	Claims
Section 92(f) deed <sup>1</sup>	3,072
Redemption	661
Combined Redemption/Permanent Impairment	196
Settlement not recorded <sup>2</sup>	487



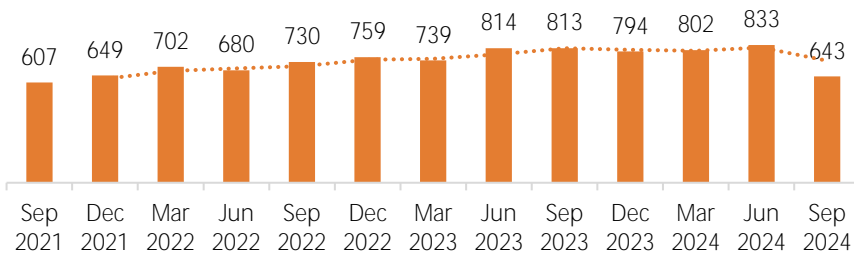
- ▲ The number of Section 92(f) deeds<sup>1</sup> finalised over the last four quarters was 3,072, accounting for more than two-thirds of total lump sum - general claims.
- ▲ Redemptions accounted for 15.0% of total lump sum - general claims over the same period.

<sup>1</sup> Section 92(f) deeds are only applicable to claims from the previous *Workers' Compensation and Injury Management Act 1981* and not applicable to the new *Workers Compensation and Injury Management Act 2023* (effective 1 July 2024).

<sup>2</sup> "Settlement not recorded" are claims with lump sum payments not recorded in the settlement database. Settlements can only be linked to one claim even though a settlement may be for more than one claim. Therefore, these claims are considered as 'Settlement not recorded' and often associated with noise induced hearing loss and industrial disease claims with exposure over a period of time and multiple employers. Claims settled through Section 67 consent order and some fatalities are also categorised in this group.

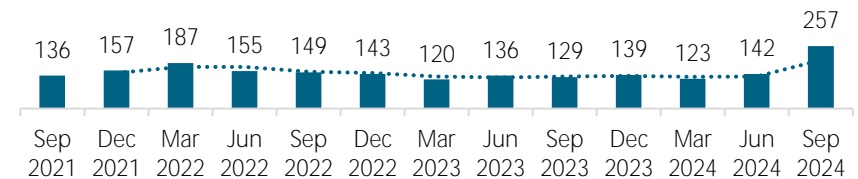
Number of claims finalised through Section 92(f) deeds<sup>1</sup>

Current	% change over		
	2 years	1 year	6 months
643	-11.9%	-20.9%	-19.8%



Number of claims finalised through Redemptions

Current	% change over		
	2 years	1 year	6 months
257	72.5%	99.2%	108.9%



## Claim cost

Payments are adjusted for inflation to allow meaningful comparisons over time.

## Election registered

A Common law election to retain the right to seek damages. A worker may elect to retain the right to seek an award of damages for a workplace injury caused by negligence committed by the employer.

## Finalised claims

Claims closed during a period (i.e. an initial finalisation date is recorded).

## **Lump sum – election registered**

Finalised claim recorded in the settlement database with an election registered.

## Lump sum - permanent impairment

Finalised claim which had no election registered but recorded as a Schedule 2 settlement under the previous Act (WCIMA) or permanent impairment under the new WCIMA23 in the settlement database.

## **Lump sum – general**

Includes Section 92(f) deed settlement, Redemption, Combined Redemption/Schedule 2 under the previous Act (WCIMA) or Redemption, Combined Redemption/permanent impairment under the new Act (WCIMA23) and claims with lump sum payment but not recorded in the settlement database.

## %p change over

Percentage point change measures the difference of two percentage values.

## Redemption

Redemption covers future payments including income compensation, medical and health expenses, workplace rehabilitation expenses, and miscellaneous expenses.

## Section 92(f) deed election application

Section 92(f) deeds registered following the lodgement of a "Form 34 Election to retain right to seek damages" under the WCIMA. The worker's injury cannot be deemed less than 15% whole person impairment for these types of settlements. Section 92(f) deed is no longer a settlement pathway under the new WCIMA23, effective 1 July 2024.

## Section 92(f) deed no election application

Section 92(f) deeds registered without the lodgement of a "Form 34 Election to retain right to seek damages" under the WCIMA. Section 92(f) deed is no longer a settlement pathway under the new WCIMA23, effective 1 July 2024.

## Permanent impairment settlement

Based on a fixed formula that measures the type and severity of the permanent injury or illness. Previously known as a Schedule 2 settlement under the WCIMA.

## WCIMA81

The *Workers' Compensation and Injury Management Act 1981* effective up to 30 June 2024.

## WCIMA23

The *Workers Compensation and Injury Management Act 2023* effective from 1 July 2024.