

Workers Compensation

Journey through alternate models – a people risk approach

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Businesses of Marsh McLennan



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2. Market Update
3. Premium Models
4. Partnership Approach
5. Workers' Compensation Journey
6. Take Away

Agenda

Track Record

Successful Example

Sydney Metro Council

- 36 month journey
- Marsh partnership in adopting a people risk approach
- Investment in implementing sophisticated injury management program



\$2m in premium savings for 2022/23 (70% reduction)

- Ongoing savings forecasted in 2023/24 and beyond
- Re-investment in people risk
 - Personal accident
 - Sophisticated safety & injury management system
 - Early triage provider

Through MMB's unique approach, we have the ability to provide Council's with strategic planning & implement practices resulting in an accurate representation of workers' compensation risk and resulting premium

Workers' Compensation

Market Update

Scheme Premiums

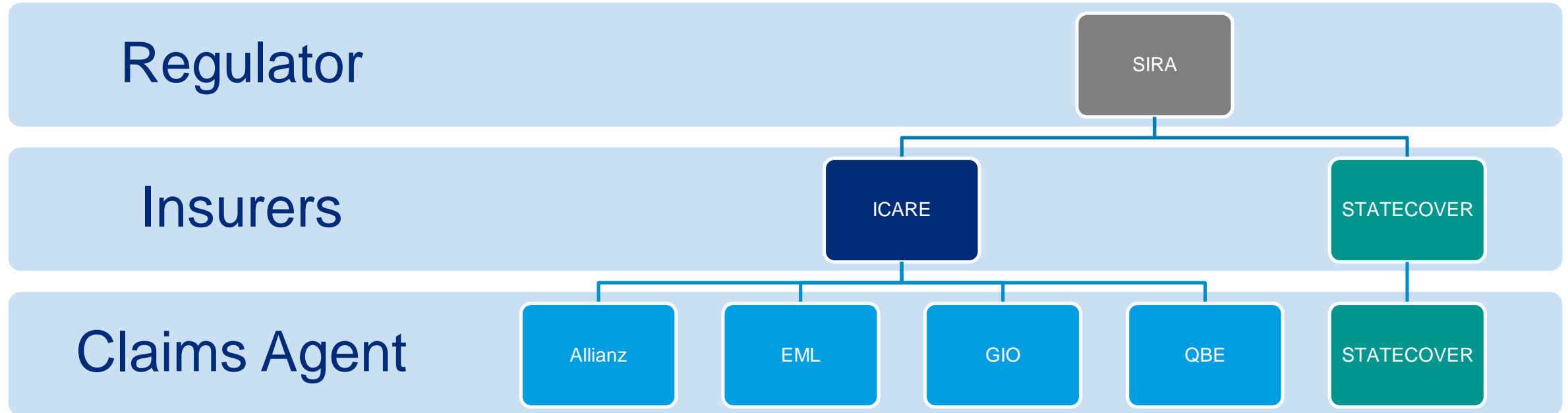
Insurer / Agent
Performance



Workers' Compensation scheme premium will get worse before it gets better

Market Choice

NSW Scheme



- Market choice within icare
- Increased agents from recent tender with DXC and GB entering across 2023 & 2024

Market Update

NSW

Icare

- Claims Agent Tender
 - DXC & GB entering (small employers)
- Rate's increase 8%
- Increase in employers taking on additional risk
 - Alternate models (LPR)
 - Self-Insurance
- Covid claims excluded from premiums

StateCover

- Maintained rates
- Premiums could decrease on like for like for 2023/24
- Performance driven
- Covid claims included within premiums

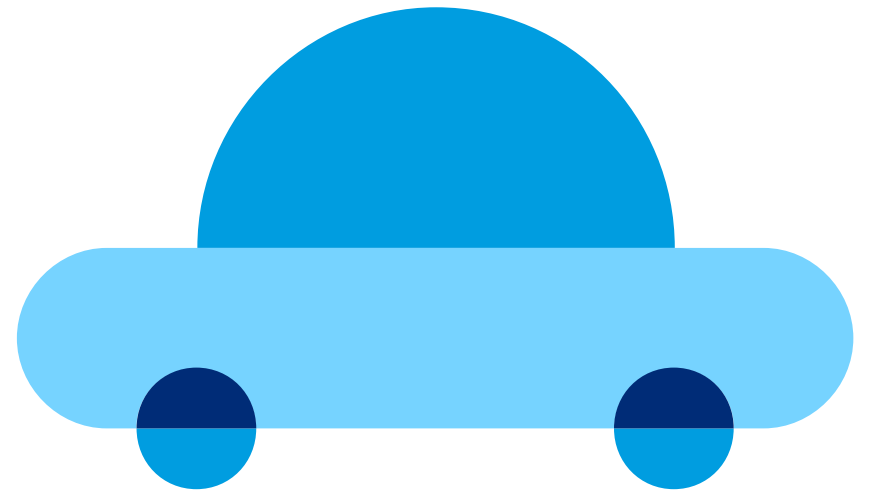


Premium Model

Conventional

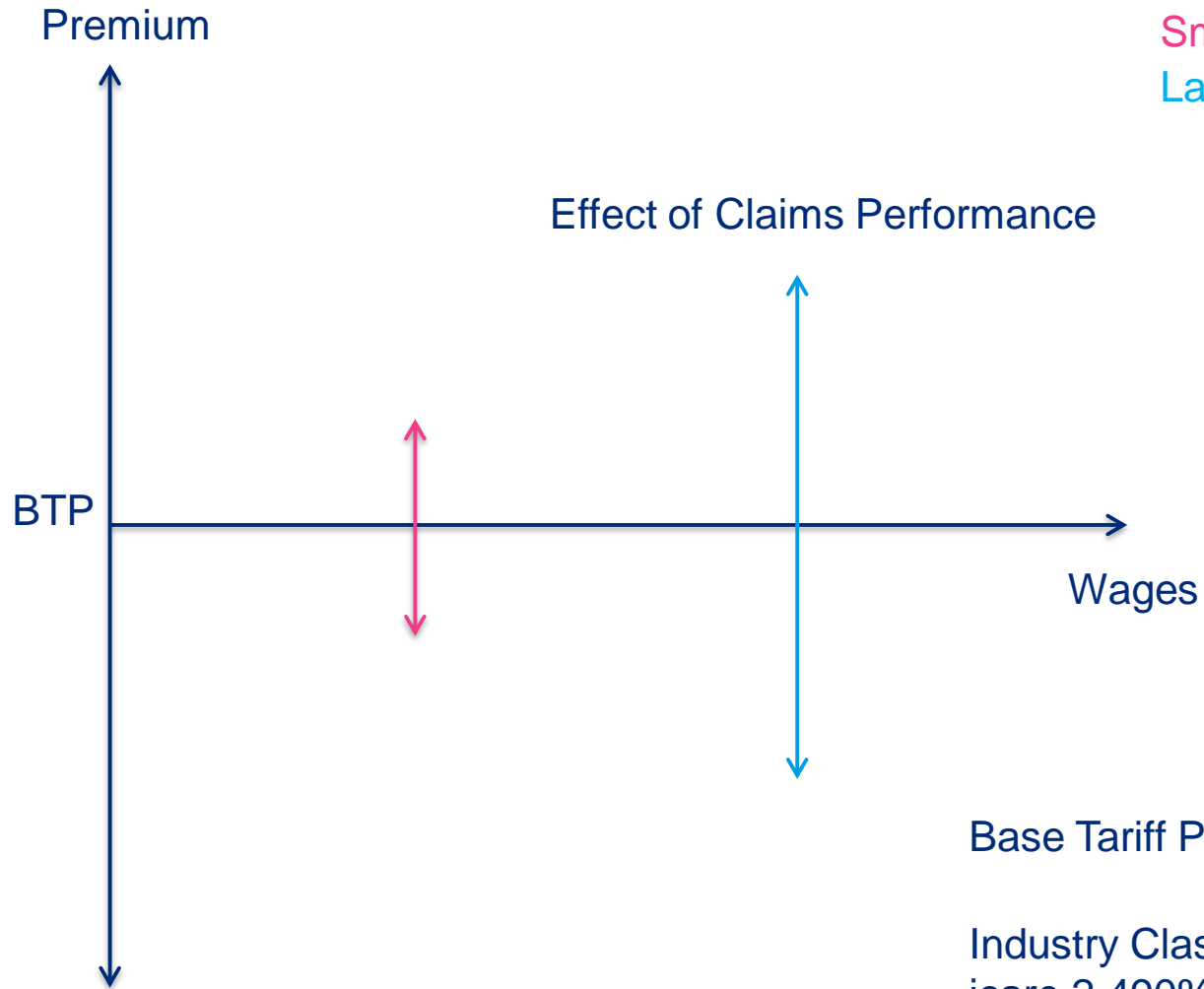
Key Drivers

- Three immediately preceding years of claims costs retrospectively impact on the forthcoming policy period
- Renewal premium is set at this level and only adjusts as expiry of the policy period for fluctuations in wages
- Premium for policy period is transacted in full with no rebates, incentives for good performance



Premium Model

Conventional



Smaller Corporation
Larger Corporation



Base Tariff Premium (BTP) = Wages x Industry Rate

Industry Classification - Local Gov Admin
icare 2.490%
StateCover 2.370%

Alternate Models

Burner / LPR

LPR – Loss Prevention & Recovery

- Begins with a deposit premium being paid at the commencement of the policy period which is based on estimated wages and industry rate
- Premium is adjusted annually depending on claims incurred in the policy term and if they exceed the initial deposit premium then an adjustment/penalty is payable
- Final premium payable at 48 months



NSW Premium Overview

High Level Summary

Items	Conventional	Burner	Self-Insurance
States	All	All except VIC	All
Client Size	Small – Large	Medium – Large	Large – XLarge
Premium	Formula	Closer aligned to claims performance	No Premium (Re-insurance only)
Claims Exposure	3 years	Each policy period	Client pays for claims
Claims Capping (NSW)	\$150K	\$350K or \$500K	Selected retention limit (\$500K - \$3M)

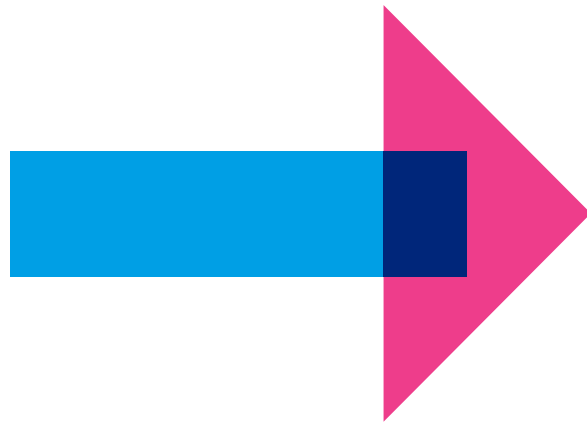
Partnership Approach

Council, Marsh & Insurers/Claims Agents (Third Parties)

Council

Multi Contact Points

Insurer / Claims Agent



Improve Council's
Workplace Injury Risk
Profile

 MercerMarsh
Benefits

Risk Advisor

 Recovre

Third Party Supporters

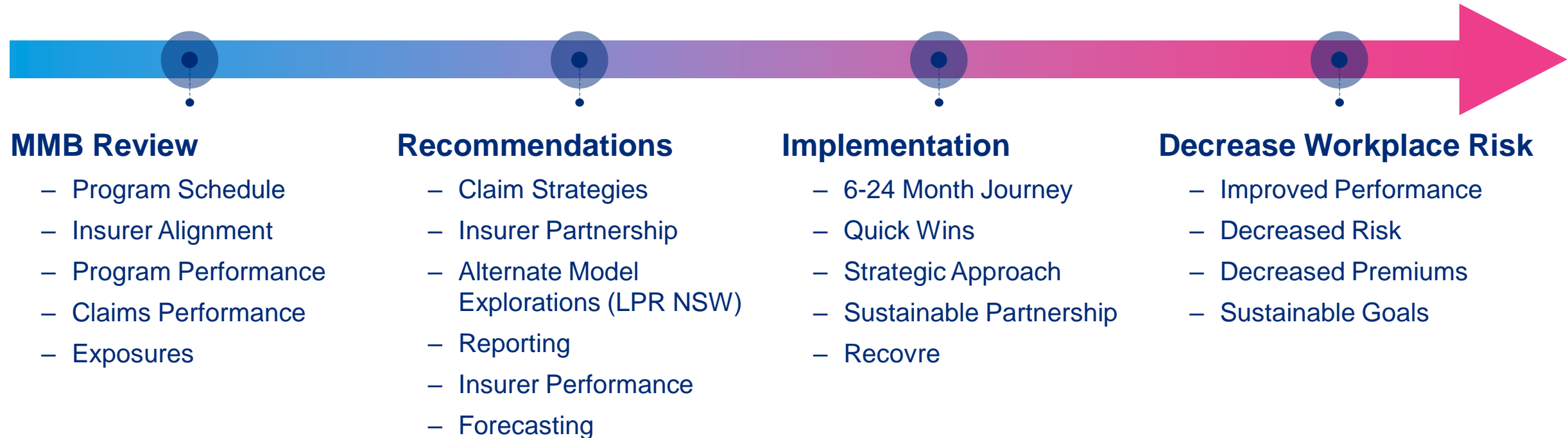
Same
Goal

Same
Direction

Workers' Compensation Journey

Structured & Sophisticated Approach

After Initial Engagement



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Questions?



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