



Insurance Commission
of Western Australia

Annual Report 2023

WELCOME TO THE 2023 ANNUAL REPORT

The Insurance Commission's goal is to deliver efficient and equitable insurance services to WA motorists and Government authorities.

Our values are to:

- embrace change and continuous improvement;
- collaborate to deliver the best possible outcome;
- respond to feedback, communicating early and clearly; and
- drive efficient processes.

This report and previous reports can be found on the Insurance Commission's website icwa.wa.gov.au

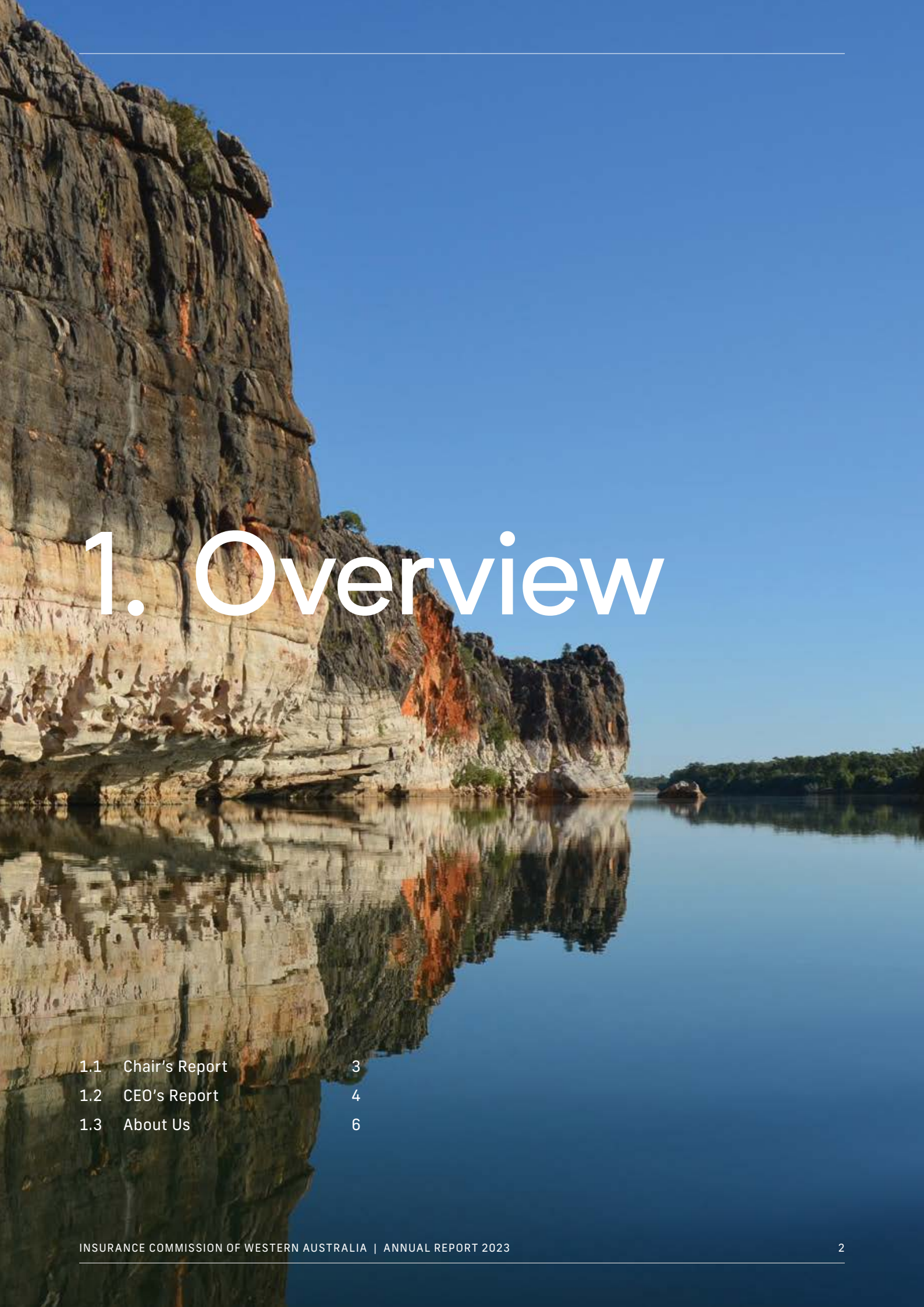
On request this report can be made available in alternative formats.

The year ended 30 June 2023 is referred to as 2023. Similar terminology is used to refer to other years mentioned.

The Insurance Commission of Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

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1. Overview

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1.1 Chair's Report

In this, my first report as Board Chair, I can report that the last Financial Year has been a successful one for the Insurance Commission.



Rob Bransby
Board Chair

In the 2022-23 year the Insurance Commission has supported thousands of injured Western Australians, delivering millions of dollars' worth of treatment to aid recovery from the relevant injury. Over 100 government agencies have also been assisted to carry out Government functions in the knowledge that the agencies and their people are covered by insurance for workers, property and liability.

The Insurance Commission continues to support the Western Australian community through sponsorship of medical research and community sport. This year, through the Belt Up road safety campaign, over \$1.5 million was allocated across six sports codes, providing equipment and funding to community sports clubs state-wide. We also sponsored research into innovations to improve the lives of people injured at work or in a vehicle crash. The Insurance Commission has funded studies by Brightwater to assist care for catastrophically injured people, whiplash investigations by the Australian Physiotherapy Association and blue light therapy led by the Neurotrauma Research Program have all been supported, with the aim to implement more effective treatment for injured parties covered by our insurance schemes.

Like many organisations, the Insurance Commission has invested in building its workforce over the last year.

The tight employment market has been challenging, however the Insurance Commission now has more staff to assist deliver our services than pre-pandemic.

You will note in this year's Annual Report that it is the people at the Insurance Commission who make the difference. I personally thank them all for their continued efforts to bring efficient and considered services to Western Australians covered by our insurance products.

The Western Australian Treasurer has responsibility for the Insurance Commission. We look forward to working with our new Treasurer, Hon. Rita Saffioti MLA, to ensure the State's insurance needs are met and we deliver strong and sustainable services and finances.

I will close by wishing the outgoing Board Chair Frank Cooper AO my very best for all his future endeavours. Since starting in my role as Chair in early 2023 I have enjoyed the continued support of my colleagues on the Board and members of the Executive Committee. I extend my thanks to them for sharing their expertise and welcome their collegiate approach and efforts to improve the services we deliver.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rob Bransby', written in a cursive style.

Rob Bransby
Chair

1.2 CEO's Report

I am pleased to share our 2023 Annual Report with our shareholder, the Western Australian Government, and the wider community of customers and stakeholders.



Rod Whithear
Chief Executive

The Insurance Commission has recorded a profit for the 2023 year of \$681 million before tax. This healthy profit has primarily been driven by the performance of our investment funds.

The other major contributor to our results is the effect of increasing interest rates lifting the discount rate used to calculate our outstanding liabilities. This had a material effect, particularly for the longer tail insurance classes.

The Insurance Commission generated \$2 billion in revenue and earnings in 2023. Over 40,000 new insurance claims were received during the year. The total value of claims is \$5.5 billion.

The 2023 year results show a return of 8.24% for the Main Fund and 8.23% for the Motor Vehicle (Catastrophic Injuries) Fund. Investment income (net of investment expenses) was over \$503 million. After the 2022 loss of 3.5% in our main investment fund, this is a welcome outcome.

The total value of investments and other assets held by the Insurance Commission has grown back to \$7.5 billion in 2023.

This year the Insurance Commission has paid dividends and recommended fund transfers of \$264.7 million and contributed \$103.8 million in insurance duty and \$137.8 million in tax equivalent payments to the Government.

As a result of the 2023 performance the Insurance Commission will contribute \$506.3 million to our sole shareholder, the Government of Western Australia.

In 2023, we saw an increase in new claims across almost all insurance types. This was prominent in the motor injury insurance scheme where new claims rose by 10% while there were 5% fewer reported crashes in Western Australia in the same period.

Western Australians are being targeted by claims 'harvesting', or 'farming' practices. This can involve personal details of an individual involved in a crash being sold on to a third party. We have had reports that third parties will impersonate Insurance Commission staff to encourage individuals to make a claim, with suggestions of lucrative compensation. We are aware of individuals being worse off after making a claim as a result of the fees charged to the individual.

1. OVERVIEW

In 2023, approximately 27% of new motor injury claims were identified as probable harvested claims. That is calculated to cost each person purchasing motor injury insurance \$15 per vehicle. Harvesting practices in Western Australia have risen year-on-year after legislation was introduced in other parts of Australia forbidding those practices.

The Western Australian Government announced in 2023 that it plans to introduce legislation following that implemented in other Australian jurisdictions.

Work to modernise the Insurance Commission continued in 2023. Our Digital Claiming Card was issued to all personal injury claimants to facilitate payment for treatment by the Insurance Commission at the point of service.

The digital card and electronic payment channels implemented in recent years are providing convenient access to treatment for claimants, and faster payments to medical and allied service providers for approved treatments.

Our data analytics and injury coding work aims to deliver compensation for claimants that is consistent with the severity of injuries that may have been suffered in a car accident or during State Government work.

We are maintaining our focus on improvements to service delivery, facilitating more rapid access to treatment for claimants and reducing frictional costs where we can.

Rob Bransby was appointed Chair of the Insurance Commission Board in October 2022. Rob knows the Insurance Commission well after a number of years on the Board. This experience, combined with his leadership roles in several industries will help steer the Insurance Commission as we continue to improve the way we deliver our services.

I also acknowledge and thank Frank Cooper AO, our former Board Chair, for his unwavering commitment to the Insurance Commission and his wise counsel to assist navigate some very challenging circumstances over the past decade.

Sincerely,



Rod Whithear

As a result of the 2023 performance the Insurance Commission will contribute \$506.3 million to our sole shareholder, the Government of Western Australia.

1.3 About Us

The Insurance Commission of Western Australia is a Government Trading Enterprise and a statutory corporation owned by the Government of Western Australia.

Its enabling legislation is the *Insurance Commission of Western Australia Act 1986*.

The Insurance Commission administers the *Motor Vehicle (Third Party Insurance) Act 1943* and the *Motor Vehicle (Catastrophic Injuries) Act 2016*.

The responsible Minister is the Hon. Rita Saffioti MLA, Deputy Premier; Treasurer; Minister for Transport; Tourism.

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; and
- advising Government about insurance and liability matters.

The Insurance Commission manages and underwrites the following:

- Third Party Insurance Fund;
- Motor Vehicle (Catastrophic Injuries) Fund;
- Compensation (Industrial Diseases) Fund; and
- Insurance Commission General Fund.

The Insurance Commission also manages but does not underwrite the:

- RiskCover Fund;
- Government Insurance Fund;
- Employers' Indemnity Supplementation Fund (for WorkCover WA);
- Former Police Officers' Medical Benefit Scheme (for WA Police Force); and
- Indian Ocean Territories Motor Injury Insurance Scheme (for the Commonwealth).

1. OVERVIEW

1.3.1 BOARD OF COMMISSIONERS

The Insurance Commission's Board oversees the organisation's functions and responsibilities. The Chief Executive is responsible for the day-to-day management of the Insurance Commission.



L-R Emma Scotney, Rod Whithear, Alan Rees, Andrea Hall, Ben Morton, Rob Bransby (Chair), Julie Keene (Deputy Chair)

1.3.2 EXECUTIVE



L-R Bruce Meredith, Julie O'Neill, Glenn Myers, Janice Gardner, Fab Zanuttigh, Alison Wilson, Damon DeNooyer, Rod Whithear, Shanaeya Mehta



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2.1

Insurance Commission

2.1.1 PERFORMANCE HIGHLIGHTS

CLAIMS

40,712

TOTAL NEW CLAIMS

\$870.8m

TOTAL CLAIMS PAYMENTS (INCLUDES RISKCOVER)

KEY PERFORMANCE FIGURES EXCLUDING RISKCOVER

\$249m

Underwriting Profit

\$941m

Premium Revenue

\$681m

Profit before Tax

\$509m

Profit after Tax

\$7,532m

Total Assets

\$2,145m

Total Equity

139.8%

Solvency

8.2%

Investment Return

Assets held to reduce State Net Debt **\$4.8b**

CONTRIBUTION TO SHAREHOLDER

Insurance Duty

\$103.8m

Dividends and recommended transfers

\$264.7m

Tax paid

\$137.8m

Total contribution

\$506.3m

CUSTOMERS

3.2m

INSURED VEHICLES

1.9m

INSURED DRIVERS

135,732

GOVERNMENT EMPLOYEES COVERED

109

GOVERNMENT AGENCIES COVERED

\$66.6b

GOVERNMENT ASSETS COVERED

2. PERFORMANCE

HOW WE ARE MEASURED

The table below links the KPIs to the Insurance Commission's services and desired outcomes. The Office of the Auditor General audits the Insurance Commission's KPIs annually.

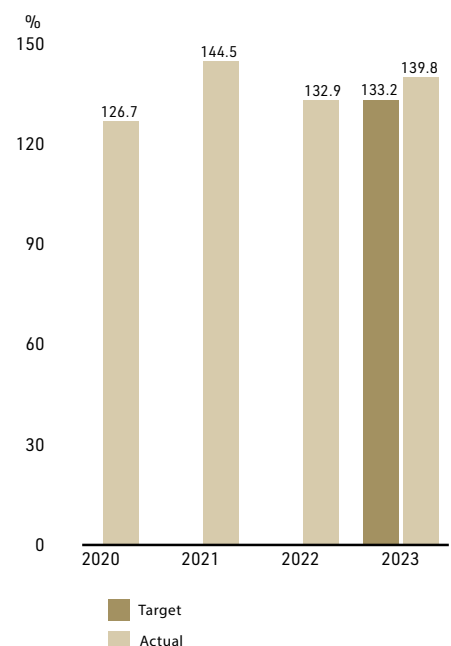
Services	Outcomes	KPIs
Investing and managing funds to provide assets to meet insurance liabilities.	Sustainable financial resources to meet our objectives.	Effectiveness measure Solvency Level (section 2.1.2) Investment Rolling seven year Return – Main Fund and MVCIF (section 2.4.3) Annual Investment Rate of Return – Main Fund and MVCIF (section 2.4.3) Efficiency measure Investment Management Expense Ratio – Main Fund and MVCIF (section 2.4.3)
Underwriting and management of motor injury insurance.	Fully funded Third Party Insurance Fund and Motor Vehicle (Catastrophic Injuries) Fund.	Effectiveness measure Solvency Ratio (section 2.2.3) Efficiency measure Net Loss Ratio (section 2.2.3) Net Expense Ratio (section 2.2.3) Net Combined Ratio (section 2.2.3)
	Provide efficient, timely and affordable motor injury insurance services that delivers care and compensation to claimants.	Effectiveness measure Affordability Index (section 2.2.3) Proportion of Claim Payments made for the Direct Benefit of Claimants (section 2.2.3) Timeliness of Liability Determination (section 2.2.3) Claimant Satisfaction (section 2.2.3) Efficiency measure Median Claim Duration (section 2.2.3) Claims Administration Costs as a Ratio of Gross Claims Paid (section 2.2.3)
Assessing and managing the risk and cost of claims made against the RiskCover Fund, the self – insurance arrangements for Government assets and employees.	Fully funded RiskCover Fund.	Effectiveness measure Solvency Level (section 2.3.3) Efficiency measure Net Loss Ratio (section 2.3.3) Net Expense Ratio (section 2.3.3) Net Combined Ratio (section 2.3.3)
	Provide efficient, timely and affordable insurance services that delivers care and/or compensation to RiskCover Fund agencies and claimants.	Effectiveness measure Affordability Index (section 2.3.3) Proportion of Claim Payments made for the Direct Benefit of Claimants (section 2.3.3) Timeliness of Liability Determination (section 2.3.3) Claimant Satisfaction (section 2.3.3) Efficiency measure Median Claim Duration (section 2.3.3) Claims Administration Costs as a Ratio of Gross Claims Paid (section 2.3.3)

SOLVENCY LEVEL (%)

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

Comment:

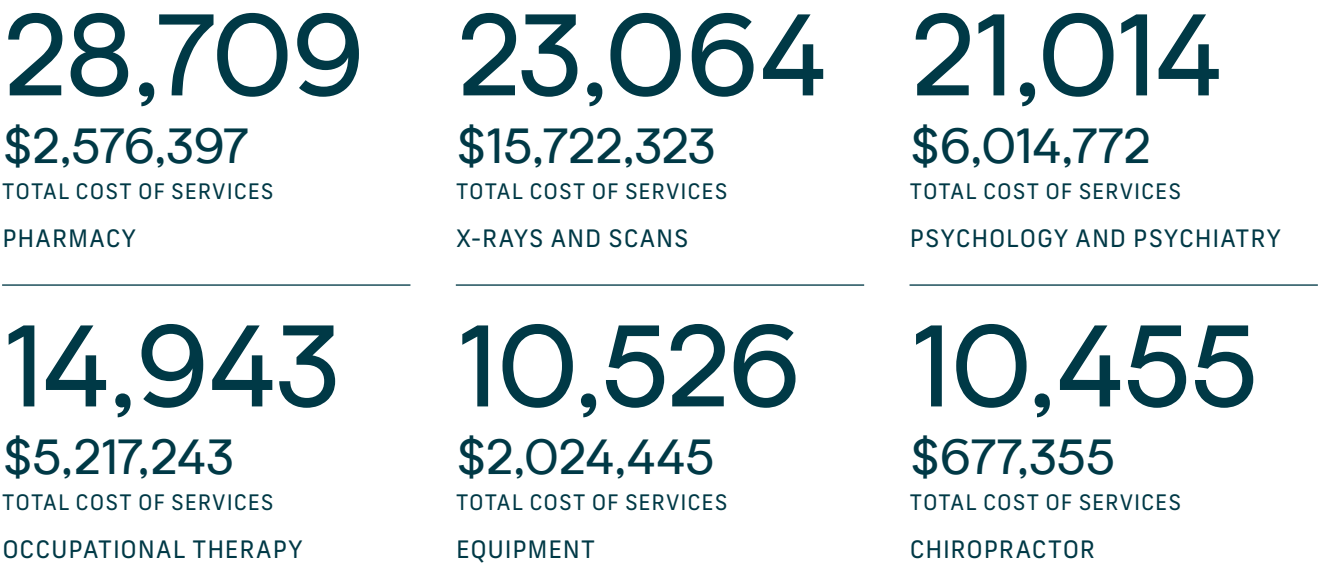
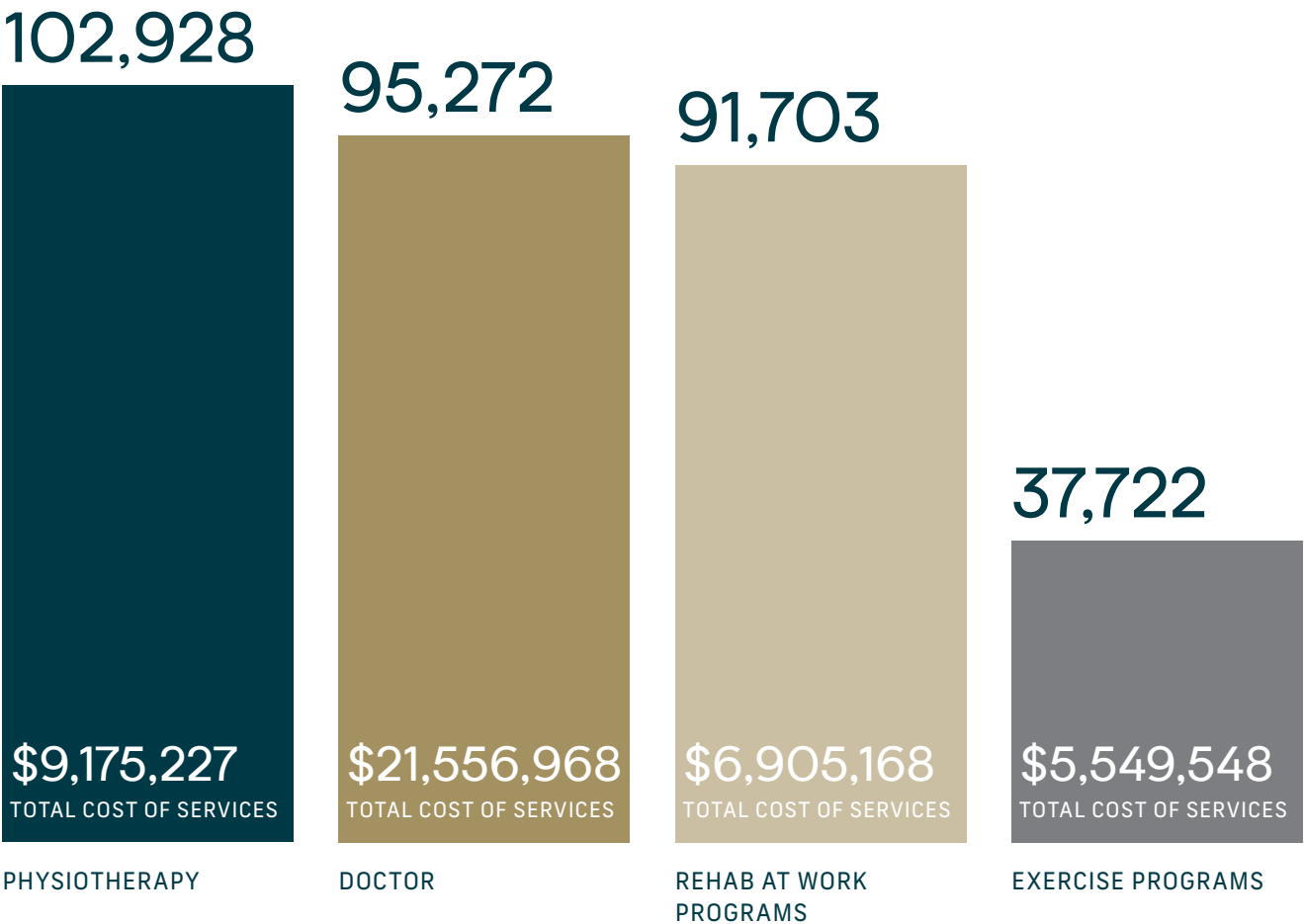
The solvency level of 139.8% is above the target of 133.2% for the financial year. The outcome was primarily the result of a sizeable net investment income and the strong underwriting performance of the motor injury insurance funds in 2023.



Top 10 personal injury services funded

(INCLUDES MOTOR INJURY AND WORKERS' COMPENSATION CLAIMANTS)

NUMBER OF SERVICES FUNDED



2.2

Motor Injury Insurance

The motor injury insurance (MII) policy provides Compulsory Third Party (CTP) and Catastrophic Injuries Support (CIS) insurance to all Western Australian vehicle owners and drivers.

CTP insurance covers owners and drivers of WA registered vehicles against their liability in the event they cause a crash that results in an injury to another person.

The CIS insurance provides lifetime treatment, care and support to all people catastrophically injured in a crash in WA who are unable to claim against another driver.

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

The insurance policy is issued at the same time as the motor vehicle licence by the Department of Transport (DoT).

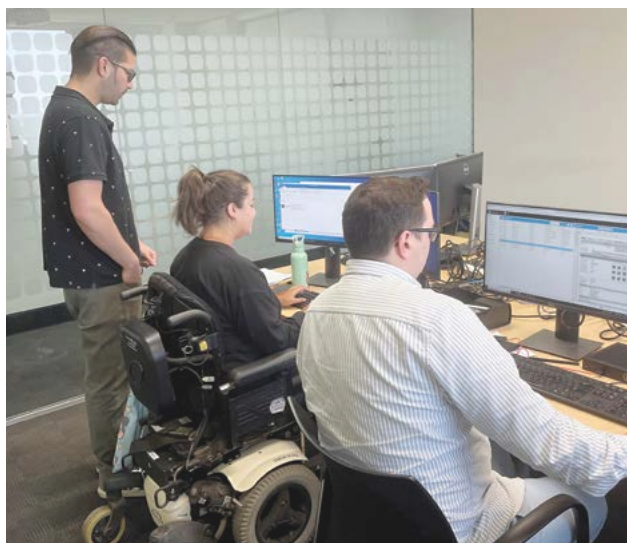
This provides Western Australian motorists with the convenience to licence/register their motor vehicles and procure motor injury insurance in one transaction.

At 30 June 2023, insurance policies had been issued for 3.2 million vehicles including trailers and caravans.

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

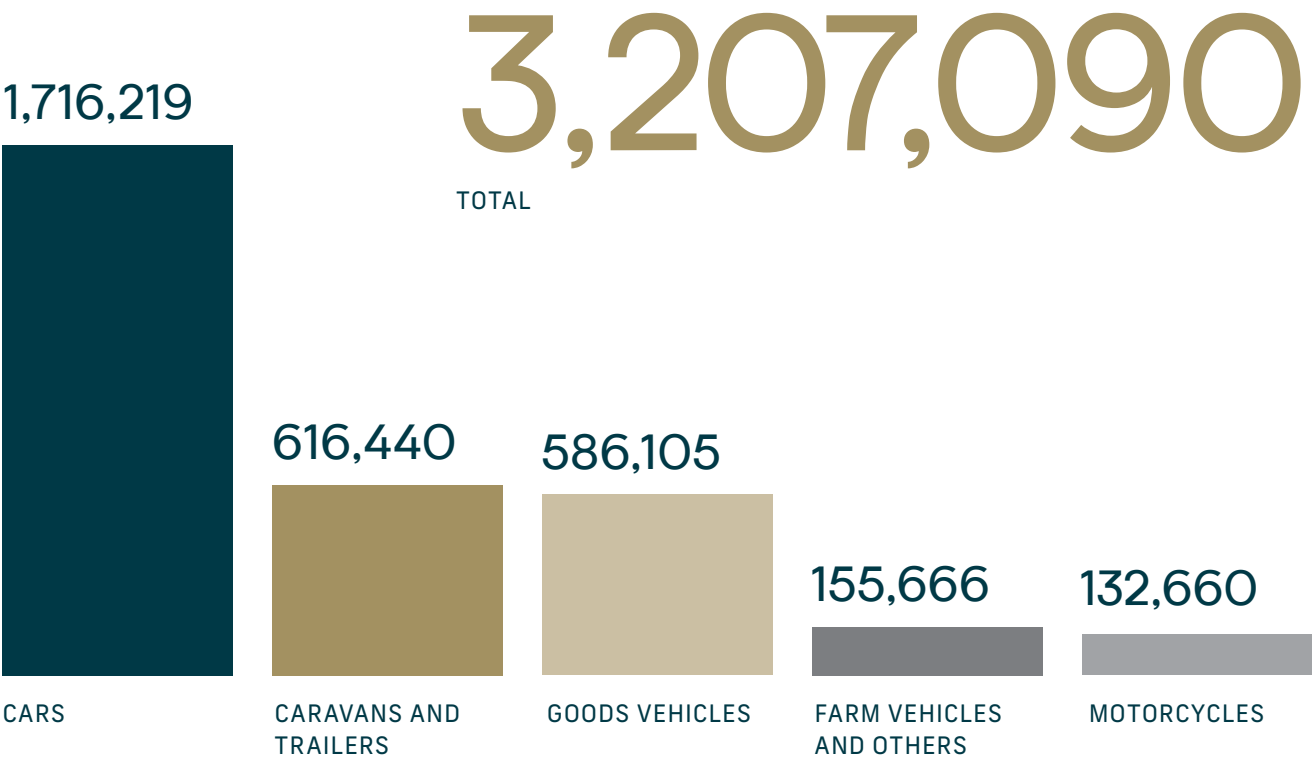
The Insurance Commission also delivers motor injury insurance to motorists in the Indian Ocean Territories, on behalf of the Commonwealth Government.

At 30 June 2023, insurance policies had been issued for 3.2 million vehicles including trailers and caravans.

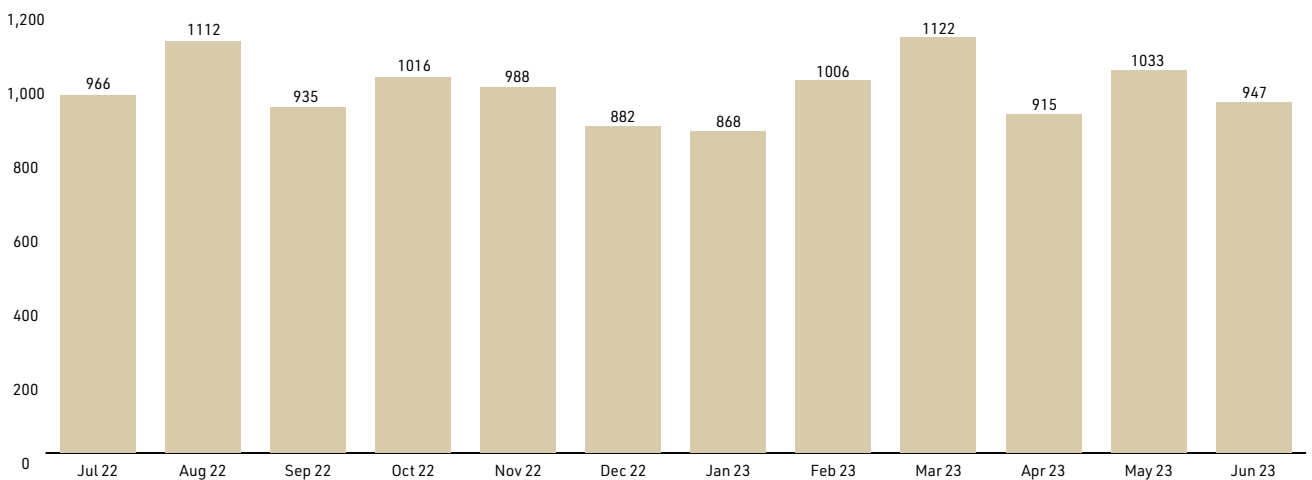


New staff completing Motor Injury Insurance induction training

Registered vehicles in Western Australia 2023



CRASHES WHERE AN INJURY WAS REPORTED IN WA IN 2023



2. PERFORMANCE

CTP INSURANCE

Any person injured due to the negligent driving of a WA registered vehicle by another person anywhere in Australia can make a claim against CTP insurance for the cost of:

- treatment, care and support; and
- compensation for:
 - past and future economic loss; and
 - pain and suffering.

People injured in 'hit and run' vehicle crashes can also claim against the CTP insurance and the Insurance Commission acts as the Nominal Defendant for those claims.

The Insurance Commission segments claims received based on the type of claim and the level of payment activity required. The result of this work is the categorisation of motor injury insurance claims into four groups:

- compensation claim;
- injury claim;
- emergency treatment claim; and
- administration only claim.

A compensation claim is where a claimant has sustained significant crash related injuries and is eligible to claim damages against the negligent driver. This category also includes potential compensation claims where no payments have been made.

A minor injury claim is where a claimant has a minor crash related injury caused by another driver and the Insurance Commission makes payment for treatment.

An emergency treatment claim is where the Insurance Commission makes a payment for emergency ambulance transport, emergency treatment or hospital bed days.

An administration only claim is where the Insurance Commission incurs investigation costs, or where treatment has been approved but no payments for treatment have been made.

The more granular segmentation of CTP claims in this way better focuses the Insurance Commission's attention on claimants where actual claims payment activity is occurring.

Compensation claims	3,368
Claim notifications	640
Injury claims	4,512
Emergency treatment claims	4,710
Administration only claims	2,782
Total	16,012

CIS INSURANCE

A person catastrophically injured in any vehicle crash who either caused the crash or is unable to find another person who caused the crash, can make a claim under the CIS insurance for the cost of their lifetime treatment, care and support.

Catastrophic injuries are defined as spinal cord injuries, traumatic brain injuries, multiple amputations, severe burns and permanent traumatic blindness.

2.2.1 WHAT WE DELIVERED

The Insurance Commission received \$940.9 million in motor injury insurance premium revenue in 2023 from owners of 3.2 million insured vehicles.

This was \$49.8 million higher than the \$891.1 million collected in 2022, driven by continued growth in the number of registered vehicles.

The Insurance Commission made \$511.5 million in claims payments in 2023 to people injured in vehicle crashes, and expects to make a further \$3.3 billion approximately in payments in future years for claims incurred in this and prior years.

Claims payments for the year were \$21.3 million higher than the \$490.2 million paid in 2022.

During the 2023 financial year, the Insurance Commission:

- received 4,008 new CTP compensation claims (including claim notifications);
- closed 4,121 compensation claims (an increase of 10% on the 3,757 claims closed in 2022); and
- finalised 31 large loss claims at an average cost of \$4.4 million (2022 – finalised 26 large loss claims at an average cost of \$4.0 million), including settlement of one claim for \$22.9 million.

During 2023 the Insurance Commission received 26 new CIS scheme claims, six of these related to crashes that occurred in the previous financial year (2022).

At 30 June 2023 7,363 compensation claims remained outstanding compared to 7,471 at 30 June 2022, a reduction of 108 claims.

CTP INSURANCE

The Third Party Insurance Fund (TPIF) recorded an underwriting profit of \$78.9 million for 2023 compared to an underwriting profit of \$195.2 million in 2022. The 2023 underwriting result is largely driven by increases in the risk free discount rate (Government bonds), offset by smaller increases in inflation, claims closures in line with budget and a lower number of outstanding open claims at year end compared to 2022 (-108).

The TPIF recorded an operating profit before tax of \$393.5 million which is \$316.1 million higher than the result achieved in 2022, reflecting a strong investments performance.

CLAIMS HARVESTING

Approximately 27% of compensation claims received in the 2023 financial year are believed to result from claims harvesting or farming activity. Claims harvesting is where people involved in a motor vehicle accident are induced or encouraged to make a claim.

2. PERFORMANCE

If not addressed, these practices have the potential to negatively impact the viability of WA's CTP scheme in the medium to long term. The State Government has committed to introducing legislation to address claims harvesting practices.

CTP HISTORIC UNDERWRITING PERFORMANCE

The chart below shows historic CTP underwriting performance. The 2023 underwriting profit was the eighth time the scheme has delivered a profit in the past 20 years.

CIS INSURANCE

The Motor Vehicle (Catastrophic Injuries) Fund (MVCIF) recorded an underwriting profit of \$145.4 million for 2023, compared to a 2022 underwriting profit of \$64.2 million. The outcome was primarily driven by the number of new participants entering the scheme being lower than expected, the average age of new participants being slightly older than projections and the average severity of new traumatic brain injuries being less severe than expected. These factors were offset by higher than expected increases in hospital costs and attendant care rates.

The outcome also reflects material improvements in discount rates (based on Government bonds) partially offset by increases in inflation used by the actuary to develop future claims estimates.

The underwriting profit, combined with investment income of \$101.4 million, resulted in the fund recording an operating profit before tax of \$242.1 million for the financial year.

The recorded cost of CIS claims was \$893.1 million in 2023. This includes provisions of \$874.1 million that the Insurance Commission expects to pay for scheme participants in future years.

There were 26 new participants that entered the CIS scheme in 2023.

Since the CIS scheme commenced on 1 July 2016, 305 people have been catastrophically injured in vehicle crashes and were eligible for treatment, care and support via either the CIS or CTP schemes. Currently, there are 215 people, in total, across both schemes.

Of the total 305 people catastrophically injured, 180 people have been accepted as participants in the CIS scheme since inception.

Of these, 35 people have now exited the scheme as their injuries improved to no longer be classified as catastrophic.

Tragically, six participants have passed away due to their crash related injuries.

At 30 June 2023, there were 139 active participants in the scheme.

Of the current participants, 70 are interim (less than two years in the scheme) and 48 lifetime. An additional 21 current participants are suspended, mainly due to being out of Australia where cover does not apply.

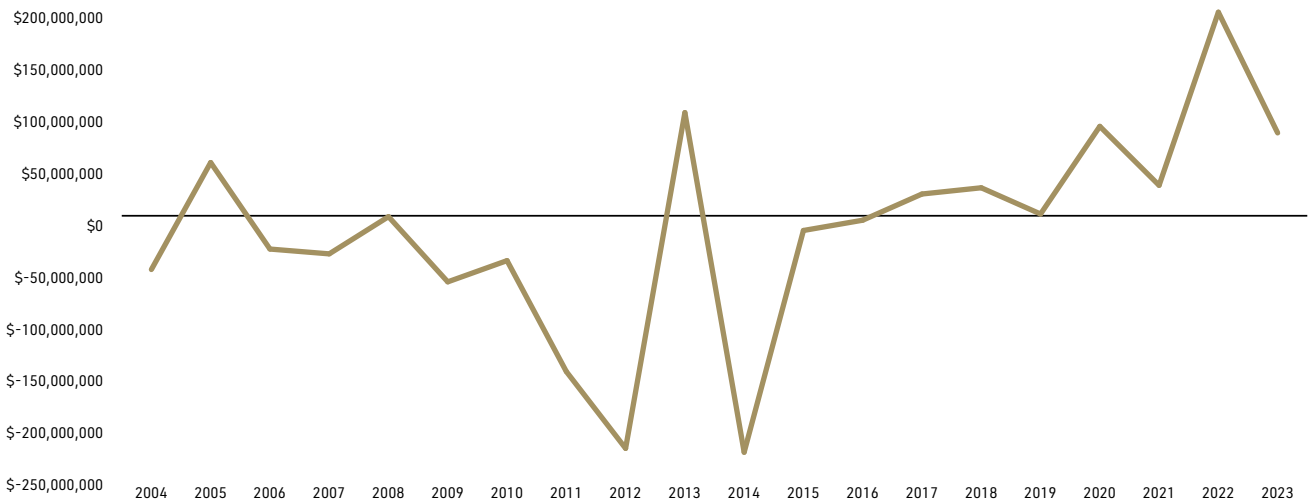
The CIS Scheme has now been operational for seven years, and we have a clearer understanding of the participant demographic.

Of the five key injury criteria for entry into the CIS scheme, 75% of participants enter the scheme under the Traumatic Brain Injury (TBI) criteria.

With this in mind, the CIS scheme staff have commenced exploring effective partnerships with key WA service stakeholders across all sectors.

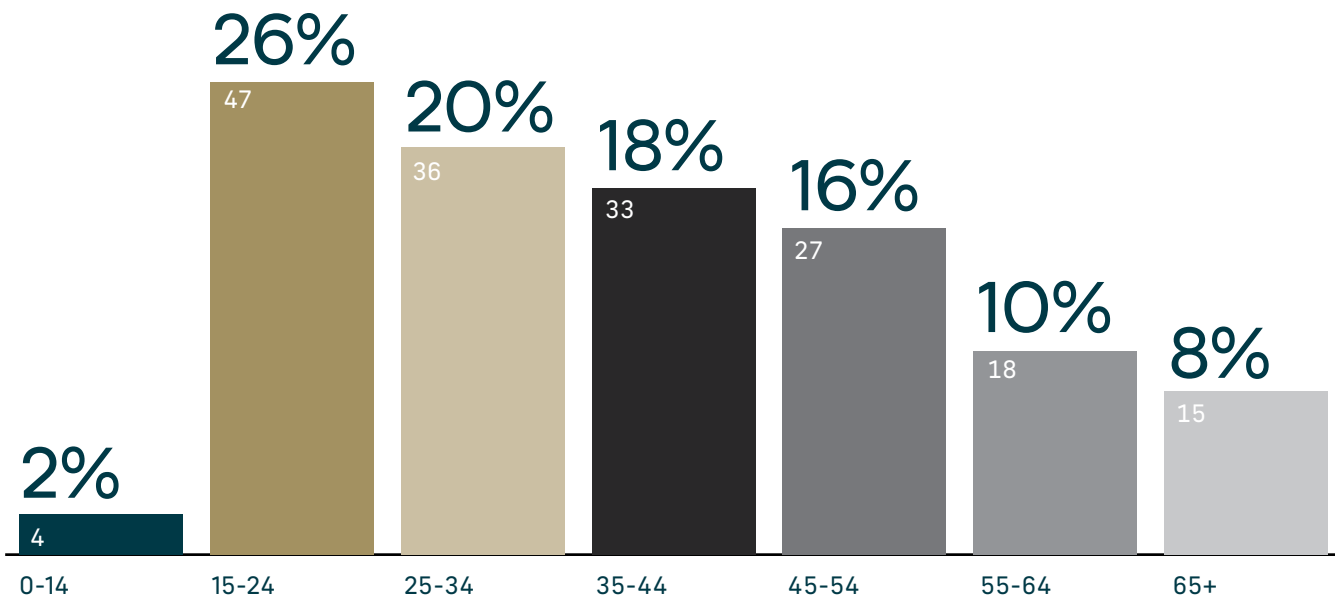
Collaborations with external stakeholders, such as the WA State Head Injury Unit, Synapse, and Neurological Council of WA will assist in refining effective care pathways to ensure our clients have access to the best quality treatment, care and support outcomes in the State.

CTP HISTORIC UNDERWRITING PERFORMANCE



Catastrophic Claims

AGE PROFILE



INJURY TYPE

73%

AQUIRED BRAIN INJURY

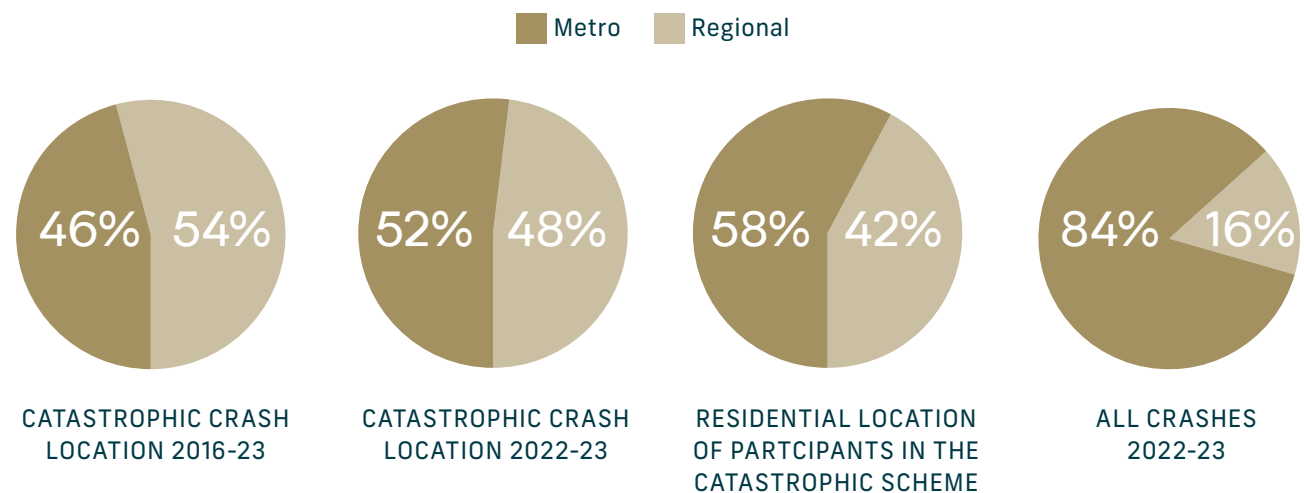
23%

SPINAL INJURY

4%

LIMB AMPUTATION

LOCATION



CASE STUDY

Reunited with family

Henry boards his medi-flight to reunite with family



Henry* is a young man who, in October 2019, was involved in a motor vehicle accident. Henry was independent and active prior to his catastrophic injury with high hopes and ambitions for a bright future.

*Name changed for privacy.

Henry sustained a severe traumatic brain injury, he has altered levels of alertness, frequent seizures and limited ability to communicate, gesturing with simple hand movements and eye movements. In addition to the traumatic brain injuries sustained, Henry had extensive spinal fractures of the neck, spine, ribs and left hand.

Following four months in hospital, Henry moved into supported accommodation, where he received full time treatment care and support, including tracheotomy care and total assistance with feeding via a PEG tube.

Henry was supported by his extended family in Perth, however Henry together with his family and guardian expressed a desire for him to return home, to be with his Grandfather and Aunty.

Transitioning Henry, with such high intensity care needs, almost 4000km from Perth to Orange (NSW) was complex. Henry's care coordinator worked tirelessly over many months to make this happen, including a medically staffed and equipped plane and careful scheduling.

The care coordinator worked closely with Henry and his family as well as third party service providers to overcome challenges for this complex transition.

This case is one example of the dedication and care taken by Insurance Commission staff. The Care Coordinators in the Catastrophic Injury team are qualified health professionals from diverse disciplines including occupational therapy, physiotherapy and speech therapy. This expertise balanced with insurance knowledge is applied to each case to deliver client focused outcomes.

2. PERFORMANCE

As part of our strategy for continuous improvement, staff are provided targeted education and development on TBI.

Staff have access to Massive Online Open Modules (MOOC's), made available through tertiary university education services. This assists us to achieve the objective of supporting care service coordinators and claims officers by facilitating an increase of knowledge and understanding of this topic. Improved staff knowledge will in turn support effective management and coordination of services for this cohort of clients.

MOTERING COSTS

The graph below compares WA's 1 July 2023 premium rate for a family car to premium rates for equivalent motor injury insurance in other states and territories. This graph also presents the affordability, expressed as a proportion of one week's average wages in each state and territory.

The price of motor injury insurance is set to balance product affordability, cover and scheme sustainability.

It is critical that sufficient revenue is collected to meet the current and future costs of claims for people injured in vehicle crashes.

Motor injury insurance premiums in WA remain affordable at \$479 for a family vehicle, which compares favourably to premiums that range up to \$607 for motor vehicle owners in other parts of Australia.

COSTS

The total liability for motor injury insurance claims to the Insurance Commission at the end of 2023 was \$3.8 billion. That includes \$511.5 million in claims payments during the year and provisions for anticipated future payments of \$3.3 billion.

Ninety-four per cent of claims costs in 2023 were for the direct benefit of claimants. The remainder reflect the Insurance Commission's claims management expenses.

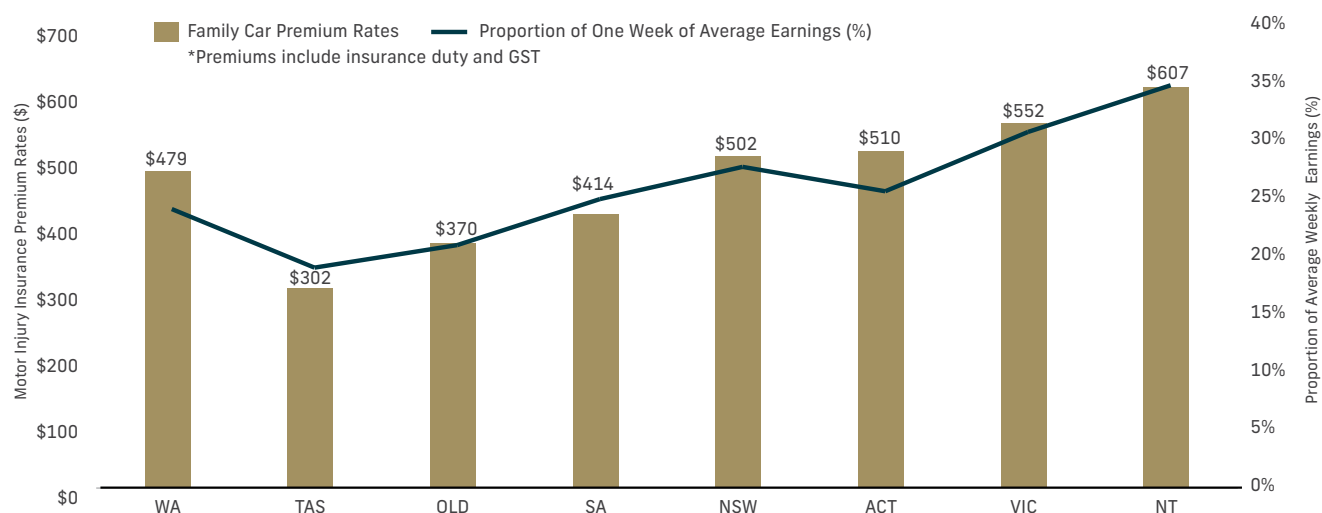
Thirty-eight per cent (\$193.7 million) of payments in 2023 were made to individuals for future care needs and service providers for hospital, medical, rehabilitation and equipment costs.

Forty-one per cent (\$211.7 million) of payments in 2023 were made to claimants to compensate them for time off work and for pain and suffering.

Of the estimated future payments, 50.1% (\$1.6 billion) is for care and rehabilitation expected to be provided for claimants in future years. The table below displays the breakdown of payments made and estimated future payments by major cost category at 30 June 2023.

	Payments	Outstanding Estimates	Total
HEALTH			
Care	\$86.6m	\$1,642.5m	\$1,729.1m
Hospital	\$51.6m	\$14.9m	\$66.5m
Medical and Equipment	\$55.5m	\$113.1m	\$168.6m
COMPENSATION			
Economic Loss	\$114.6m	\$469.4m	\$584.0m
Pain and Suffering	\$97.1m	\$447.0m	\$544.1m
OTHER	\$106.1m	\$592.1m	\$698.2m
TOTAL	\$511.5m	\$3,279m	\$3,790.5m

MOTOR INJURY INSURANCE PREMIUM OF ONE WEEK OF AVERAGE EARNINGS, BY JURISDICTION, 1 JULY 2023



Vulnerable road users

TOTAL PAID TO VULNERABLE ROAD USERS

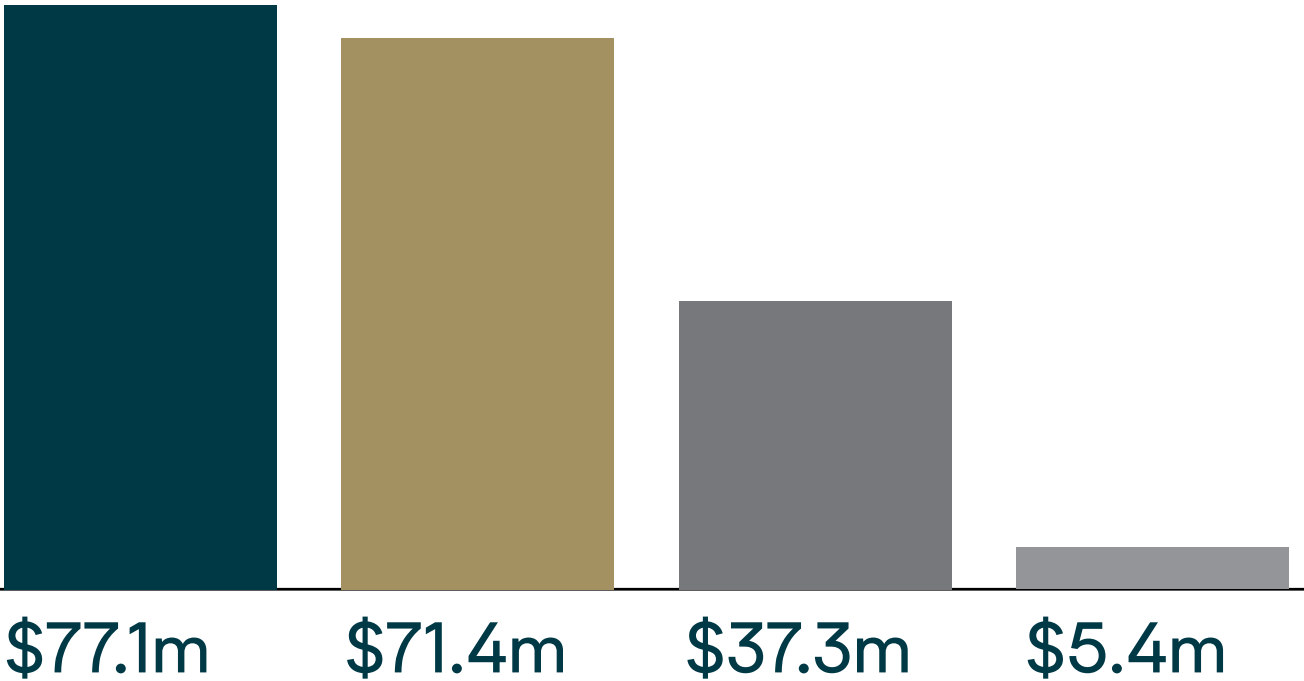
\$191,196,967

MOTORCYCLISTS

PEDESTRIANS

CYCLISTS

PILLION PASSENGERS



TOTAL PAID FOR HIT AND RUN CLAIMS

\$2.6m

2. PERFORMANCE

VULNERABLE CLAIMS

The graphic on the previous page shows vulnerable people (motorcyclists, pillion passengers, pedestrians and cyclists) represented 37% of total claims payments in 2023 despite only representing 15% of total claims.

The other 63% of claims payments were made to drivers and passengers injured in crashes. As drivers and passengers have seatbelts and are generally more protected by the vehicle body in a crash, it is understandable that their injuries are often not as severe as those sustained by vulnerable road users.

CRASH REPORTING

The Insurance Commission received 43,457 crash reports during the year, which was slightly lower than the number reported in 2022 (45,664).

Most of these reports did not relate to an injury, reporting property damage only. Approximately 31 crashes occur each day on WA roads.

Crash rates on weekends are lower as fewer vehicles are on the road as schools and many businesses are closed.

BRINGING THE INSURANCE COMMISSION TO THE REGIONS

The Insurance Commission continued its commitment to visit rural areas of Western Australia to negotiate settlement of claims for injured claimants who have limited access to treatment and services. Some of the conferences were conducted on the roadside, near remote communities, to bring the touring party closer to the claimants in these remote locations.

A visit to the Kimberley region in November 2022 saw us travelling to Kununurra, Halls Creek, Broome, Fitzroy Crossing and Derby where over 50 claims were discussed. We returned to Broome for three days in April 2023 where a local bus stop was our meeting point to discuss 14 claims.

July 2023 saw our annual trip to the Goldfields, visiting approximately 20 claimants in Kalgoorlie, Warburton and the remote community of Warakurna.

These regional Conference trips bring the Insurance Commission's services to claimants in remote regions of Western Australia, giving us the opportunity to speak directly with the claimants.



Locations of claims conferences in remote parts of WA. Clockwise from left: Car bonnet meeting near Nookenhah; Roadside meeting at Wijilawarrim; flight over Lake Argyle

CASE STUDY

Early assistance to people injured in a crash

The Insurance Commission has an Injury Claims team dedicated to early claim support for people injured in a crash. The Injury Claims team is the front line of customer service, offering guidance through the early stages of reporting an accident and making a claim for injury treatment.

The team seeks to efficiently determine who is at fault in a crash by gathering information from a range of sources which may include crash reports, witness statements and police reports. For not-at-fault parties, the team provide early access to rehabilitative treatment which can include hospital services, x-ray, GP visits and allied health services.

The team was formed in recognition of improvement opportunities to provide a faster, more consistent experience when initially communicating with the Insurance Commission.

By focusing on only new claims, response times to newly reported crashes has decreased, providing contact and guidance to claimants at a vulnerable time.

It has also resulted in granting 62% of claimants' pre-approved treatment within five business days of reporting their crash, a significant improvement from the previous 16%.

The longer term goal of the team is to proactively establish relationships with customers. To achieve this, recruitment criteria focused on customer service skills and ongoing coaching for team members has been strengthened. This, in addition to the workload improvement achievements, has improved communication with customers.

The benefits of improved services achieved by the Injury Claims team are fed back through customer surveys conducted twice a year independently of the Insurance Commission. The latest survey, completed in June 2023, reported improved customer satisfaction in being kept up-to-date, the information they were provided and their access to treatment. These outcomes continue to support the Insurance Commission's aim to provide high quality and efficient motor injury insurance for WA motorists through driving efficient processes, being open to change and be responsive to our customers.



The Insurance Commission's 26 year road safety campaign, Belt Up, provides over \$1 million a year in sponsorship and equipment to community sports

2. PERFORMANCE

2.2.3 HOW WE ARE MEASURED

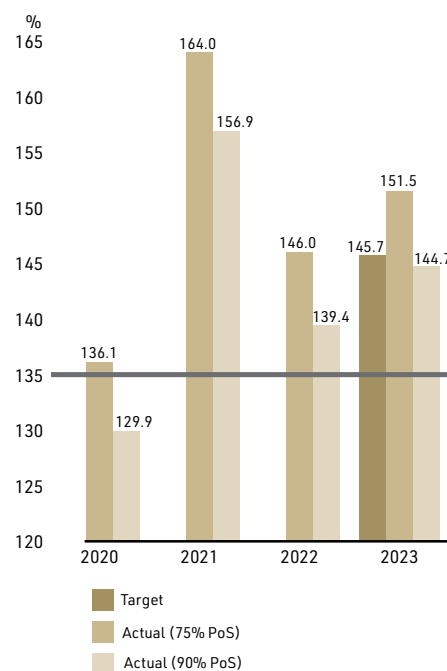
Solvency Level (%) – TPIF

This KPI calculates Total Assets as a percentage of Total Liabilities in the Third Party Insurance Fund (TPIF). This KPI measures the ability of the TPIF to meet its long-term financial obligations as they fall due. The Insurance Commission has a long-term objective to achieve and maintain a solvency level of not less than 125% with a target of 135% for the TPIF.

TPIF outstanding claims liabilities are calculated based on a 75% Probability of Sufficiency (PoS). The PoS takes into account potential uncertainties relating to various actuarial assumptions and statistical modelling techniques.

Comment:

The solvency level of 151.5%, based on claims provisions estimated at 75% PoS is above the annual target of 145.7%. The healthy solvency position reflects the Fund's strong investment and underwriting performances in 2023. Increasing the PoS of the outstanding claims provisions in the TPIF to 90%, would reduce the solvency level to 144.7%.

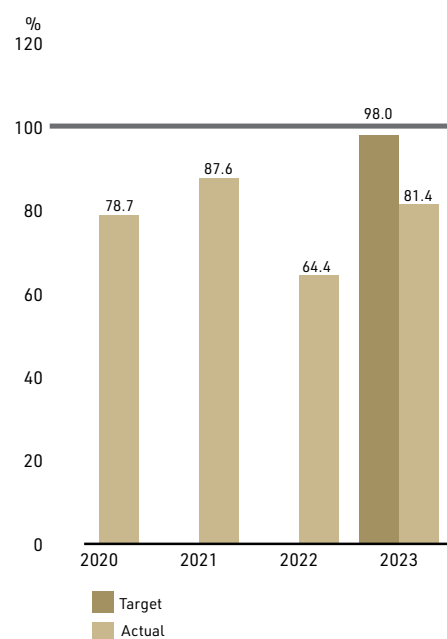


Net Loss Ratio (%) – TPIF

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 TPIF received sufficient net premium revenue to meet the net cost of claims incurred.

Comment:

The net loss ratio of 81.4% is better than target but higher than the previous year. This result is mainly attributable to a lower than expected increase in future claims costs driven by an increase in discount rates (partially offset by an increase in inflation) and a lower number of outstanding claims at year end compared to 2022.



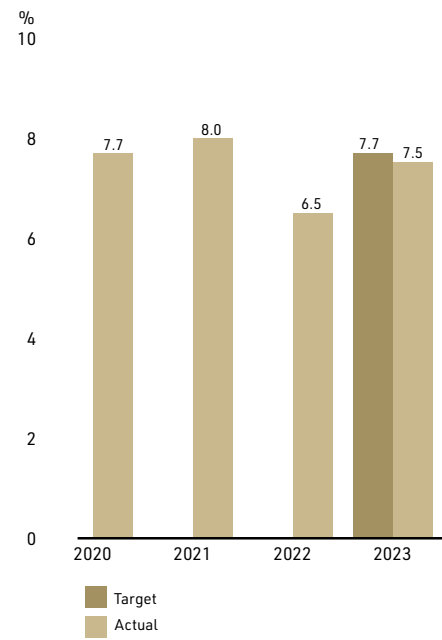
2. PERFORMANCE

Net Expense Ratio (%) – TPIF

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.

Comment:

The net expense ratio of 7.5% is marginally better than target, reflecting the overall underwriting and administration expenses being in line with budget. Excluding premium collection costs, administration expenses are 4.3% of premium revenue.

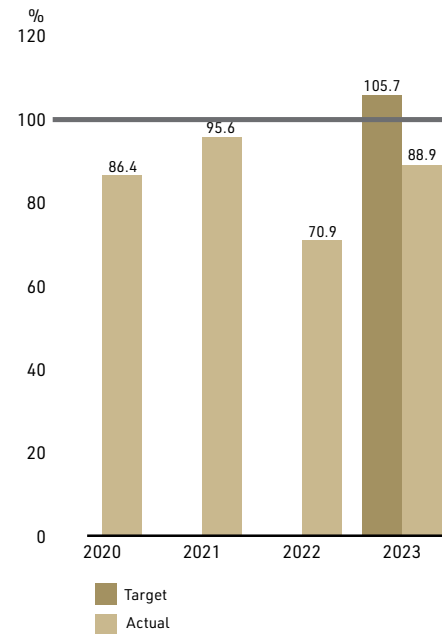


Net Combined Ratio (%) – TPIF

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.

Comment:

The 2023 result of 88.9% is better than target despite being higher than the previous year, reflecting the Fund’s underwriting profit of \$78.9 million compared to a budgeted loss of \$39 million. The underwriting profit is primarily due to a lower than expected increase in future claims costs driven by an increase in discount rates (partially offset by an increase in inflation) and a lower number of outstanding claims at year end compared to 2022.



2. PERFORMANCE

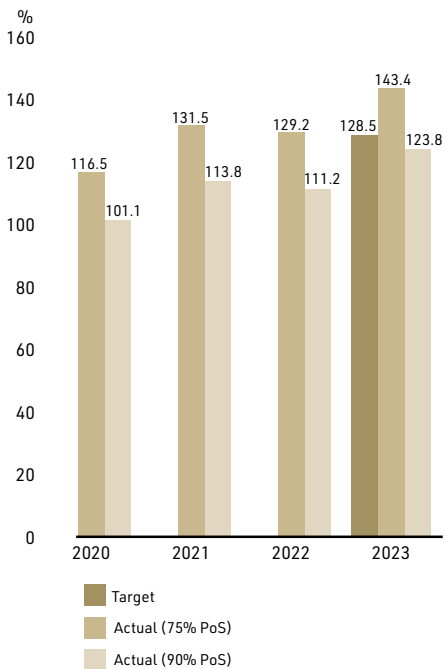
Solvency Level (%) – MVCIF

This KPI calculates Total Assets as a percentage of Total Liabilities in the Motor Vehicle (Catastrophic Injuries) Fund (MVCIF). This KPI measures the ability of the MVCIF to meet its long-term financial obligations as they fall due.

The Fund’s outstanding claims liabilities are calculated based on a 75% Probability of Sufficiency (PoS). The PoS takes into account potential uncertainties relating to various actuarial assumptions and statistical modelling techniques.

Comment:

The solvency level of 143.4% for the MVCIF based on claims provisions estimated at 75% PoS is significantly better than target, reflecting the Fund’s very strong investment and underwriting performance for the financial year. Increasing the PoS of the outstanding claims provisions to 90%, would reduce the solvency level to 123.8%.

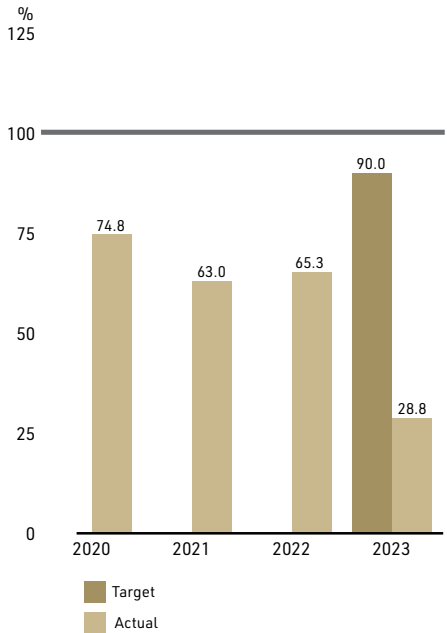


Net Loss Ratio (%) – MVCIF

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.

Comment:

The net loss ratio is significantly better than target. This result is largely due to a lower than forecast increase in expected future claims costs driven by the increase in long-term discount rates and a lower than expected number of new participants with catastrophic injuries, whilst partly offset by a higher than forecast medical and care costs inflation.



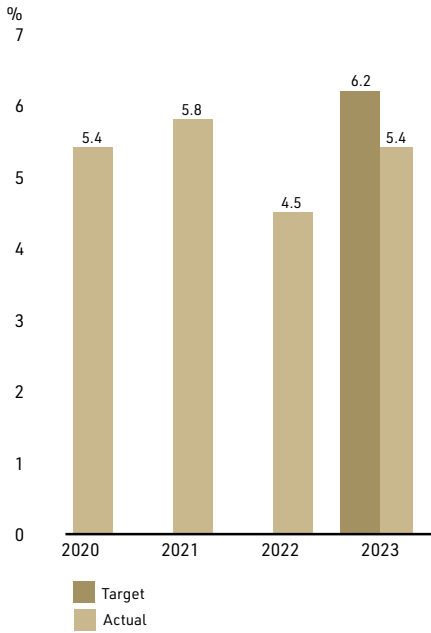
2. PERFORMANCE

Net Expense Ratio (%) – MVCIF

This KPI calculates underwriting and administration expenses as a percentage of net premium revenue, and measures operational efficiency. A lower expense ratio indicates increased scheme efficiency.

Comment:

The net expense ratio of 5.4% is better than target. This result was primarily driven by premium collection costs being lower than expected.

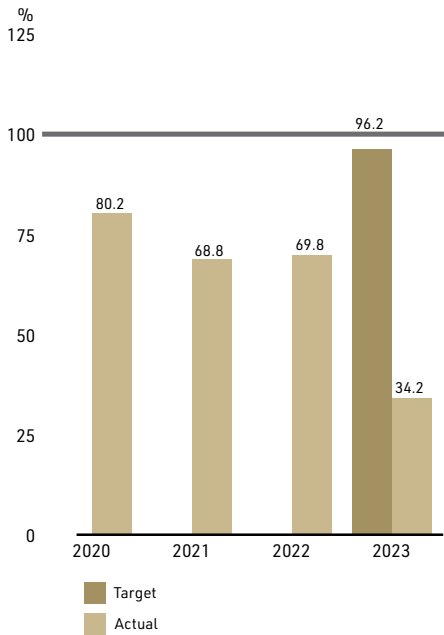


Net Combined Ratio (%) – MVCIF

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.

Comment:

The 2023 result of 34.2% is significantly better than target and previous years, which reflects a strong underwriting profit of \$145.4 million for the MVCIF compared to a budgeted profit of \$8.3 million. The favourable result is primarily due to a lower than expected increase in future claims costs arising from the increase in long-term discount rates during the year, along with fewer new participants with catastrophic injuries than anticipated.



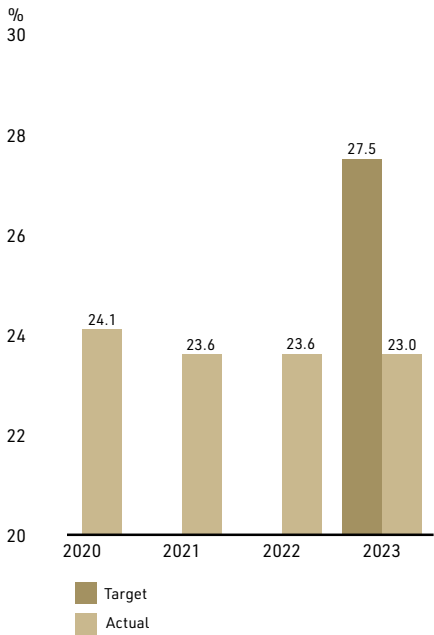
2. PERFORMANCE

Affordability Index (%) – MII

The Affordability Index calculates the Motor Injury Insurance (MII) 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 MII premium for the average family vehicle at or below 30% of one week’s worth of WA’s average weekly earnings.

Comment:

WA’s motor injury insurance premium price remained affordable for Western Australian vehicle owners, when measured as a proportion of one week’s average weekly earnings.

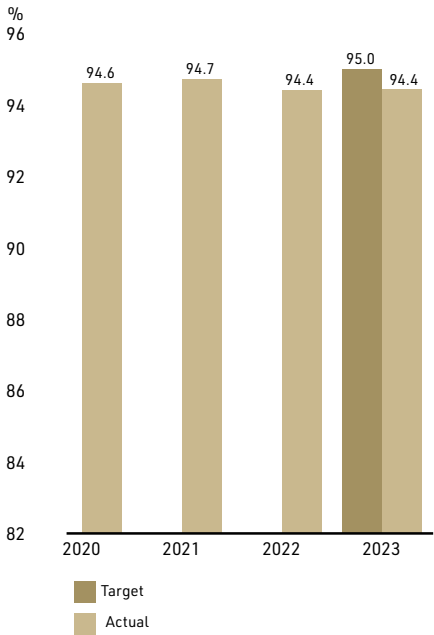


Proportion of Claims Payments made for the Direct Benefit of Claimants (%) – MII

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 incurred. This KPI measures the Insurance Commission’s effectiveness in minimising the financial hardship of claimants and delivering equitable compensation.

Comment:

The 2023 result is lower than target but consistent with prior year results. Payments to claimants were \$21 million higher than last year, reflecting more claims finalisations than the previous year (364 more than 2022).



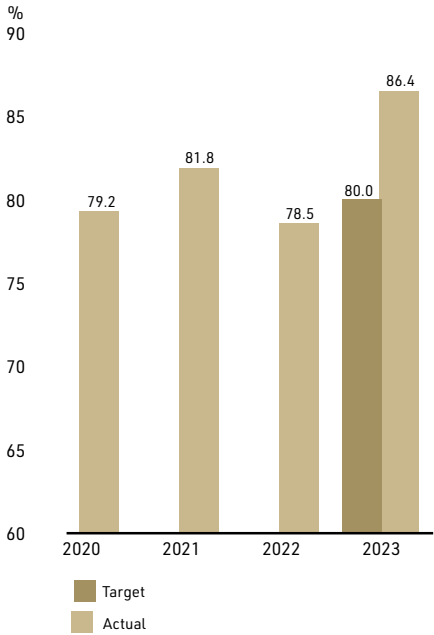
2. PERFORMANCE

Timeliness of Liability Determination (%)

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.

Comment:

This indicator is significantly better than target and reflects the Insurance Commission's continued focus on making timely claim liability decisions.

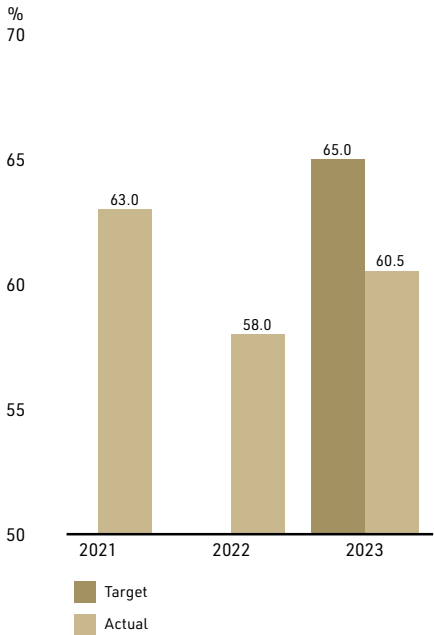


Claimant Satisfaction (%)

This KPI measures claimant satisfaction of motor injury insurance claimants with the customer service delivered by the organisation and is determined by a survey.

Comment:

The result is below target but marginally improved on last year, with 60.5% of respondents indicating that they were satisfied with the level of services provided by the Insurance Commission. Improving communications, and responsiveness to customer needs, continues to be an area of focus for the Insurance Commission.



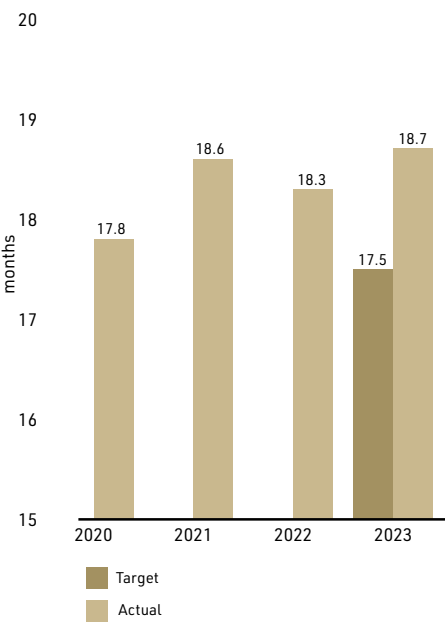
2. PERFORMANCE

Median Claim Duration (months)

This KPI measures effectiveness of claims management in supporting claimant recovery and calculates the median duration between claim lodgement and claim settlement/close dates.

Comment:

The 2023 result is a marginal increase from the previous year and higher than target. This measure is impacted by a continued focus on finalising claims that have been outstanding for longer periods.

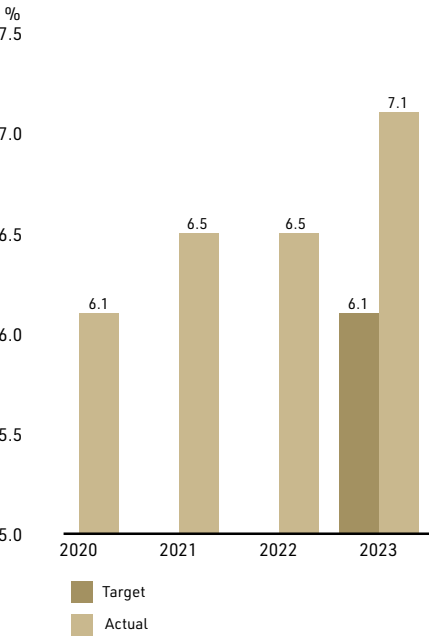


Claim Administration Costs as a Ratio of Gross Claims Paid (%) – MII

This KPI calculates claims administration costs as a percentage of the gross claims paid. This KPI measures the efficiency of claims administration.

Comment:

The 2023 result is lower than target. Whilst claims administration costs were higher than forecast, claims payments were lower than expected.



CASE STUDY

Benefits of Early Intervention Programs for workers

Effective work health and safety systems reduce risk of injury for workers, ensuring a safe workplace. To increase the effectiveness of these systems, some State Government agencies have implemented Early Intervention Programs (EIP) to fund early treatment. The following three agencies are seeing positive results from their programs.

Water Corporation has been successfully running their EIP since 2013. Capped at \$1,000, it includes medical assessments, physiotherapy sessions and imaging, where injured workers choose between their own or Water Corporation's preferred providers. iPads are provided in regional depots to enable telehealth consultations. To date, 70% of workers recovered while in the EIP. Water Corporation found that early incident reporting and managerial support for early treatment are the keys to success as the team cannot help the injured worker when unaware of the injury. The Safety and Wellbeing team facilitates the success of the program through managerial training every five years.

South Metropolitan Health Service (SMHS) started a pilot EIP at Fiona Stanley Hospital in July 2020. The program provides similar services to Water Corporation's EIP, using a Murdoch-based medical provider and mobile physiotherapist. Using the on-site treatment providers has shortened the time taken for workers to access treatment and for managers to receive key injury and work capacity information. Since the pilot, there have been over 300 minor upper body and lower back strains, sprains and fractures sustained and triaged as eligible for the EIP. Sixty-six per cent of workers recovered while in the program without further follow up needed or requiring a workers' compensation claim to be lodged. SMHS has now rolled out their EIP to all locations and includes taxi vouchers to support workers at other sites to see the Murdoch treatment providers.

East Metropolitan Health Service (EMHS) started their EIP in November 2020. It focuses on new musculoskeletal injuries where the worker has no time lost from work, save for attending appointments. Since inception, approximately 1,100 incidents have been screened for inclusion in the EIP between Armadale and Royal Perth Hospitals. Eighty-six per cent of those managed within the EIP were resolved under the program. EMHS' EIP coordinators highlighted the positive feedback from employees who appreciate the early contact from the injury management team and being able to access treatment fast. EMHS is currently looking to expand their EIP to other sites and service providers.

The EIPs that Water Corporation, SMHS and EMHS implemented have been effective in:

- encouraging early reporting;
- providing early treatment to injured workers when they need it the most;
- benefiting the worker's physical and mental health both at and outside of work;
- ensuring managers know how to respond and support the worker appropriately; and
- providing managers with the quality information they need to understand the worker's recovery progress, including any restrictions or limitations for temporary alternative work arrangements.

2.3 Government Insurance

SELF-INSURANCE FOR GOVERNMENT

WA Government agencies covered by the RiskCover Fund are provided the following core covers for their insurable risk exposures:

- workers' compensation;
- property and business interruption;
- liability;
- motor vehicle;
- cyber risks; and
- miscellaneous (personal accident and travel).

Agencies pay a premium for these covers that is reflective of their risk exposures.

The Insurance Commission also manages the Government Insurance Fund (GIF), the WA Government's pre-RiskCover

self-insurance arrangement, which is in run-off.

The Government has financial responsibility for 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).



Injury Management Training provided by the Insurance Commission to other government agencies. L-R Michael Johnson Insurance Commission Injury Management Advisor; officers from Department of Transport and Department of Justice

NON-GOVERNMENT LIABILITIES

The Insurance Commission continues to manage non-government liabilities of the former SGIO for policies in run-off.

The liabilities are held in the Insurance Commission General Fund (ICGF) and relate to workers' compensation and public liability claims, such as claims against the mining industry for asbestos related diseases that are not covered by the CIDF.

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 also held within the ICGF.

SERVICES FOR WORKCOVER WA

The Insurance Commission manages claims lodged against WorkCover WA's General Account, mainly for injured workers of uninsured employers. To ensure that injured workers are not disadvantaged, WorkCover WA initially incur the claims costs. Once the claim is finalised, WorkCover WA will seek to recover the costs where possible.

The Insurance Commission also manages claims on behalf of WorkCover WA where 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.

FORMER POLICE OFFICERS' MEDICAL BENEFITS

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

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 has financial responsibility for the liabilities incurred by this scheme.

2.3.1 WHAT WE DELIVERED

The Insurance Commission covered 109 public sector agencies and insured 4,348 private sector entities via its Government Insurance Division during the year.

In 2023, the Government Insurance Division received 24,674 new insurance claims and made \$359.2 million in claims payments.

RISKCOver FUND

The RiskCover Fund recorded a \$21.2 million loss for 2023. This showed a \$94.9 million underwriting loss for the year, offset by a \$73.7 million investment return. The underwriting loss is \$44.2 million larger than budget and represents a deterioration of \$12.2 million from the 2022 underwriting loss.

The underwriting loss is attributed to the property (\$63.0 million) and workers' compensation (\$22.2 million) classes of insurance. The property class has experienced an unprecedented number of large losses since 2022 and the workers' compensation class has been experiencing a sustained increase in the proportion of long duration claims associated with increased severity of injury.

Premium paid by WA Government agencies for insurance cover for 2023 totalled \$414.5 million, a 16.0% increase on the previous year. Higher premiums were predominantly for workers' compensation and liability covers and are directly influenced by claims experience and increasing risk exposures.

Premium adjustments associated with the adverse development of workers' compensation costs for claims incurred in prior years totalled \$27.1 million and is due to the increase in severity and duration of those claims.

CLAIMS

The RiskCover Fund received 24,424 new claims in 2023, a 7.4% increase when compared to 2022 which had an increase of 27%. The increase is primarily due to variations in the timing of high volume low value batch property claims submitted by the Department of Finance (DoF) on behalf of other agencies. Excluding DoF batch property claims, the RiskCover Fund experienced an 8% increase in new claim volumes in 2023. The increase is largely from the workers' compensation, property and motor vehicle classes.

Claims have historically been completed and lodged in a paper-format via email or post. In October 2020, the Insurance Commission launched eClaims, an online claim lodgment facility for workers' compensation claims. In 2022, eClaims was expanded for the submission of property and motor claims. In 2023, 96.0% of workers' compensation claims, 42.7% non-DoF batch property claims and 35.9% of motor claims were received via eClaims.

The Insurance Commission made \$343.1 million in claims payments from the RiskCover Fund during 2023, a \$23.1 million (7.2%) increase on claims payments made in 2022. The growth in 2023 was primarily due to higher payments associated with workers' compensation claims and liability claims payments. These increases were partially offset by lower property claim payments.

There were 7,931 active claims in the Fund as at 30 June 2023, 13.0% more than the prior year.

2. PERFORMANCE

WORKERS' COMPENSATION

Agencies are ultimately responsible for the safety of the workplaces and staff they manage, and the events that give rise to workplace accidents and subsequent claims. Agencies are also responsible for injury management and return-to-work arrangements for the injured worker. A sustained focus on safety, loss prevention and improving return-to-work outcomes by agencies will ultimately result in fewer claim incidents and lower claims costs.

The Insurance Commission's role is to manage the insurance claims that arise from those accidents and support the agency and the injured worker through the claim process. The Insurance Commission also provides data analysis and reporting to agencies to assist their efforts to reduce the incidence and cost of claims.

In 2023 the Fund received 5,075 new workers' compensation claims, representing a 9.4% increase after a drop off in claims last year. As shown in the graph below, claim numbers have returned to 2021 levels.

Total active workers' compensation claims increased by 347 to 4,814 as at 30 June.

The impact of the increased number of claims lodged on the active claims portfolio was minimised by a strong focus on early claims decisions and treatment ensuring the high claims finalisation rate achieved in 2022 was maintained.

The overall cost of claims in the portfolio continues to grow as claims remain active longer and injured workers require more treatment. The average cost of claims finalised in 2023 increased 19.7% compared to 2022 and is due to the doubling in the number of severe lost time claims finalised. This is a significant increase compared to the three years prior, which experienced an average increase of 8.6%. In 2023, the average cost of a severe lost time injury claim was 11 times the cost of non-severe claims.

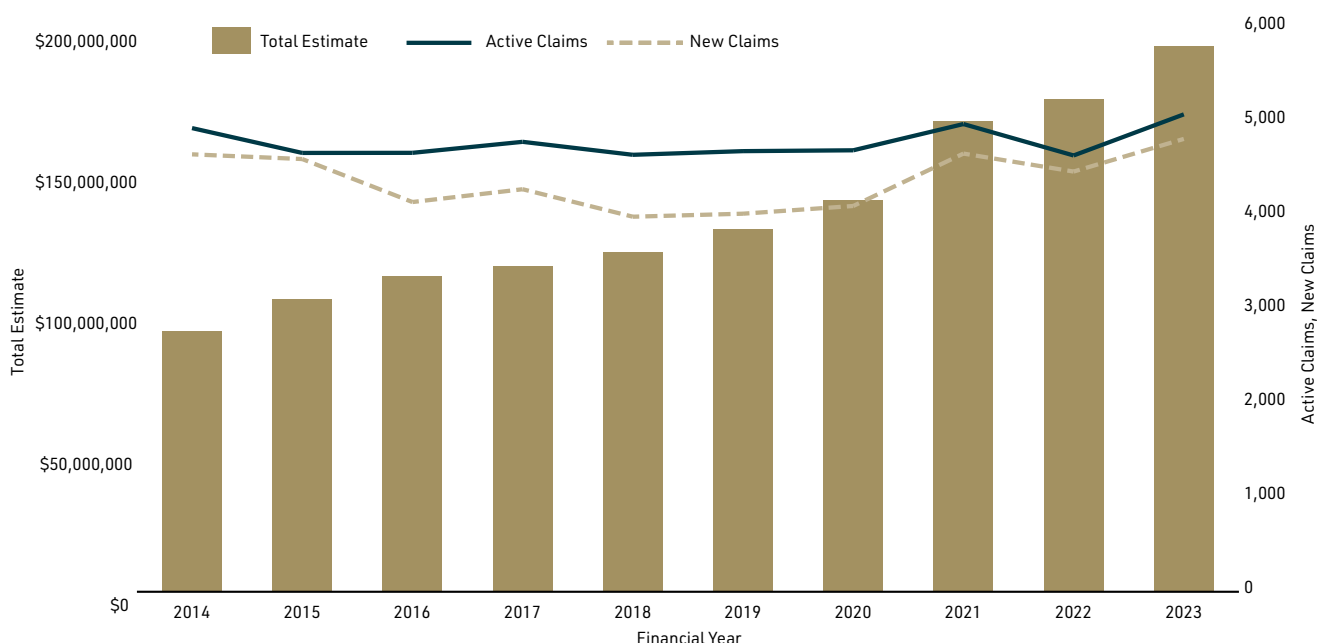
The graph below depicts new and active claims and costs over the past 10 years.

Wage payments and medical costs are highest when injured workers are off work for extended periods. The likelihood that they will return to their pre-injury role or employer decreases the longer they are absent. Management of long duration claims consumes a disproportionate amount of agency and insurer resources. This is why the Insurance Commission focuses on early approval decisions which allow injured workers to access treatment as early as possible. In 2023 on average workers received the initial liability letter within 7.8 days after lodging the claim with their employer, compared to 9.3 days in 2022.

The number of lost time and severe lost time injury claims continues to impact the average claim size and duration across the workers' compensation portfolio. Between 2018 and 2023 the number of new lost time injury claims has trended upwards, increasing by 30.9%.

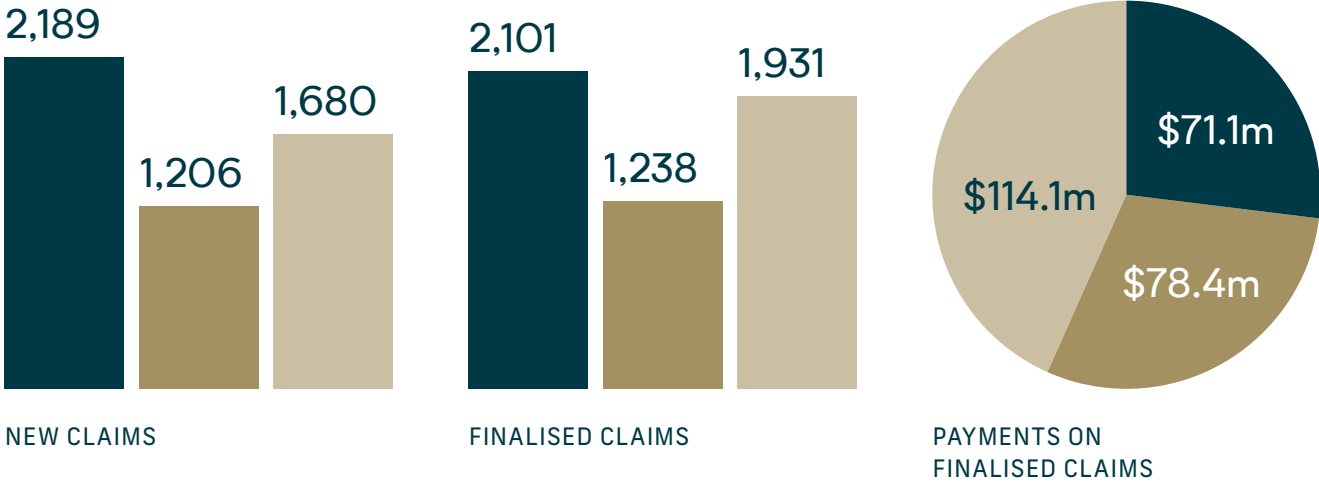
Over the same period the proportion of active lost time injury claims in the portfolio has increased from 82.4% in 2018 to 87.8% at 30 June 2023.

WORKERS' COMPENSATION, NEW CLAIMS – 10 YEAR TRENDS



Workers' Compensation Claims by Sector and Common Injury Causes

Education Health General Government



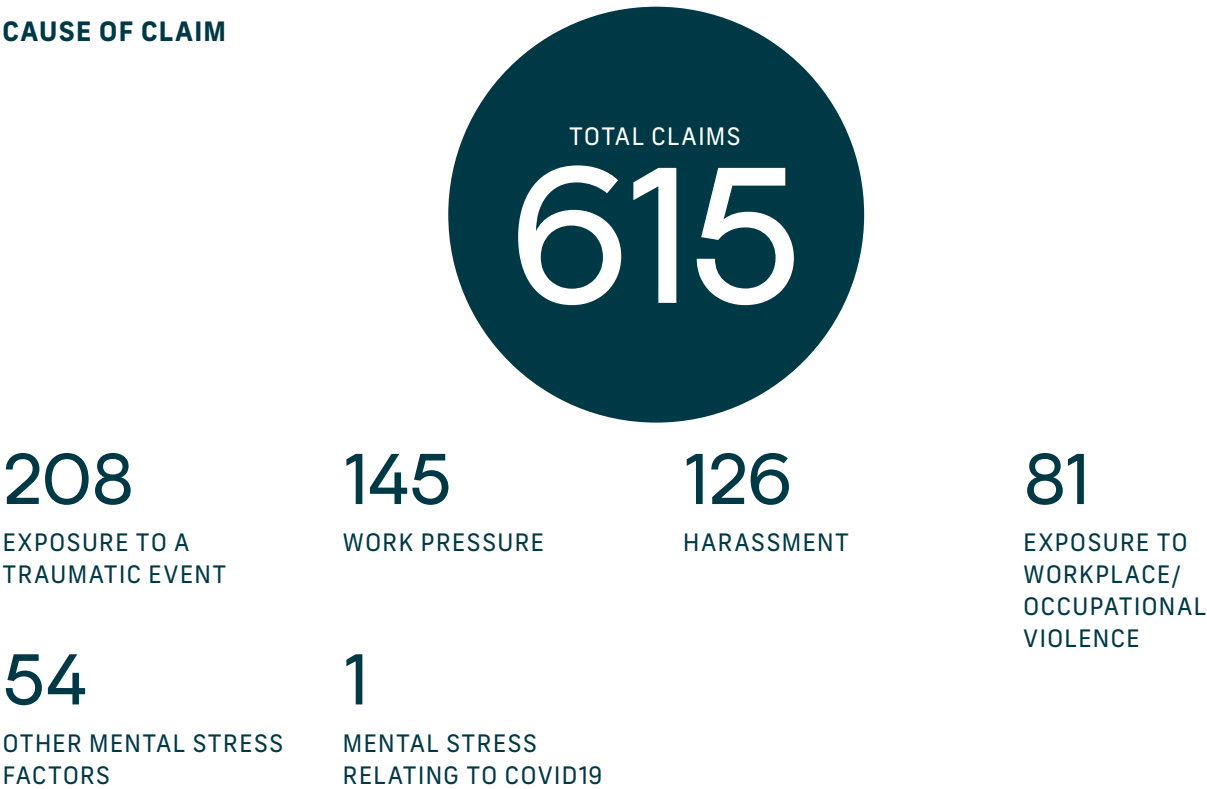
COMMON CAUSE OF INJURY

	Education	Health	General Government
Being hit by moving objects	781	214	351
Falls, slips and trips of a person	509	210	267
Body stress (lift/pull/stretch)	496	503	512
Mental stress	196	116	303

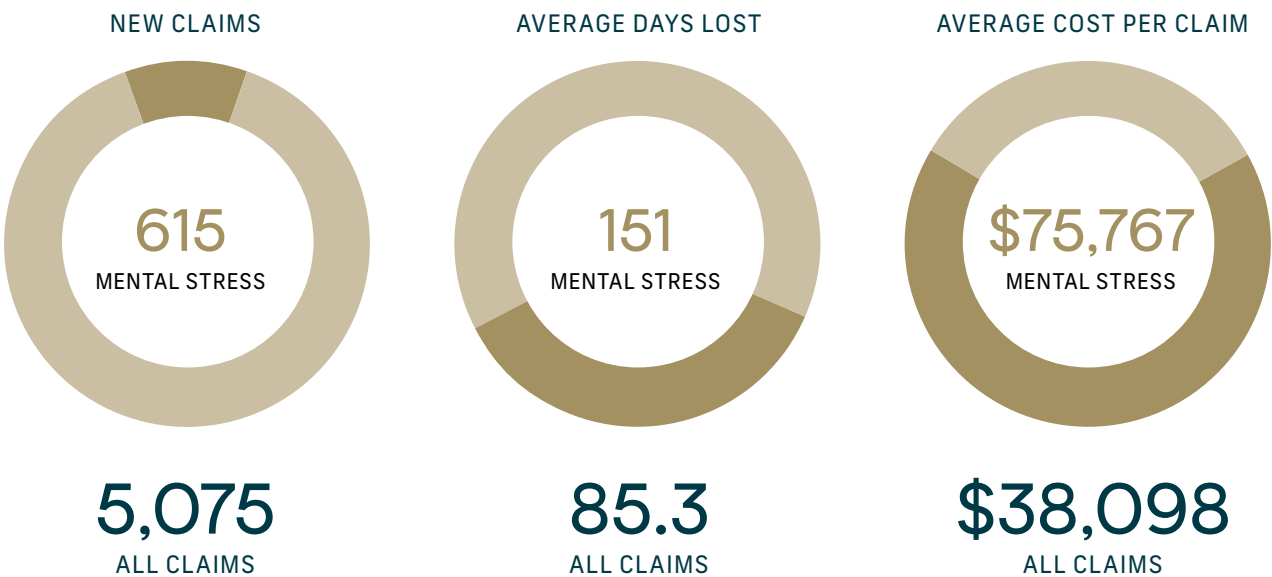
Workers' Compensation Mental Stress Claims

CLAIMS LODGED IN 2023

CAUSE OF CLAIM



MENTAL STRESS CLAIMS AS A PROPORTION OF ALL WORKERS' COMPENSATION CLAIMS



2. PERFORMANCE

The growth in active loss time injury claims is led by the more costly severe lost time (60 days or more off work) injury claims. In 2018, new severe lost time injury claims received represented 22.9% of all new claims. This has increased to 34% in 2023. Severe lost time injury claims now make up 64.7% of the active portfolio (51.9% in 2018).

Workplace injuries have a significant impact on Government as a whole, and in 2023 the impact was the equivalent of 1,468 full-time employees being absent from the workforce for the entire year. Over 352,324 days of productivity were lost due to Government employee absences, caused by workplace injuries.

The average cost per finalised claim in 2023 was \$50,019, \$8,554 (20.6%) higher than 2022.

The total value of claims finalised in 2023 was \$263.6 million, a 19.7% increase on the previous year, reflecting the higher number of more costly, severe loss time injury claims finalised in the year.

Injuries arising from body stressing, hit by moving objects, and slips, trips and falls continued to be the top three causes of new injury claims in 2023.

Mental stress claims remain overrepresented in the WA Government. The RiskCover Fund is 9.9% of Western Australia's workers' compensation scheme (not including private sector self-insurers) yet accounts for 51.2% of mental stress claims lodged in the year.

There were 615 new mental stress claims lodged in 2023, an increase of 19% from 2022. On average, mental stress claims (\$75,767) cost nearly twice as much as all claims (\$38,098) and present greater challenges returning injured workers to their pre-injury work environment.

The Insurance Commission captures data on the bodily location of injuries to guide claims management decision-making and injury prevention strategies. Injuries to upper and lower limbs made up 45.4% of new workers' compensation claims costs and 48.8% of total new claims.

In the three years to June 2022, 83% of government workers returned to work following an injury. This compares favorably with all employers within Western Australia where the average return to work rate is 76.8%. While there is further potential to expedite the safe and sustainable return of injured workers to their original or suitable alternative positions, this is dependent on the capacity and commitment of agencies to facilitate the return to work of their staff.

WORKERS' COMPENSATION DISPUTE RESOLUTION

In 2023, there were 386 disputes lodged for conciliation with the regulator WorkSafe, about workers' compensation claims managed by the Insurance Commission. As a proportion of claims managed, the dispute rate after increasing from 3.1% in 2021 to 4.6% in 2022 has fallen to 4%. The Insurance Commission remains below the WA workers' compensation scheme average disputation rate of 4.7% for claims managed in the period.

The Insurance Commission's lower rate of disputes indicates we are more likely to reach agreement with workers without the need for arbitration or legal action. Only 26.7% of disputes in 2023 proceeded to arbitration, which is the next step if agreement between a worker and their employer/insurer cannot be reached at conciliation. The average rate of disputes proceeding to arbitration for the entire WA workers' compensation scheme was 22.5%. The Insurance Commission's higher proportion of claims proceeding to arbitration demonstrates our resolve to challenge claims where necessary.

LIABILITY

The RiskCover Fund's liability covers includes general liability, professional liability and medical treatment liability. Across the RiskCover Fund, the Insurance Commission received 434 new liability claims in 2023, a decrease of 8.6% compared to the prior year. While liability claims represent 9.5% of claims administered by the Fund in 2023, they accounted for 15.2% of all payments during the year.

The total value of claims finalised in 2023 was \$49.2 million, 10.4% lower than claims finalised in the prior year. Complex liability claims can take a number of years to settle from when they are received.

OTHER CLASSES

The RiskCover Fund also provides self-insurance cover for property, motor vehicle and other miscellaneous risks such as personal accident and travel.

2. PERFORMANCE

Most claims in these portfolios are high volume, low value and short duration. However, in 2023 there were an unprecedented number of large loss claims received in the property portfolio and due to the significant damage involved, these claims will take some time to finalise. In 2023, these classes of cover accounted for 78.0% of finalised claims (18,458 claims) but only 14.6% of total claims expense (\$53.4 million)

There were 16,626 new property claims received in 2023, a 6.7% increase on the previous year. General loss/damage claims were the most common (12,075 or 72.6% of new claims) followed by graffiti (1,769 or 10.6% of new claims).

There were 2,219 new motor vehicle claims in 2023. While this is a 12.2% increase on the previous year, the volume is consistent with the prior four years. The increased volume of claims saw a corresponding increase in payments which increased to \$7.2 million.

There were 70 new miscellaneous claims received during 2023, a modest increase on the previous year (61 claims). Payments on miscellaneous claims totalled \$1.1 million.

SHAREHOLDER RETURN

The Insurance Commission returns capital to its shareholder, the WA Government, when the RiskCover Fund exceeds its 135% solvency target at the end of a financial year. The solvency of the Fund at 30 June 2023 was 105.3%, and therefore no return of capital will transpire for the financial year 2023.

The Fund seeks to maintain a reserve of 25-35% of total liabilities to protect itself against unexpected large loss events in any one period.

HISTORICAL CHILD ABUSE CLAIMS

Effective 1 July 2018, the *Civil Liability Act 2002* was amended to remove the statute of limitations for child sexual abuse claims. The State Government or the RiskCover Fund meet the costs of these claims arising from this legislative change, which are primarily managed by the Insurance Commission.

At 30 June 2023, the Insurance Commission had received 426 claims, across all portfolios, relating to abuse at facilities operated by government entities (or former entities) at the time when the incidents occurred, including 116 new claims in 2023.

The financial results include provisions for anticipated future claims costs of \$215.5 million in the Government Insurance, RiskCover and Insurance Commission General Funds. To date 151 claims have been settled across the Funds at a net cost of \$36.6 million.

2. PERFORMANCE

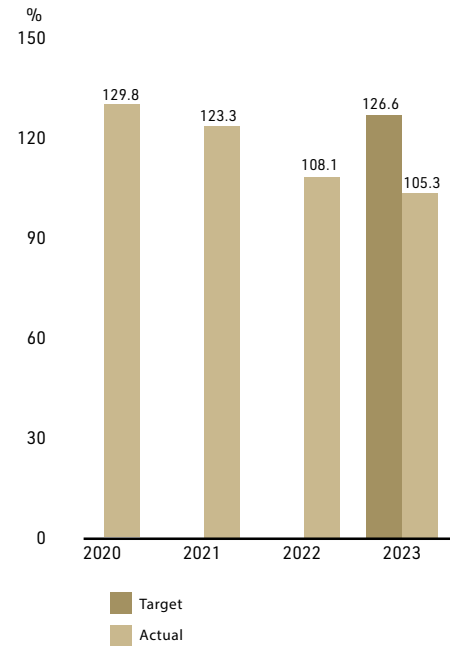
2.3.3 HOW WE ARE MEASURED

Solvency Level (%)

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

Comment:

The RiskCover Fund’s solvency level of 105.3% at 30 June 2023 was below the target of 126.6%. This outcome reflects higher than forecast claims costs and future claim liabilities, partially offset by strong investment returns for the financial year.

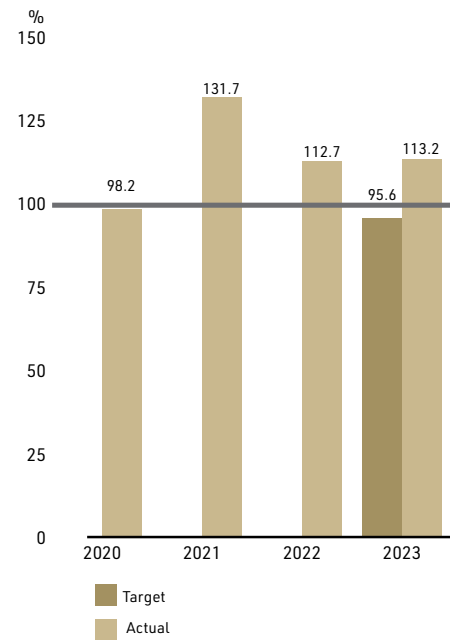


Net Loss Ratio (%)

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. This KPI calculates net claims incurred (claims payments and movement in outstanding claims provisions) as a percentage of net premium revenue.

Comment:

The net loss ratio of 113.2% is worse than target due to a significant increase in claims costs and provision for future liabilities in the Property class, resulting from an atypical number of large losses during the year.



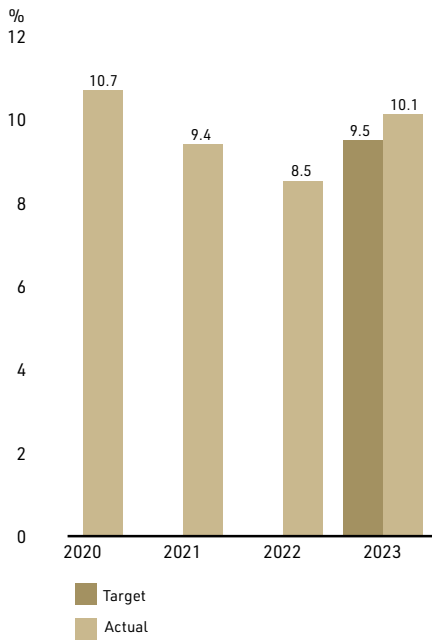
2. PERFORMANCE

Net Expense Ratio (%)

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

Comment:

The net expense ratio of 10.1% is worse than target and is higher than recent years. The outcome is mainly due to initiatives to bolster claims management resources to meet increased demands on the claim management functions driven by higher volumes of complex claims.

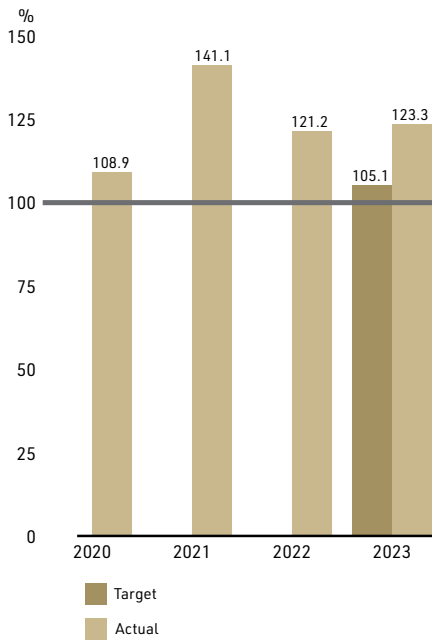


Net Combined Ratio (%)

This KPI measures underwriting profitability and indicates how well the RiskCover Fund is performing. The measure is the combined result of the Net Loss Ratio and the Net Expense Ratio. The KPI calculates the RiskCover Fund underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. A ratio below 100% indicates an underwriting profit, whereas a ratio above 100% indicates an underwriting loss.

Comment:

The net combined ratio of 123.3% is worse than target and reflects an underwriting loss of \$94.9 million compared to a budgeted loss of \$19.2 million. This result is primarily due to higher claims expenses and provisions for future liabilities in the property class.



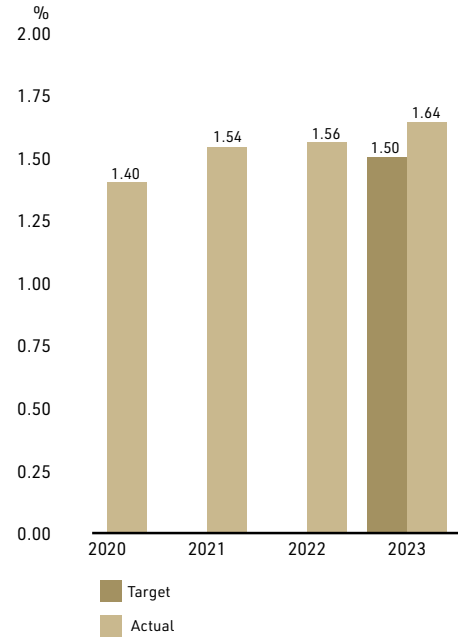
2. PERFORMANCE

Affordability Index (%)

This KPI measures the affordability of the workers' compensation cover provided through the RiskCover Fund and is calculated as total workers' compensation agencies' premiums as a percentage of total agencies' wages.

Comment:

The result exceeds the benchmark of 1.50% and is higher than prior years. The increase is due to higher average claims costs resulting from a higher proportion of severe lost time injury claims which are of a longer duration.

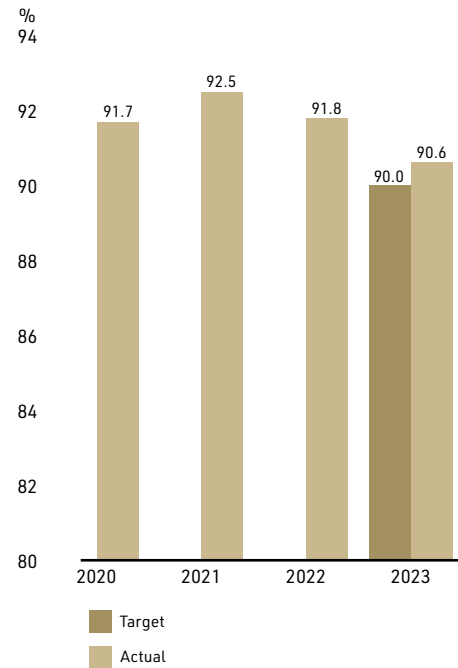


Proportion of Claims Payments made for the Direct Benefit of Claimants (%)

This KPI measures the Insurance Commission's effectiveness in minimising the financial hardship of claimants and delivering equitable compensation. 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 during the financial year. Claims payments that do not directly benefit claimants include claims management, legal and investigation costs.

Comment:

The result exceeded the target, with 90.6% of payments made for the direct benefit of claimants and reflects the Insurance Commission's continued focus on claims management practices that provide fair and equitable compensation.



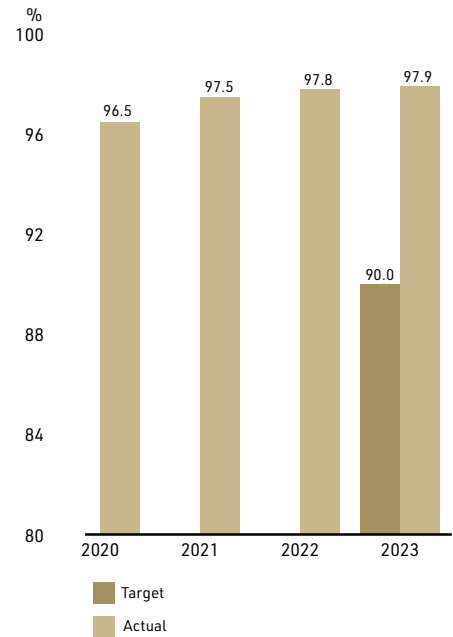
2. PERFORMANCE

Timeliness of Liability Determination (%)

This KPI measures the timeliness of liability decisions for workers' compensation claims. To ensure claimants are treated fairly, the *Workers' Compensation and Injury Management Act 1981* requires self-insurers to make liability decisions within 17 days from the date of lodgement with the employer.

Comment:

The result exceeds the target and is consistent with prior year results, reflecting the Insurance Commission's ongoing commitment to ensure timely liability decisions.

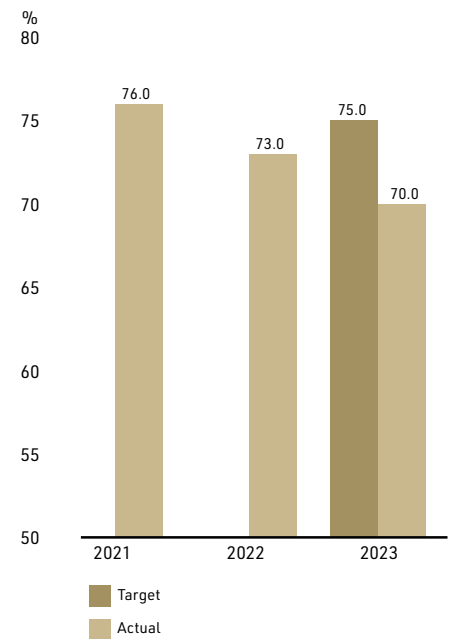


Claimant Satisfaction (%)

This KPI measures the satisfaction of workers' compensation claimants with the service delivered by the Insurance Commission. The level of satisfaction is determined by a survey conducted by an independent third party.

Comment:

The result is below target and below prior years' results. Although the result is below expectations, more than two out of three claimants are satisfied or very satisfied with the services they received from the Insurance Commission.



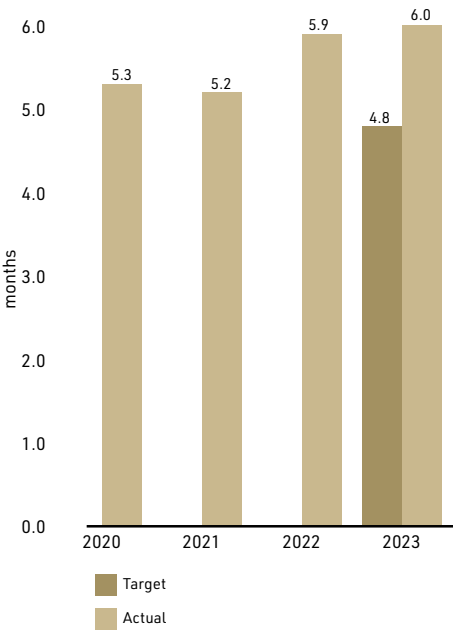
2. PERFORMANCE

Median Claim Duration (months)

This KPI measures effectiveness of claims management in supporting workers' compensation claimant recovery and calculates the median duration between claim lodgement and claim settlement/closure dates.

Comment:

The median claim duration is higher than target and increased over prior years. This result is reflective of the higher proportion of longer duration and severe lost time injury claims being received.

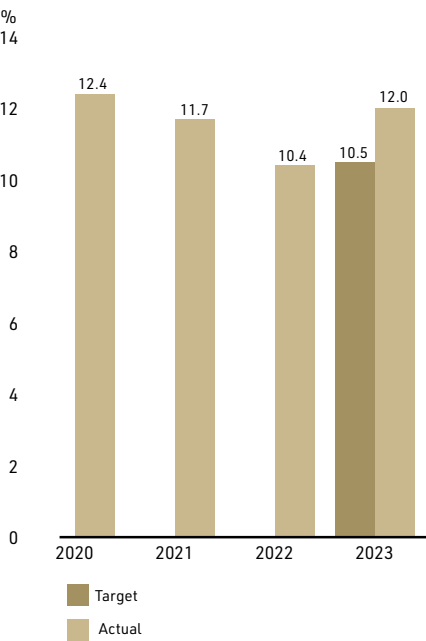


Claims Administration Costs as a Ratio of Gross Claims Paid (%)

This KPI measures claims administration efficiency. This KPI calculates the RiskCover Fund claims administration costs as a percentage of gross claims paid.

Comment:

The 2023 result is worse than target. Claims administration costs were \$5.2 million above target and this is mainly due to initiatives to bolster claims management resources to meet increased demands on the claim management functions driven by higher claim numbers and a higher number of complex claims.



CASE STUDY

Renewal Reports: Helping Agencies understand their insurance program



Over the past two and a half years, the Client Relationship Management (CRM), Business Intelligence and Analytics and the Finance Reporting teams have collaborated to create automated insurance Renewal Reports for State Government agencies. Automated generation of these reports significantly reduces the time and effort required to compile reports and allows the CRM team to focus their attention on value adding analysis of agencies' claims and underwriting data.

The Renewal Reports focus on the factors that drive premium pricing. They provide:

- projections of premiums for future years;
- analysis of year-on-year premium movements;
- claim and premium trends;
- benchmarking; and
- key details of the agency's insurance programs.

The reports also provide information on the global insurance and reinsurance market conditions and RiskCover Fund's performance.

During the pilot phase, Renewal Reports for the RiskCover Fund's largest agencies were prepared and the CRM team sought feedback from these agencies to refine the reports, ensuring they target agencies' information needs. For the 2023-24 renewal, the initiative was expanded to over 50% of the RiskCover Fund's agencies.

The Renewal Reports are presented to agencies' senior staff, executive and boards as part of annual renewal engagement activities delivered by the Insurance Commission.

This gives the agency and the Insurance Commission an opportunity to engage in a broader conversation about the factors impacting their premiums, adequacy of their insurance arrangements, risk mitigation measures and initiatives, and identify opportunities to positively influence their claims performance.

Feedback from agencies on the reports and their benefits has been positive.

2.4 Investments

The Insurance Commission's investment objectives for 2023 were to:

- achieve an investment performance target of the Consumer Price Index (CPI) plus 3% (Main Fund) and CPI plus 3.25% (MVCIF) per annum over rolling seven year periods;
- achieve a rate of return for each asset class that exceeds the relevant performance benchmark over rolling three year periods;
- maintain a sufficient level of liquidity to meet insurance payments; and
- assist the Insurance Commission maintain a fully-funded position.

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 Bond portfolios which are managed internally.

The Investments Division invests RiskCover Fund and other monies under the same arrangements used for the investment of Insurance Commission monies.

The Investments Division invests RiskCover Fund and other monies under the same arrangements used for the investment of Insurance Commission monies.

The MVCIF uses substantially the same arrangements but has a different investment asset allocation to meet that fund's very long-tail liabilities.

2.4.1 WHAT WE DELIVERED

During the 2023 financial year, the Insurance Commission's Main Fund returned 8.24%, underperforming its benchmark by 0.82%. The Motor Vehicle (Catastrophic Injuries) Fund (MVCIF) returned 8.23%, underperforming its benchmark by 1.47%. The underperformance relative to benchmark was primarily due to manager underperformance in Growth Alternatives and Global Equities. In absolute terms, the best performing asset classes were Global Equities (16.93%) and Australian Equities (14.89%), while the worst performers were Property (1.29%) and Australian Fixed Interest (2.43%). The returns net of fees and expenses were 7.71% for Main Fund and 7.68% for MVCIF.



2. PERFORMANCE

The Insurance Commission's medium term performance was ahead of each funds benchmark. The Main Fund achieved a three year rolling return of 7.10% per annum, outperforming its benchmark by 0.79% per annum, while the MVCIF returned 7.34%, outperforming its benchmark by 0.44% per annum. Factors contributing to the outperformance were manager alpha and a positive contribution from tactical asset allocation decisions.

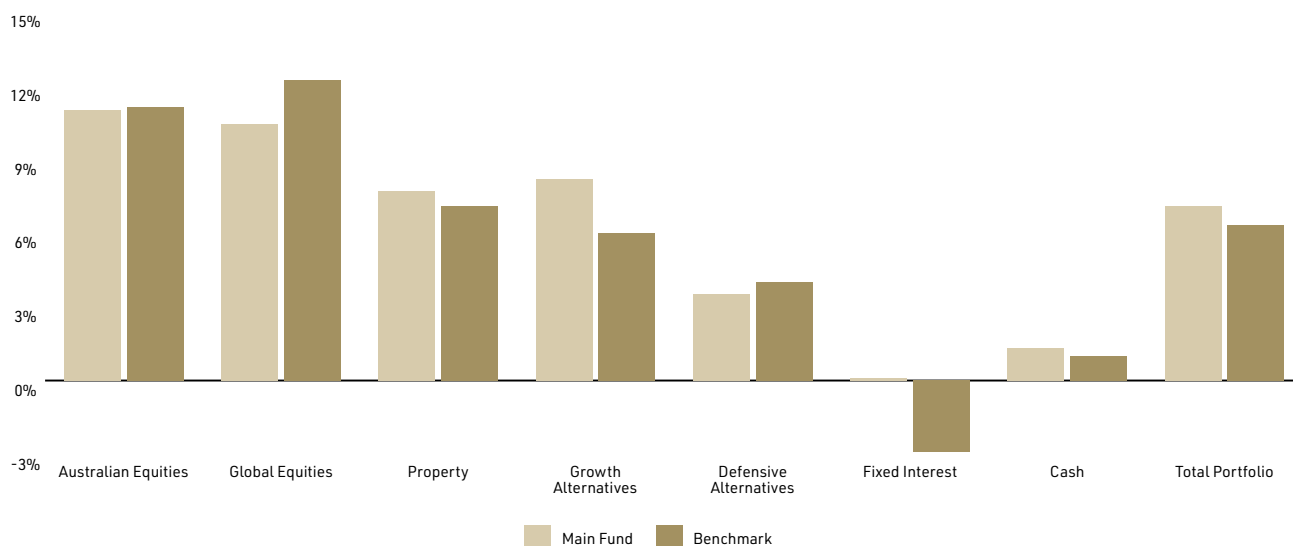
The best performing asset classes were Australian Equities (11.00% per annum) and Global Equities (10.42% per annum), while the worst performer was Australian Fixed Interest (-3.06% per annum).

The Insurance Commission's Main Fund long term performance target of CPI+3.0% per annum (gross) over rolling seven year periods was achieved, with Main Fund returning 6.46% versus the 30 June 2023 CPI+3.0% rolling seven year return of 6.15%.

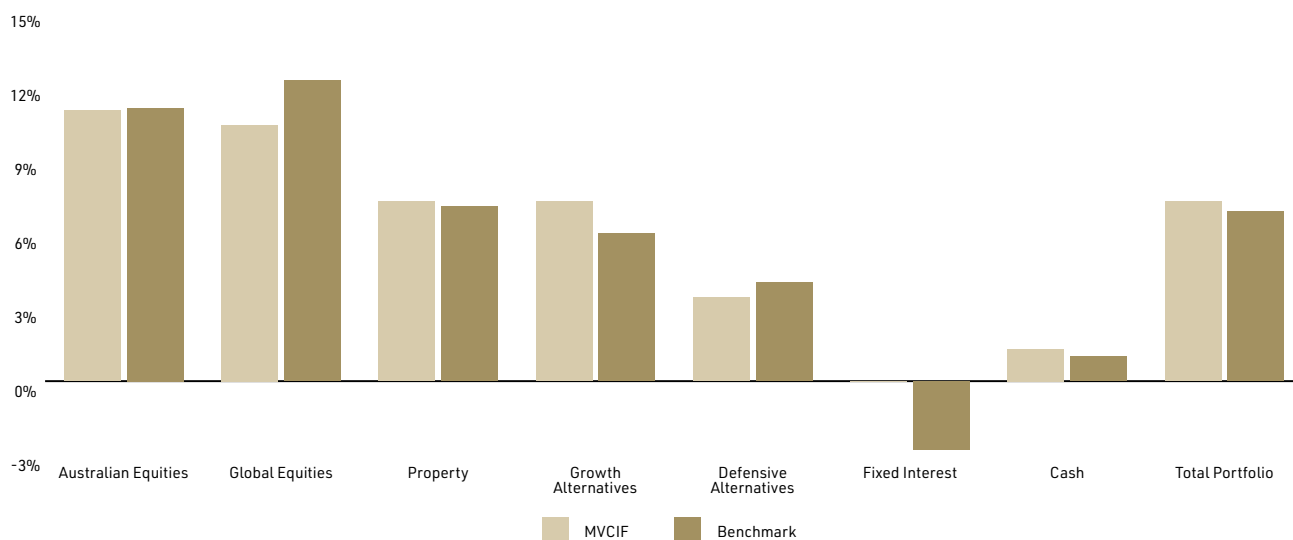
Main Fund's compound 10 year return of 91.1% demonstrates the value delivered from being a long term investor with a quality diversified portfolio.

The Insurance Commission is reporting for the first time against MVCIF's long term performance target of CPI+3.25% per annum (gross) over rolling seven year periods. MVCIF returned 4.83% versus the 30 June 2023 CPI+3.25% rolling seven year return of 6.26%. This underperformance was due to the phased in approach to investments from Cash over its first three years.

MAIN FUND ASSET CLASS PERFORMANCE PER ANNUM OVER ROLLING THREE YEARS TO 30 JUNE 2023



MVCIF ASSET CLASS PERFORMANCE PER ANNUM OVER ROLLING THREE YEARS TO 30 JUNE 2023



2. PERFORMANCE

The total value of investment funds held by the Insurance Commission increased from \$6.3 billion at 30 June 2022 to \$7.0 billion at 30 June 2023. This increase reflects the strong investment return achieved during the year, offset by a dividend payment to government. The total value of assets held by the Insurance Commission at 30 June 2023 was \$7.5 billion.

Despite the increasingly uncertain and slowing macroeconomic backdrop and elevated geopolitical risks, our focus remains on investing with a long-term outlook across a diverse portfolio of quality investment assets. This has enabled the Insurance Commission to maintain a strong financial position.

FINANCIAL MARKET OVERVIEW

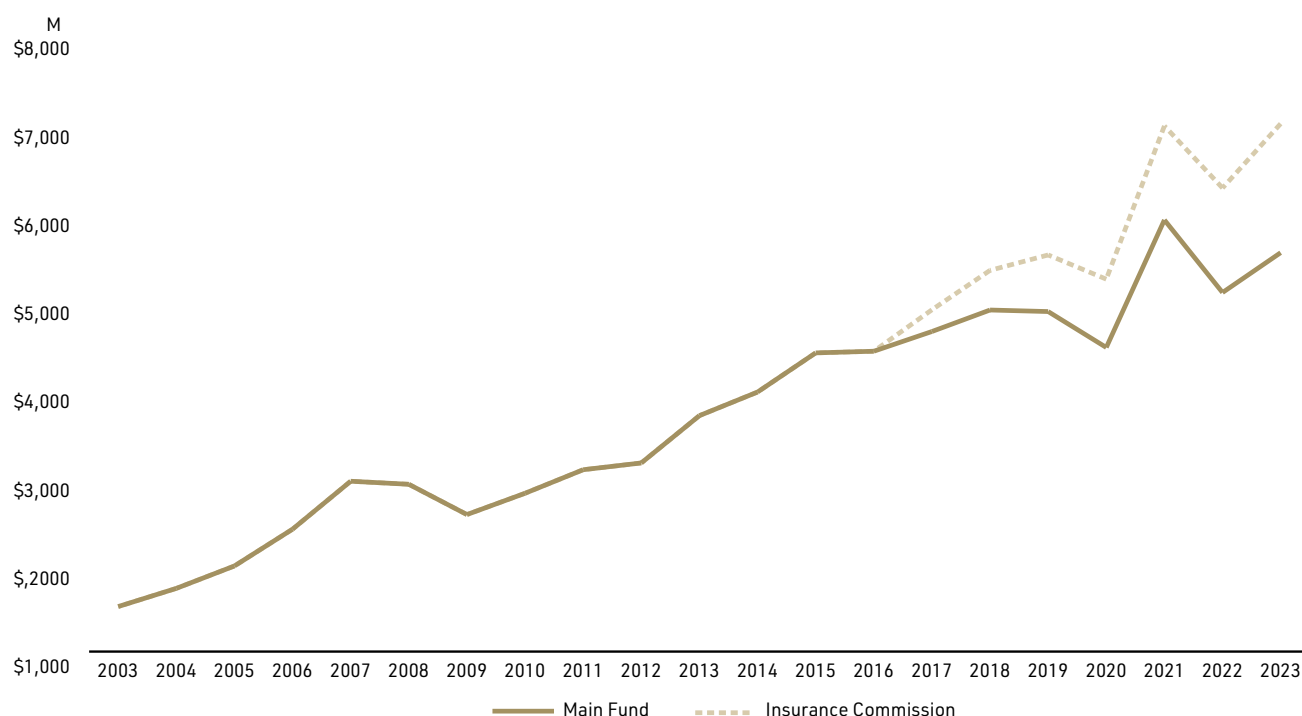
The 2023 financial year was marked by high levels of inflation, with most major central banks increasing interest rates significantly to cool demand. Geopolitics remained a significant factor in market movements and sentiment, with the continued conflict between Russia and Ukraine, and souring relations between the US and China key amongst them.

The demand for goods during the pandemic, growing demand for services post lockdowns, coupled with supply chain bottlenecks and geopolitical conflict resulted in a significant rise in global inflation, reaching a peak of 10.4% in November 2022. Central banks acted to curb inflation by increasing interest rates at the fastest pace in four decades, in the hope of cooling demand.

The US Federal Reserve increased interest rates from close to zero to 5.25%, similarly the Reserve Bank of Australia (RBA) increased interest rates from near zero to 4.1%. In combination with similar responses from most central banks, global growth has slowed, as has the rate of inflation (global inflation slowed to 6.5% by 30 June 2023). However, inflation remains stubbornly high, and the 'stickiness' exhibited in core inflation figures is a concern. Monetary policy is likely to remain tight for some time, leading to growing fears of recession in some economies.

This macroeconomic environment resulted in volatile financial markets over the year. Higher interest rates and slowing growth, were counterbalanced against the peak in inflation data and subsequent easing of inflation rates, which increased the expectations for an end to the interest rate hiking cycle, and ultimately to rate cuts.

GROWTH IN INSURANCE COMMISSION INVESTMENT ASSETS (NET OF DIVIDENDS) FROM 2000 TO 2023



2. PERFORMANCE

On a financial year basis, Growth Assets outperformed Defensive Assets, largely due to the strong performance of listed Equities. Australian Equities (ASX300) returned 14.40% over the year, underperforming Global Equities (MSCI All Country World Index) which ended the year up 20.38% (in AUD). Defensive Assets generally fared less well, as evidenced by Global Fixed Interest (Bloomberg Barclays Global Aggregate Index – hedged in AUD) delivering a return of – 1.16% underperforming Australian Fixed Interest (Bloomberg AusBond Composite 0+Yr Index) returning 1.24%.

The macro outlook for the year ahead remains uncertain. Higher interest rates are expected to slow growth and market expectations are split on whether the US can achieve a soft landing. In Australia, the recession risks are mounting. Amidst this uncertainty, financial markets volatility may continue. Nevertheless, the Insurance Commission's well diversified investment portfolio is expected to continue to deliver the target returns in the coming financial year.

ASSET ALLOCATION

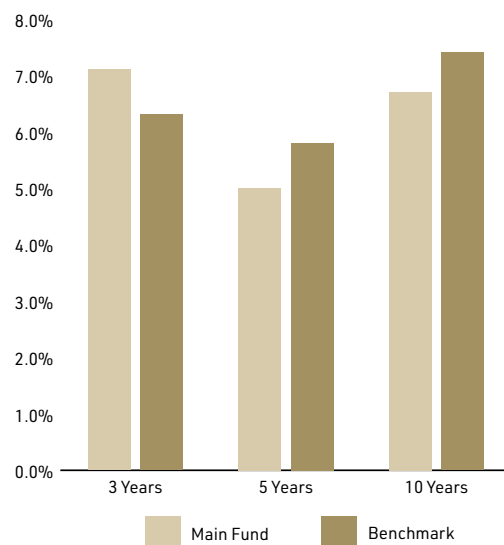
The Main Fund neutral strategic allocation to Growth and Defensive Assets is 68% and 32% respectively. The MVCIF neutral strategic allocation is 76% Growth Assets / 24% Defensive Assets. MVCIF has a slightly higher target allocation to Growth Assets to reflect the investment return required to meet the longer duration of insurance liabilities in the catastrophic injuries fund.

Each fund held a small tactical tilt towards Growth Assets versus Defensive Assets relative to each fund's respective neutral strategic allocation for much of the 2023 financial year. As Growth Asset prices continued to move higher, the Insurance Commission undertook some profit taking during the second half of the 2023 financial year, reducing the allocation to Equities. This reversed the tactical positioning to reflect a minor relative tilt towards Defensive Assets.

Key investments over the year included allocations to three Private Equity Funds and increased allocations to Inflation Linked Bonds and Australian Fixed Interest.

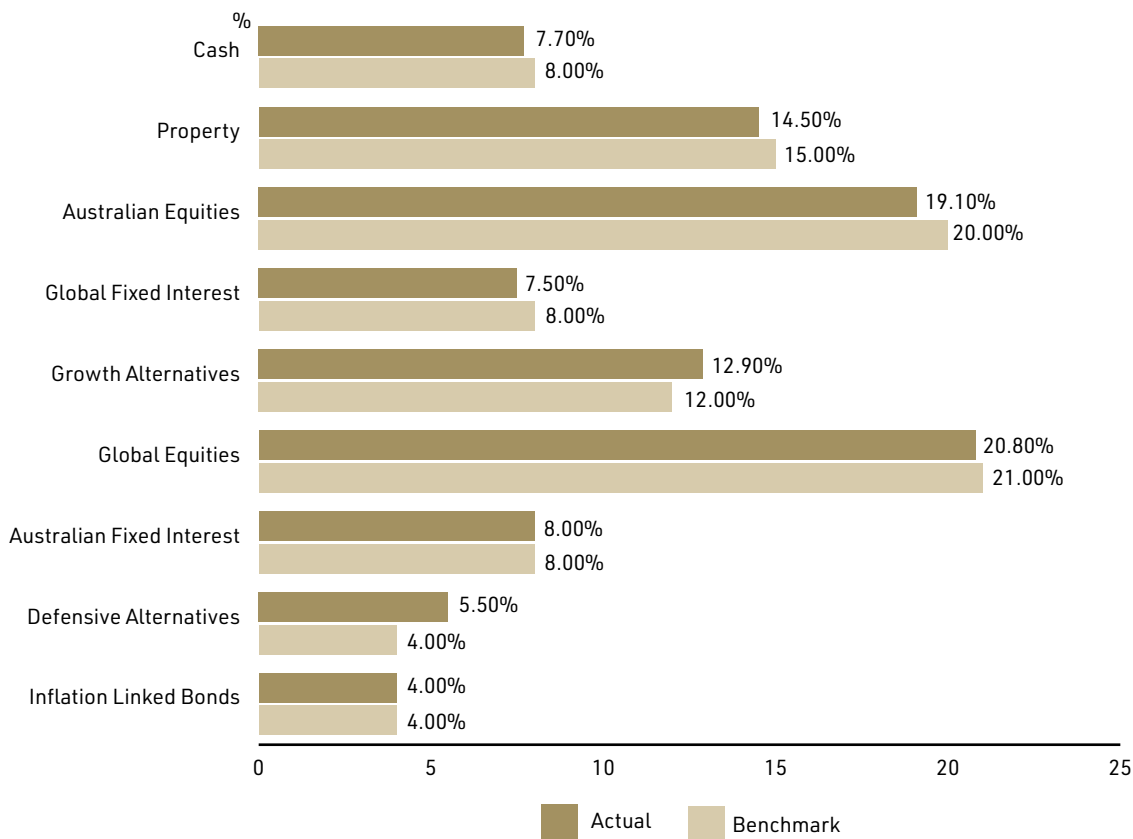
Actual asset allocation relative to each fund's respective strategic benchmark, and the value of each asset class and its percentage of investment are shown in the charts below. At year end, both the Main Fund and MVCIF held a minor tactical tilt toward Defensive Assets, versus Growth Assets according to their respective Strategic Asset Allocation.

MAIN FUND ANNUALISED RETURNS AS AT 30 JUNE 2023

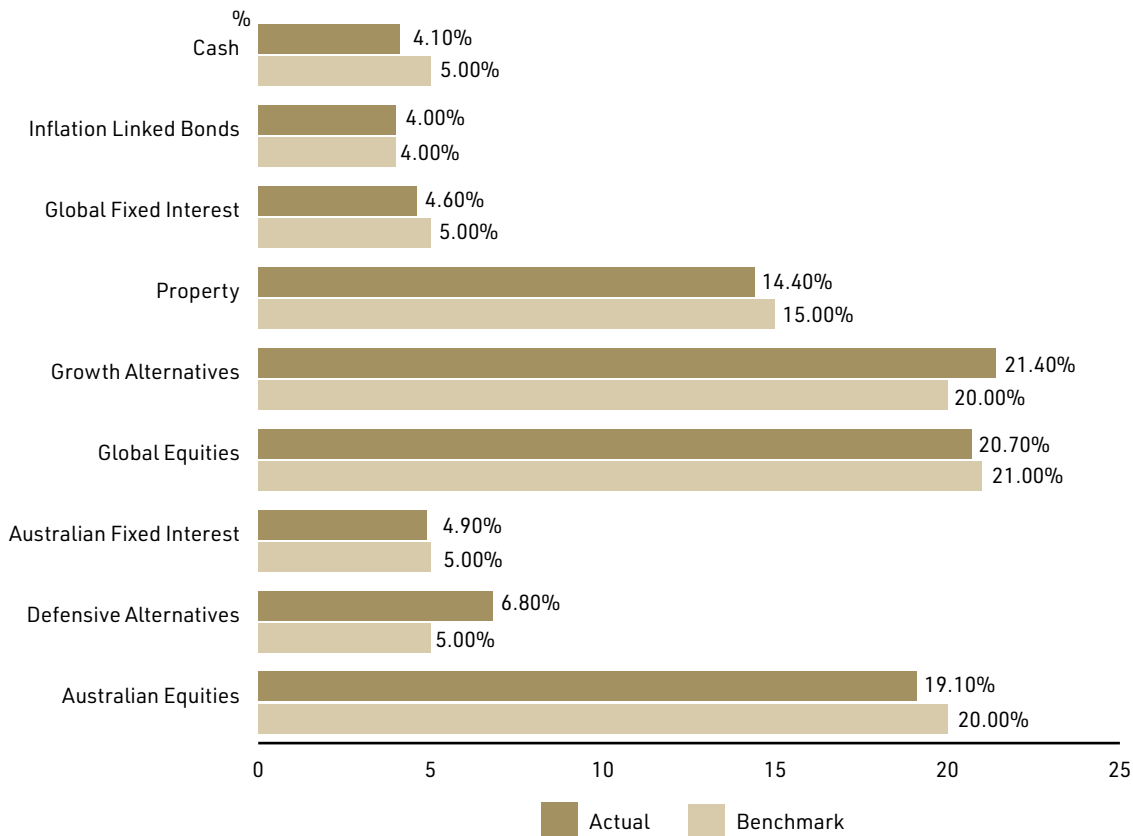


2. PERFORMANCE

MAIN FUND ASSET ALLOCATION AS AT 30 JUNE 2023



MVCIF ASSET ALLOCATION AS AT 30 JUNE 2023



2. PERFORMANCE

ASSET CLASS	MAIN FUND (\$M)	MAIN FUND (%)	MVCIF (\$M)	MVCIF (%)
Australian Equities	1,057.0	19.1	278.4	19.1
Global Equities	1,149.5	20.8	302.7	20.7
Alternatives	1,015.1	18.4	411.5	28.2
Fixed Interest	1,070.6	19.5	197.8	13.5
Property	801.7	14.5	211.1	14.4
Cash	426.2	7.7	60.1	4.1
Total Investment Assets	5,520.1	100.0	1,461.6	100.0
Unsettled Purchases and other payables	26.4			
Total Investment Assets	5,546.5			
Main Fund	5,546.5			
MVCIF	1,461.6			
Non-Investment Assets	523.4			
Total ICWA Assets	7,531.5			

PORTFOLIO POSITIONING

The table below shows the portfolio exposures by geography. 75.1% of the Insurance Commission's assets are invested within Australia.

GEOGRAPHY	MAIN FUND (\$M)	MAIN FUND (%)	MVCIF (\$M)	MVCIF (%)
Australia	4,140.5	75.0	1,099.9	75.2
United States	720.3	13.1	192.4	13.2
Europe ex United Kingdom	111.9	2.0	32.5	2.2
Asia ex Japan	194.8	3.5	51.2	3.5
United Kingdom	119.0	2.2	20.8	1.4
Japan	22.2	0.4	5.4	0.4
Other	211.4	3.8	59.4	4.1
Investment Assets	5,520.1	100.0	1,461.6	100.0
Unsettled Purchases	26.4			
Total Investment Assets	5,546.5			
Main Fund	5,546.5			
MVCIF	1,461.6			
Non Investments Assets	523.4			
Total ICWA Assets	7,531.5			

2. PERFORMANCE

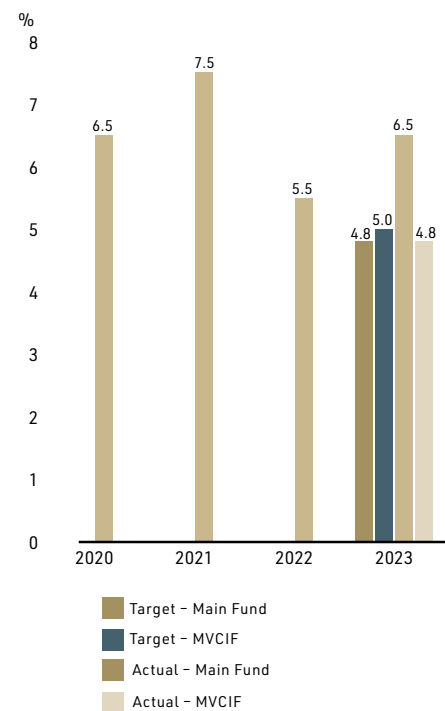
2.4.3 HOW WE ARE MEASURED

Investment Rolling seven year Return (%)

This KPI calculates the long-term investment performance, measured over a rolling seven 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).

Comment:

The investment rolling seven year return of 6.5% for Main Fund was above target of 4.8% for the financial year. The inaugural MVCIF rolling seven year return of 4.8% was slightly below target of 5.0% due to the phased approach to investing in growth assets in the Fund's initial years.

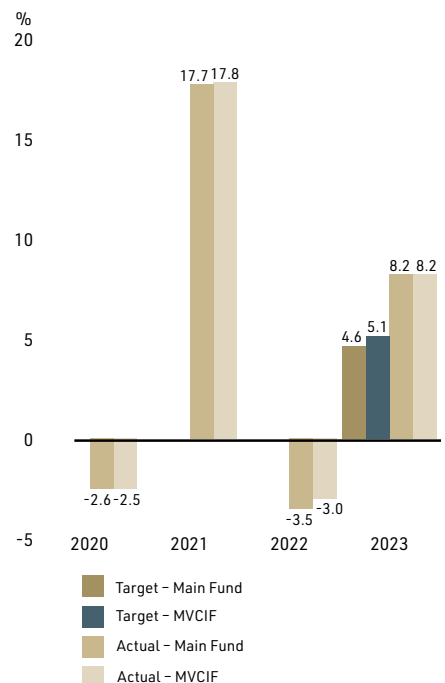


Annual Investment Rate of Return (%)

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.

Comment:

The annual investment rate of return of 8.2% for both Main Fund and MVCIF, were significantly above target of 4.6% and 5.1% respectively in 2023. The above-target performance of each fund was largely driven by the strong performance of Global Equities (16.9%), Australian Equities (14.9%), Global Fixed Interest (6.5%) and Inflation Linked Bonds (5.7%).



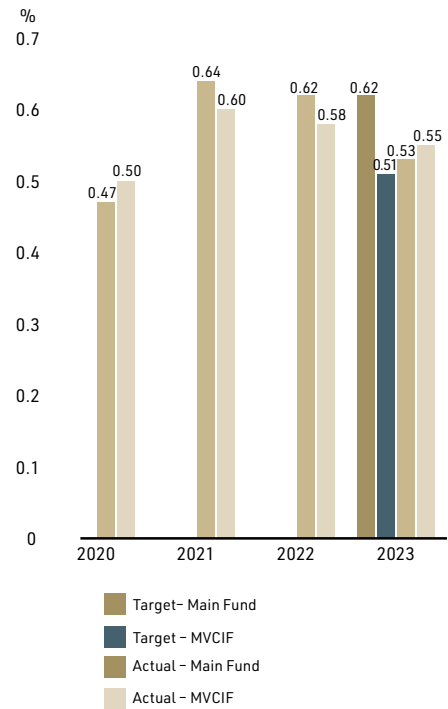
2. PERFORMANCE

Investment Management Expense Ratio (%)

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.

Comment:

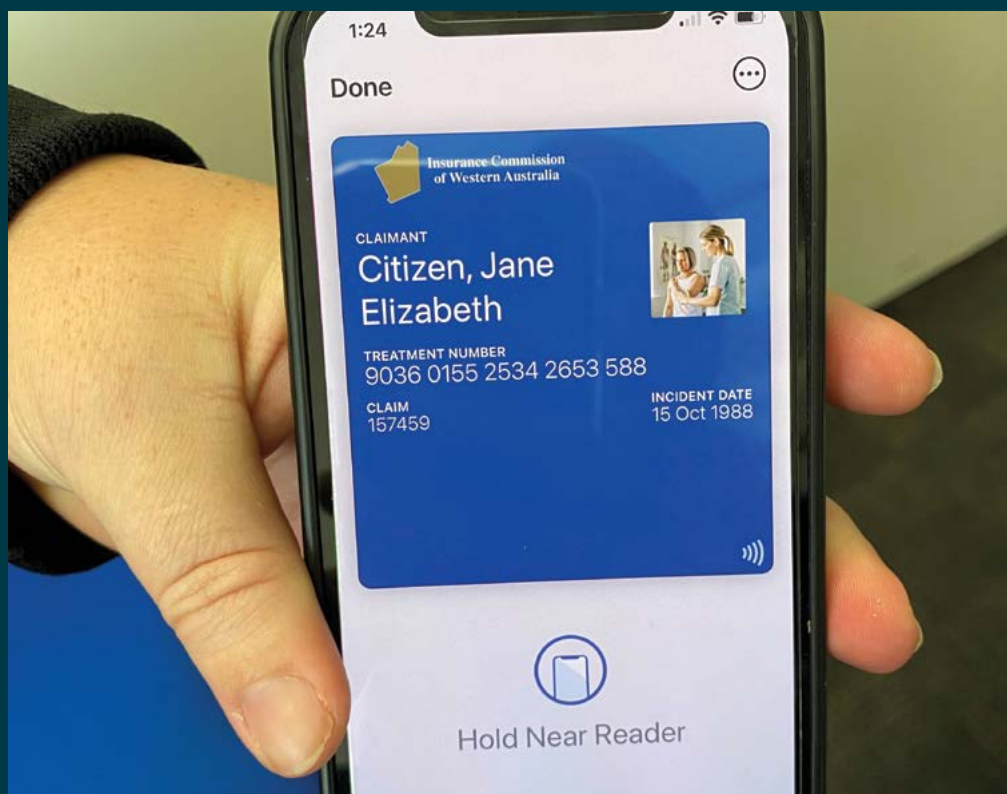
The investment management expense ratio for the Main Fund of 0.53% was lower than target, whilst the MVCIF ratio of 0.55% was slightly higher than target. The decrease in the Main Fund’s management expense ratio was due to lower than expected investment manager fees.



CASE STUDY

Digital Claiming Card and Auto Payments

A Digital Claiming Card, shown on a smart phone



The Insurance Commission introduced a Digital Claiming Card for all personal injury claimants. The card makes it easier for claimants to have approved treatments paid for directly by the Insurance Commission and for service providers to receive payment faster.

Claimants injured in a crash, or at work for a government agency, are issued a Digital Claiming Card by SMS directly to their smartphone.

The Digital Claiming Card contains the claimant's 19-digit treatment number and can be downloaded to add to a digital wallet. Treatments approved and able to be paid using the card include physiotherapy, general practitioner, medical specialist, chiropractor, psychologists, occupational therapists, speech pathologists, osteopathy and podiatry.

The card was first introduced in November 2022 and as at June 2023, 4,381 cards have been downloaded.

At the time of payment for treatment, iPhone users can tap & go for their approved treatment at a HICAPS terminal. Android users can show their treatment number to a service provider who will enter it in to a HICAPS terminal or online Portal.

The Digital Claiming Card has resulted in faster payment to service providers, reducing 20 day payment terms to within two business days. Using the Digital Claimant Card has also reduced administration for service providers as no paper invoice is needed.

The Insurance Commission is working with payment system providers to make access to treatment simple for claimants, and make payment faster and easier for service providers. Right now, claimants injured in a crash or at work can use their Digital Claiming Card at providers with a HICAPS Terminal or online Portal.

2.5 Corporate Support

2.5.1 INVESTIGATIONS AND INTELLIGENCE

It is the responsibility of the Investigations and Intelligence Section (IIS) to detect and disrupt fraud that may negatively impact the compensation schemes of each insurance division.

A minority of claimants see the compensation system as an opportunity to maximise financial compensation beyond what is considered fair and reasonable. To detect suspicious behaviour IIS uses a number of methods, such as analytics, behaviour models, notifications by staff, service providers and members of the community. It is in the best interests of the Western Australian community to reduce the risk of fraud so that insurance premiums are not higher than necessary.

For this financial year IIS:

- Assessed 334 personal injury compensation claims for possible fraudulent activity.

- Avoided \$24 million in costs by preventing payment to claimants who had been found to provide incorrect information about their injury or circumstance.
- Three claimants were convicted of criminal behaviour in the Magistrate's Court of Western Australia. If convicted, claimants may be fined, given a criminal record and/or risk time in jail.

This financial year IIS assisted the Insurance Commission to avoid paying fraudulent claim costs of \$24 million.



RECENT FRAUD CASE SUMMARIES

Claimant: Self-employed fence contractor.

Crime: Providing false or misleading information.

Claim: That injuries caused by a car crash made the claimant incapable of working.

Evidence: Claimant was witnessed working as a fence contractor.

Court case outcome: At a four day trial, the Claimant was convicted, fined and required to pay court costs.

Claimant: Food Truck Vendor

Crime: Providing false or misleading information.

Claim: That injuries caused by a crash made the claimant unable to work at all.

Evidence: Social media advertising and witnessed activity showed the food truck at various events and the claimant working in the food truck.

Court case outcome: At a six day trial, the Claimant was convicted and fined.

2.5.2 POLICY

The Policy Team at the Insurance Commission undertakes research and analysis to advise government on insurance and liability matters. This insight also informs the types of initiatives required at the Insurance Commission to meet all our Strategic Priorities, in particular:

- Intelligent use of data; and
- Efficient business capabilities.

Over the past year, to better align this intelligence with practical improvements, the Policy Team has aligned with the Project Management Team. This has resulted in a closer working relationship between teams.

MORE EFFECTIVE USE OF INJURY INFORMATION IN CLAIMS MANAGEMENT

The Policy and Project teams are currently working together to implement a system that will use injury information to identify treatments needed and estimate claim costs. In particular, progress has been made to align the sources of injury information lodged by claimants online, as well as with advice from medical experts.

The resulting system will also tailor the approval of reasonable treatments for the most common injuries sustained in motor vehicle crashes. The final structure of the system is under development.

This innovation means claimants can have greater confidence that their treatments will be fully funded and providers (many of them small business) can receive payment for services rendered in a timely manner. There have also been improvements in the consistency and greater certainty in claim value estimates to improve the accuracy of setting premiums.

2.5.3 CUSTOMER SERVICE AND SATISFACTION

Conducting surveys to measure the satisfaction of our claimants is a key element of the Insurance Commission's Stakeholder Feedback Policy. Surveys are now delivered twice a year to a sample of individuals who have made a claim for a personal injury.

This includes claimants who sustained their injury in a vehicle crash and those sustained at work, as an employee of the State Government.

By measuring claimant satisfaction, we monitor our success in providing claimant-focused services and use the results to inform decision making. Examples of decisions made in response to survey feedback includes changing the approach with new vehicle crash claims.

When first asked in 2020, motor injury claimants with a new claim expressed their satisfaction at 56%.

2. PERFORMANCE

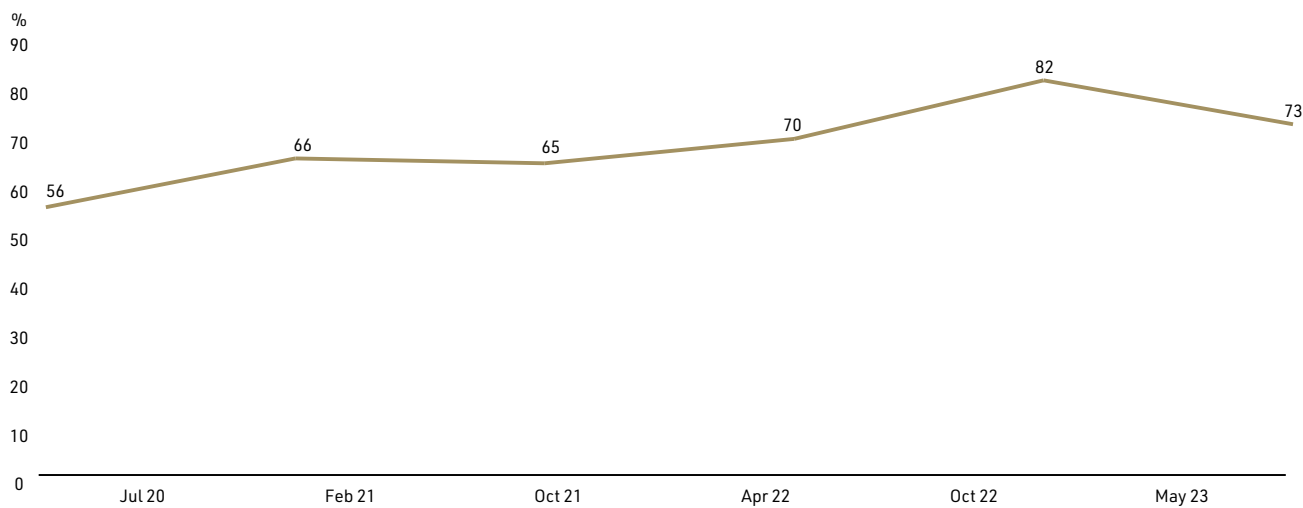
The most common feedback from this group was the lack of early and clear information on what to expect from a claim. Improvements to written communications and the implementation of pre-approved treatment and digital payment for treatment have been introduced since then.

The satisfaction rate of new claimants has gradually risen. As of the latest survey, undertaken in May 2023, this group reported a satisfaction rating of 73%.

The survey also provides the Insurance Commission with a direct source of feedback from stakeholders, identifying areas of service in need of support or development.

The time taken to resolve a claim is one aspect the Insurance Commission will look to improve on in coming months. Both data and comments from survey participants show the longer a claim takes to resolve, the more dissatisfied claimants become. This is true of all claim types and regardless of compensation amount paid.

NEW MOTOR INJURY CLAIMS SATISFACTION RATE





3. Governance

3.1	People	56
3.2	Compliance	61

3.1 People

We are committed to providing a safe psychological and physical environment where our people can positively contribute to a high performance culture aligned with our values of accountability, professional integrity and respect and where our employees contribute to the delivery of contemporary insurance services and improved claimant outcomes.

Our Employee Engagement and Culture Survey measures our progress towards our desired culture. In 2023, Employee engagement levels were 76% slightly higher than 2022 (73%).

Considerable progress has been made in a range of initiatives contained in the HR Blueprint 2021-2026 and supporting diversity and inclusion plans.

Key outcomes achieved include:

- Development of a Psychosocial Risk management framework ensuring there is a systematic and integrated process to manage psychosocial hazards and risks to protect the wellbeing of our employees and to meet our obligations under Work Health and Safety legislation.
- An enhanced employee value proposition for our claims, insurance and business service cohorts providing enhanced career opportunities and salary progression to align with evolving service delivery expectations and an increased client centric approach.

Employee engagement levels were 76% slightly higher than 2022 (73%).



Insurance Commission staff volunteering at Food Bank, December 2022

3. GOVERNANCE

- A continued focus and contemporary approach to technical and operational training for our insurance areas, together with customer engagement programs and professional development helped deliver improved claimant/client outcomes and enhanced service delivery.
- Launch of a formal mentoring program and increased developmental opportunities for staff.
- Refreshed women in leadership program to strengthen the capabilities of our emerging and current female leaders.
- Increased engagement of our staff driven reward and recognition program.
- Focus on streamlined recruitment process to respond to a competitive labour market.

Our membership in industry bodies and representation at forums is another way the Insurance Commission provides opportunities for employees to broaden their knowledge and strengthen industry networks. As corporate members of the Personal Injury Education Foundation (PIEF), and the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) we are able to provide our employees access to professional and capability development programs, relevant to the personal injury and insurance industry.

3.1.1 ACCESS AND INCLUSION

The Insurance Commission is committed to increasing awareness of access and inclusion issues and improving its service delivery to the community. Our Disability Access and Inclusion Plan (DAIP) 2018-2023 sets out how we seek to achieve these outcomes.

The Insurance Commission aims to build on these strategies and achievements as we commence the consultation process for a new DAIP 2024-2029.

Each DAIP outcome and actions are listed below.

Outcome 1: People with disability have the same opportunities as other people to access the services and events organised by the Insurance Commission.

Action

Ensured training venues utilised by the Insurance Commission are accessible in accordance with our accessible events and venues guidelines.

Provided alternative formats for people with disability to participate in training and development programs.

Outcome 2: People with disability have the same opportunity as other people to access the buildings and facilities of the Insurance Commission.

Action

Modifications completed to office environment to improve safety and accessibility where practicable.



The Insurance Commission at the Australian Medical Association MedCon

Employee Demographics

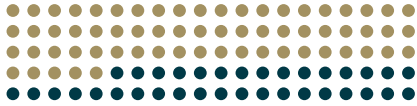
DIVERSITY

64.9%

WOMEN

35.1%

MEN



BREAKDOWN

52.2%

Women in leadership roles

11

Average length of service (years)

28.7%

Culturally & linguistically diverse

45

Average age (years)

4.3%

Youth <25

96.1%

Returned from maternity leave (5 year average)

4.8%

People with disability

1.0%

Aboriginal & Torres Strait Islanders

GENERATIONAL PROFILE

VETERAN (1922-45)

0.2%

BABY BOOMER (1946-64)

16%

GEN X (1965-79)

37.5%

GEN Y (1980-94)

36.8%

GEN Z (1995-)

9.5%

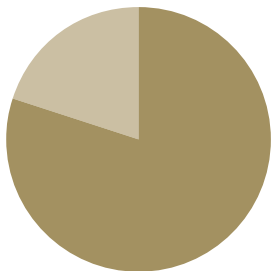
WORKING ARRANGEMENTS

80%

FULL TIME

20%

PART TIME



3. GOVERNANCE

Outcome 3: People with disability receive information from the Insurance Commission in a format that will enable them to access the information as readily as other people are able to access it.

Action

Ongoing review of the Insurance Commission's online crash and claims reporting facilities to ensure compliance with the Government of Western Australia's Accessibility and Inclusivity Standard in accordance with the Web Content Accessibility Guidelines (WCAG) 2.0 Level AA criteria.

Accessible job information application packages available in alternative formats on the Insurance Commission's internal and external website.

Outcome 4: People with disability receive the same level and quality of service as other people from Insurance Commission employees.

Action

Implemented a Customer Service Satisfaction Survey with the opportunity to provide feedback in alternative formats to enhance our service delivery.

Employees completed disability awareness training.

Outcome 5: People with disability have the same opportunities as other people to make complaints to the Insurance Commission.

Action

Enhanced the Insurance Commission's stakeholder feedback policy and process to capture more feedback through multiple channels for service delivery improvement.

Outcome 6: People with disability have the same opportunities as other people to participate in any public consultation that the Insurance Commission may undertake.

Action

No public consultations conducted in 2023.

Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment with the Insurance Commission.

Action

Reviewed employees with disability to undertake annual assessment for identification of workplace modifications and/or special equipment to assist overall wellbeing and employment requirements.



Insurance Commission staff volunteering at Food Bank, December 2022

3. GOVERNANCE

HEALTH AND SAFETY

Measure	2020	2021	2022	2023	Target	Comment
Number of fatalities	0	0	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0.25	0.51	0.01	0.46	0 or 10% reduction	Not Achieved
Lost time injury and/or disease severity rate	100%	50%	25%	100%	0 or 10% reduction	Not Achieved
Percentage of injured workers returned to work:						
(i) within 13 weeks	100%	100%	0%	25%	≥ 80% within 26 weeks	Not Achieved
(ii) within 26 weeks	100%	100%	100%	25%		
Percentage of managers trained in OSH and injury management	93%	100%	100%	99%	≥ 80%	Achieved

Outcome 8: Improve disability outcomes for claimants and clients of the organisation by effectively managing insurance schemes that provide care and compensation to people injured in motor vehicle crashes and at work.

Action

Funded treatment, care and compensation to thousands of people who were injured in vehicle crashes and at work. Supported 215 people with catastrophic injuries from vehicle crashes with rehabilitation including return to work and community participation.

Funded research into online intervention to improve psychosocial adjustment to traumatic brain injury and enable continuity of care from acute to chronic injury and research into the effect of probiotic intervention on the gut microbiome, peripheral symptoms, and quality of life individuals with spinal cord injuries.

MULTICULTURAL PLAN

Now in its third year, our Multicultural Plan 2021-2024 reflects the WA Multicultural Framework in the three focus areas of:

- harmonious and inclusive communities;
- culturally responsive policies, programs and services; and
- economic, social, cultural and political participation.

The Insurance Commission is proud to employ people from over 49 countries and just under one quarter of staff speak a language other than English.

Key outcomes within the reporting period include:

- information regarding access to external interpreters and internal Bilingual Register available;
- WA Language Services Policy 2020 internally published and promoted;
- Multicultural Plan incorporated into the new employee induction process;
- 2023 Mentoring program has 27% of participants from Cultural and Linguistically Diverse backgrounds;
- published documents can be made available in languages other than English if requested; and
- over 97% of employees have completed our online Cultural Competency training and awareness program.

3.2 Compliance

GOVERNANCE, RISK AND COMPLIANCE

OUR APPROACH

The Insurance Commission aligns its governance, risk and compliance approach to best practice standards, including AS ISO 31000 and AS ISO 37301, and to Government guidelines.

The Insurance Commission believes maintaining high standards of corporate governance and effective risk and compliance management practices is essential to the achievement of its business objectives and the creation of long-term value for customers and other stakeholders, including the Western Australian public. This is reflected in our values of accountability, professional integrity, and respect.

Effective governance, risk and compliance management is supported by:

- governance documents, such as the Board and Audit and Risk Committee charters, Executive Committee terms of reference and Codes of Ethics and Conduct, that set out sound and responsible corporate governance and behaviour expectations;
- risk and compliance management frameworks that reflect the Board's expectations, and outline processes and tools to identify and manage current and emerging risks, compliance obligations, and mitigation and monitoring actions;



General Manager of Motor Injury Insurance Fab Zanuttigh (centre) presents the Regional Road Safety Award for Innovation to the Shire of Nannup, Oct 2022

3. GOVERNANCE

- a risk appetite statement that aligns with the Insurance Commission's strategy and the Board's decision-making expectations, and is cascaded into policies, procedures and reporting practices;
- a three lines of defence model with clear accountabilities for risk ownership and oversight. Employees are empowered to own risk management activities, with the Executive Committee, Audit and Risk Committee and Board oversight. Internal and external audit provide independent assurance of the organisation's risk and compliance activities.

These practices are regularly reviewed and improvements implemented as needed to ensure ongoing effectiveness.

ACTIVITIES TO STRENGTHEN GOVERNANCE, RISK AND COMPLIANCE AT THE INSURANCE COMMISSION

During the year, the Insurance Commission continued to enhance its governance, risk and compliance management capability. Those activities included:

- ongoing communication to employees about the importance of using our governance, risk and compliance approach in decision-making. This included raising awareness of key risks and emerging issues, and the provision of risk and compliance training;
- updating documents and practices to reflect legislative change, such as changes to the *Work, Health and Safety Act 2020* (WA);
- reviews of compliance, risk, business continuity and crisis management documents and tools;
- actively strengthening cybersecurity measures and operational resilience in response to this increasing threat;
- enhanced identification, management and monitoring of compliance obligations, including improvements to compliance management tools;
- improvements in identifying and managing risks, including establishing and monitoring of risk interdependencies and key risk indicators, and expanded monitoring of emerging risk factors;
- ongoing consideration of risk appetite and tolerances, aligned to the strategic direction, and integrated into day to day operations;
- enhanced monitoring and reporting of risk and compliance data and risk culture;
- consideration of culture, employee engagement and customer experience risks on strategy development and execution; and
- enhanced monitoring and reporting of strategic performance indicators.

COMPLIANCE MATTERS AND MINISTERIAL DIRECTIONS

Existing controls provide reasonable assurance of compliance with applicable legislation, public sector standards and ethical codes.

No breach of standards claims were received during the year.

No ministerial directions were received during the year.

See Note 5 of the Financial Statements for further information on risk management.

3. GOVERNANCE

3.2.1 BOARD DISCLOSURES

Name	Position	Board attendance at 7 meetings	Audit and risk Committee attendance at 6 meetings	Gross annual remuneration*
Frank Cooper AO	Chair	2	N/A	\$31,277
Rob Bransby	Chair	7	4	\$91,349
Julie Keene	Deputy Chair, Chair of Audit and Risk Committee	7	5	\$66,553
Andrea Hall	Commissioner, Member of Audit and Risk Committee	7	6	\$49,586
Alan Rees	Commissioner, Member of Audit and Risk Committee	7	6	\$49,586
Emma Scotney	Commissioner, Member of Audit and Risk Committee	7	6	\$49,586
Ben Morton	Commissioner	5	N/A	\$33,947
Rod Whithear	Chief Executive, Commissioner ex officio	7	6	\$425,238

* Includes superannuation and Fringe Benefits Tax.

Frank Cooper ceased as a Commissioner in October 2022.

Ben Morton commenced as a Commissioner in October 2022.

Rob Bransby ceased as Chair of the Audit and Risk Committee in October 2022.

Julie Keene commenced as Chair of the Audit and Risk Committee in October 2022.

Directors and Officers Liability Insurance cover was in place from 10 March 2022 to 10 March 2023. The premium paid for this cover was \$227,799. The cover was renewed for a further 12 months from 10 March 2023 to 10 March 2024 at a cost of \$236,466.

3.2.2 ADVERTISING EXPENDITURE

The Insurance Commission spent \$65,500 in 2022 to advertise job vacancies and motor injury insurance premium rates and survey claimants.

Type	Organisation	Total
Advertising Agencies	Initiative Media and the Department of Premier and Cabinet	\$22,189
Media Advertising	Thryv Australia	\$5,586
Market Research	Painted Dog Research	\$37,725
Total*		\$65,500

*No costs for polling or direct mail organisations.

3. GOVERNANCE

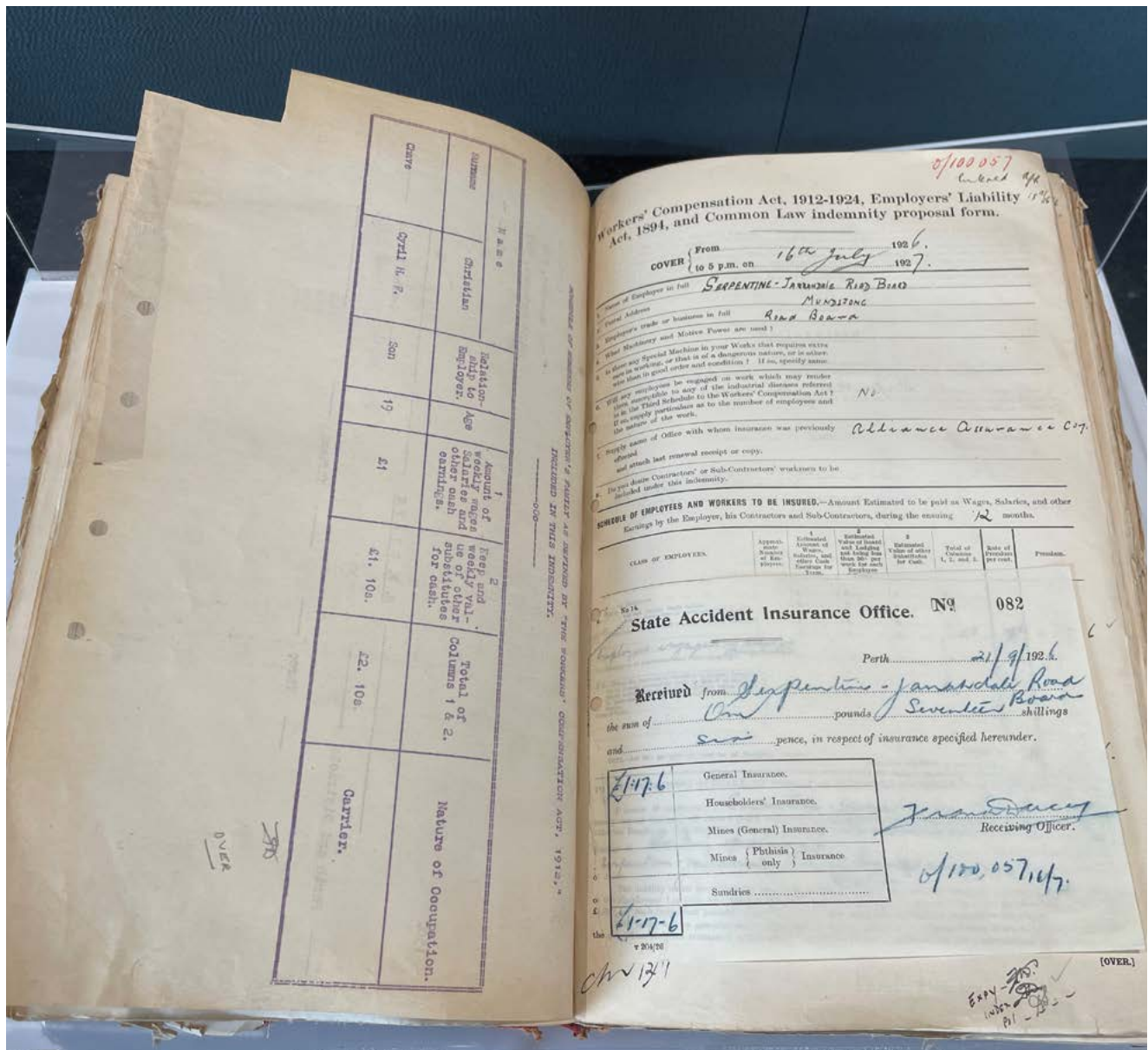
3.2.3 RECORDKEEPING

The Insurance Commission's Recordkeeping Plan 2020 sets out the recordkeeping program for the organisation, including which records are to be created and how long these records are to be kept. The State Records Commission requires agencies to retain and dispose of records in line with disposal authorities.

The Recordkeeping Plan and associated policies and procedures incorporate the best practice principles and standards developed by the State Records Commission under the *State Records Act 2000*. The Recordkeeping Plan is due for review in 2025.

Recordkeeping training continues to be undertaken by all new employees via an induction program that details employee recordkeeping roles and responsibilities.

The Insurance Commission's intranet houses the Recordkeeping Plan and related documentation. Routine reporting is undertaken on the performance of recordkeeping systems and training delivered.



An image of record keeping in the Insurance Commission from almost 100 years ago. An insurance policy issued in 1926 to the Serpentine-Jarrahdale Road Board, now known as Shire.

4. Financial Statements

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4.1

Statement of Compliance

Hon. Rita Saffioti MLA
Treasurer

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to the Parliament of Western Australia, the Annual Report of the Insurance Commission of Western Australia for the financial year ended 30 June 2023.



Rob Bransby
Chairman

14 September 2023



Rod Whithear
Chief Executive

14 September 2023

FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for 2023 and the financial positions at 30 June 2023.



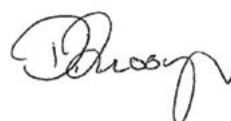
Rob Bransby
Chairman

14 September 2023



Rod Whithear
Chief Executive

14 September 2023



Damon de Nooyer
Chief Finance Officer

14 September 2023

KEY PERFORMANCE INDICATORS

We certify the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Insurance Commission of Western Australia's performance, and fairly represent the performance of the Insurance Commission for the financial year ended 30 June 2023.



Rob Bransby
Chairman

14 September 2023



Rod Whithear
Chief Executive

14 September 2023



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

Insurance Commission of Western Australia

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Insurance Commission of Western Australia (Commission) which comprise:

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Insurance Commission of Western Australia for the year ended 30 June 2023 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Commissioners for the financial statements

The Board of Commissioners is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Page 1 of 5

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

In preparing the financial statements, the Board of Commissioners is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Insurance Commission of Western Australia. The controls exercised by the Commission are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Insurance Commission of Western Australia are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework during the year ended 30 June 2023.

The Board of Commissioners' responsibilities

The Board of Commissioners is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagement ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Insurance Commission of Western Australia for the year ended 30 June 2023. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Insurance Commission of Western Australia are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2023.

The Board of Commissioners' responsibilities for the key performance indicators

The Board of Commissioners is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Commission determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commission is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Commissioners is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

The auditor's report relates to the financial statements and key performance indicators of the Insurance Commission of Western Australia for the year ended 30 June 2023 included in the annual report on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.

Sandra Labuschagne

Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 September 2023

4. FINANCIAL STATEMENTS

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4. FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Premium Revenue	2.1	941,018	891,247
Reinsurance Premium Expense	2.2	(10,396)	(10,127)
Reinsurance Commission Revenue	2.1	1,040	1,013
Net Premium Revenue		931,662	882,133
Claims Expense	2.2	(632,830)	(627,023)
Reinsurance and Other Recoveries	2.1	17,671	27,307
Net Claims Incurred	2.3	(615,159)	(599,716)
Movement in Unexpired Risk Liability		-	18,151
Recoveries on Unexpired Risk Liability		-	(4,108)
Net Movement in Unexpired Risk	3.2.3(f)	-	14,043
Premium Collection Costs	2.2	(29,038)	(21,354)
RiskCover Fund Administration Cost Reimbursement	2.1	38,717	30,878
Other Underwriting and Administration Expenses	2.2	(77,213)	(64,537)
Underwriting Profit		248,969	241,447
Investment Income/(Loss)	4.1	529,109	(214,142)
Investment Expenses	4.2	(25,513)	(28,019)
RiskCover Fund Investment Return	4.2	(73,665)	33,113
Other Income	8.8	3,624	47,048
Other Expenses	8.8	(1,500)	-
Profit Before Tax Equivalent		681,024	79,447
Income Tax Equivalent Expense	6.1	(171,632)	(15,876)
Profit After Tax Equivalent		509,392	63,571
Items that will not be reclassified to Profit/(Loss):			
Re-measurement (Loss) on Defined Benefit Plans		(179)	(142)
Related Income Tax Equivalent Effect	6.1	54	43
Other Comprehensive (Expense) After Tax Equivalent		(125)	(99)
Total Comprehensive Income After Tax Equivalent		509,267	63,472

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

4. FINANCIAL STATEMENTS

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Assets			
Cash and Cash Equivalents	8.7	20,554	83,100
Receivables	2.7	454,428	457,300
Current Tax Receivable		12,913	-
Investments	4.3	7,008,144	6,271,942
Deferred Premium Collection Costs	2.6	7,522	7,106
Other Assets		4,553	3,469
Deferred Tax Assets	6.2	-	16,523
Right of Use Lease Assets	8.3.1	8,399	11,463
Plant and Equipment	8.2	2,120	1,506
Intangibles	8.4	12,881	9,434
Total Assets		7,531,514	6,861,843
Liabilities			
Payables	2.8	46,865	39,882
Financial Liabilities - RiskCover Fund Investments	4.4	941,320	873,755
Current Tax Payable		-	100,189
Outstanding Claims	2.4	3,871,040	3,767,439
Unearned Premium	2.5	365,443	347,060
Provisions	8.6	21,496	20,858
Lease Liabilities	8.3.2	10,351	13,805
Deferred Tax Liabilities	6.2	130,377	-
Total Liabilities		5,386,892	5,162,988
Net Assets		2,144,622	1,698,855
Equity			
Compensation (Industrial Diseases) Fund Reserve		25,176	22,694
Retained Earnings		2,119,446	1,676,161
Total Equity		2,144,622	1,698,855

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

4. FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Summary of Changes in Equity			
Balance of Equity at Start of the Year		1,698,855	2,337,721
Profit after Tax Equivalent		509,392	63,571
Re-measurement on Defined Benefit Plans after Tax Equivalent		(125)	(99)
Total Comprehensive Income after Tax Equivalent		509,267	63,472
Dividends	8.11	(63,500)	(572,083)
Contribution to Government		-	(130,255)
Balance of Equity at End of the Year		2,144,622	1,698,855
Reserves			
Compensation (Industrial Diseases) Fund Reserve			
Balance at Start of the Year		22,694	25,812
Transfer from/(to) Retained Earnings		2,482	(3,118)
Balance at End of the Year		25,176	22,694
Retained Earnings			
Balance at Start of the Year		1,676,161	2,311,909
Profit after Income Tax Equivalent Expense		509,392	63,571
Re-measurement on Defined Benefit Plans after Income Tax Equivalent		(125)	(99)
Dividends	8.11	(63,500)	(572,083)
Contribution to Government		-	(130,255)
Transfer (to)/from Compensation (Industrial Diseases) Fund Reserve		(2,482)	3,118
Balance at End of the Year		2,119,446	1,676,161

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

4. FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$'000	2022 \$'000
Cash Flow From Operating Activities			
Premium Revenue Received		1,055,549	1,001,519
Insurance Duty Received		104,076	98,735
Right of Indemnity Receipts - Government Insurance Fund		1,025	11,725
Right of Indemnity Receipts - WorkCover WA		832	527
Interest Received		41,737	20,894
Dividends Received		130,952	188,156
Reinsurance and Other Recoveries Received		11,855	2,940
Management Fees Received		38,717	30,878
Outwards Reinsurance Commission Received		1,144	1,114
Bell Settlement Proceeds		1,964	41,508
Other Receipts		2,950	1,942
Claims Paid		(562,534)	(544,826)
RiskCover Fund Investment Return		(73,665)	33,113
Outwards Reinsurance Paid		(11,162)	(11,205)
Premium Collection Costs Paid		(32,358)	(30,359)
Underwriting and Administration Expenses Paid		(73,656)	(60,684)
Goods and Services Tax Paid		(54,662)	(50,663)
Insurance Duty Paid		(103,789)	(98,385)
Other Payments		(24,365)	(35,989)
Net Cash Flow From Operating Activities	8.7	454,610	600,940
Cash Flow From Investing Activities			
RiskCover Investment Funds Received/(Paid)		67,565	(31,313)
Payments for Purchase of Investments		(2,654,295)	(3,631,978)
Proceeds from Sale of Investments		2,570,432	3,830,247
Payments for Purchase of Plant and Equipment		(7,018)	(7,636)
Proceeds from Sale of Plant and Equipment		152	433
Net Cash Flow From Investing Activities		(23,164)	159,753
Cash Flow From Financing Activities			
Payments for Principal of Lease Liabilities		(3,467)	(3,268)
Net Cash Flow From Financing Activities		(3,467)	(3,268)
Cash Flow To State Government			
Dividends Paid		(63,500)	(572,083)
Income Tax Equivalent Paid		(137,780)	(201,349)
Net Cash Flow To State Government		(201,280)	(773,432)
Net Increase/(Decrease) In Cash And Cash Equivalents		226,699	(16,007)
Cash And Cash Equivalents At Start Of The Year		389,628	405,635
Cash And Cash Equivalents At End Of The Year	8.7	616,327	389,628

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. About this Report

1.1 Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and as applied by the Treasurer's Instructions.

Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. Such modifications are intended to provide certainty and ensure consistency of reporting across the public sector.

Where modification is required and has a material or significant effect upon the reported results, details of that modification and the resulting financial effect are disclosed in individual notes to the financial statements.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

1.2 Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, or are measured at fair value.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements made in the process of applying the Insurance Commission's accounting policies, that have the most significant effect on the amounts recognised in the financial statements, are disclosed in the applicable notes.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of outstanding claims liabilities, are disclosed at Note 2.4, 'Actuarial Assumptions and Methods'.

1.3 Disclosure of Prior Period Restatement, Changes in Presentation and Changes in Accounting Policy or Estimates

There are no mandatory or voluntary prior period adjustments, changes in presentation or changes in accounting policies which impact on the financial statements.

1.4 Basis of Consolidation

The financial statements at 30 June 2023 relate to the Insurance Commission.

The financial statements of the RiskCover Fund are not consolidated in the Insurance Commission's accounts as the Government of Western Australia is responsible for any shortfall of its self insurance arrangements.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2. Insurance Activities

2.1 Revenue

	Notes	2023 \$'000	2022 \$'000
Premium Revenue	(i)		
Premium Collected		959,402	910,797
Movement in Unearned Premium		(18,384)	(19,550)
		941,018	891,247
Reinsurance Commission Revenue		1,040	1,013
Reinsurance and Other Recoveries Revenue	(ii)		
Reinsurance and Other Recoveries Received		9,946	2,223
Movement in Reinsurance and Other Recoveries Receivable		4,944	16,665
Right of Indemnity - Government Insurance Fund	(iii)	2,781	8,419
		17,671	27,307
RiskCover Fund Administration Cost Reimbursement	(iv)	38,717	30,878
Total Revenue		998,446	950,445

- (i) Premium revenue, including unclosed business, is recognised in the Statement of Comprehensive Income when it has been earned and is calculated from the attachment date over the period of the policy. The pattern of recognition over the policy period is based on time, which closely approximates the pattern of risks underwritten.
- (ii) Reinsurance and other recoveries revenue on paid claims, claims reported but not paid, claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) are recognised as revenue. Recoveries receivable for long-tail classes of insurance are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.
- (iii) The Insurance Commission has the right of reimbursement from certain Government entities for expenses and payments in the Government Insurance Fund.
- (iv) RiskCover Fund administration cost reimbursement relates to the costs of administering the RiskCover Fund. It is calculated in proportion to the usage of the Insurance Commission's services. A profit element is not included in the cost.

2.2 Expenses

	Notes	2023 \$'000	2022 \$'000
Claims Expenses			
Claims Paid		527,688	511,378
Movement in Outstanding Claims		105,142	115,645
		632,830	627,023
Reinsurance Premium Expense	(i)	10,396	10,127
Net Movement in Unexpired Risk Liability		-	(14,043)
Premium Collection Costs	(ii)	29,038	21,354
Other Underwriting and Administration Expenses			
Accident Prevention and Research		2,044	1,724
Remuneration Payable to the Auditor General		530	384
Board of Commissioners' Fees		338	302
Contractors and Consultants		7,276	2,957
Amortisation Intangible Assets		1,575	1,498
Depreciation		3,695	3,644
Employee Benefits		51,464	43,709
IT Hardware and Software		5,039	5,119
Occupancy		1,373	1,358
Interest Expense for Lease Assets		290	369
Other		3,589	3,473
		77,213	64,537
Total Expenses		749,477	708,998

- (i) Premium paid to reinsurers is recognised as an expense over the period to which the cover relates.
- (ii) Premium collection costs are amounts paid to the Department of Transport for administering the collection of motor injury insurance premiums. These costs are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to revenue that will be recognised in the Statement of Comprehensive Income in subsequent reporting periods.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2.3 Net Claims Incurred

	2023		
	Current Year	Prior Years	Total
	(i)	(ii)	
	\$'000	\$'000	\$'000
Current Year			
Gross Claims - Undiscounted	1,254,154	(210,585)	1,043,569
Discount and Discount Movement	(433,542)	22,803	(410,739)
Gross Claims - Discounted	820,612	(187,782)	632,830
Reinsurance and Other Recoveries - Undiscounted	(35,360)	(10,626)	(45,986)
Discount and Discount Movement	17,469	10,846	28,315
Reinsurance and Other Recoveries - Discounted	(17,891)	220	(17,671)
Net Claims Incurred	802,721	(187,562)	615,159

	2022		
	Current Year	Prior Years	Total
	(i)	(ii)	
	\$'000	\$'000	\$'000
Previous Year			
Gross Claims - Undiscounted	1,367,176	644,870	2,012,046
Discount and Discount Movement	(546,157)	(838,866)	(1,385,023)
Gross Claims - Discounted	821,019	(193,996)	627,023
Reinsurance and Other Recoveries - Undiscounted	(41,727)	(73,697)	(115,424)
Discount and Discount Movement	23,900	64,217	88,117
Reinsurance and Other Recoveries - Discounted	(17,827)	(9,480)	(27,307)
Net Claims Incurred	803,192	(203,476)	599,716

(i) Current Year's claims relate to risks incurred in the current year.

(ii) Prior Years' claims relate to a re-assessment of the risks incurred in all previous years.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2.4 Outstanding Claims

	2023 \$'000	2022 \$'000
Central Estimate	5,502,963	5,073,403
Discount to Present Value	(2,115,158)	(1,778,801)
	3,387,805	3,294,602
Claims Management Expenses (discounted)	149,811	143,094
	3,537,616	3,437,696
Risk Margin	333,424	329,743
Gross Outstanding Claims	3,871,040	3,767,439
Current	643,157	622,697
Non-Current	3,227,883	3,144,742
	3,871,040	3,767,439

Critical Accounting Judgements and Estimates

The liability for outstanding claims is measured as the central estimate of the present value of expected future claims payments plus a risk margin.

The expected future payments include the cost of claims incurred but not settled at the end of the reporting period, including the cost of claims incurred but not yet reported (IBNR) and claims incurred but not enough reported (IBNER). Outstanding claims and recoveries take into account factors such as allowances for future wage increases, superimposed inflation, risk-free investment return, claims administration expenses and a risk margin.

Whilst all reasonable steps are taken to ensure that adequate information is obtained on outstanding claims exposures, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability. In particular, the estimation of IBNR claims is generally subject to a greater degree of uncertainty than the estimation of claims already notified, where more information about the claim is usually available. IBNR claims may not be lodged until many years after the events giving rise to the claims.

The estimate of liability for outstanding claims is based upon an independent actuarial valuation which utilises statistical analysis of historical experience and assumes the development pattern of current claims will be consistent with past experience.

Actuarial Assumptions and Methods

The Insurance Commission underwrites a number of insurance classes through its funds. The ultimate liability for outstanding claims is estimated by:

- projecting future claim payments in current values using a variety of actuarial models;
- adjusting the projected claim payments to allow for the effect of future inflation from current values to the date of payment;
- discounting inflated claim payments to allow for an investment return at a risk-free rate;
- deducting the estimated effect of tax credits;
- adding an amount to provide for associated claims management expenses;
- reducing the amount by an allowance for reinsurance and other recoveries; and
- adding an allowance for a risk margin.

Processes Used to Determine Assumptions

A description of the factors used to determine these assumptions is provided below:

Inflation Rates: based on Western Australia Treasury projections for short-term rates. Long-term inflation rates are based on independent actuarial advice.

Discount Rates: risk-free rates derived from the market yields on traded Commonwealth Treasury Bonds at 30 June 2023. Long-term discount rates are based on independent actuarial advice.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2.4 Outstanding Claims (continued)

Claims Management Expenses: derived from past experience and breakdown of expenses.

Reinsurance Recoveries: based on expected recoveries from claims that exceed, or are estimated to exceed, reinsurance retention levels.

Superimposed Inflation: derived from actuarial modelling based on the long-term average of past experience.

Risk Margin: a risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the claims liability is adequately provided for to a 75% probability of sufficiency. The RiskCover Fund does not apply a risk margin.

Although not subject to the Australian Prudential Regulation Authority (APRA) regulatory framework, the Insurance Commission has calculated its risk margin in accordance with APRA guidelines. Under this regime the central estimate is derived using risk-free rates based on yields from Commonwealth Government fixed interest securities. The total provision is required to achieve a 75% probability of sufficiency based solely on liability risk (including inflation risk), but with no allowance for asset risk or asset returns above risk-free rates.

The 75% probability of sufficiency is estimated taking into account potential uncertainties relating to various actuarial assumptions, statistical modelling techniques, the underlying data quality, the general insurance and legal environments and changes in social attitudes.

Other Factors: Third Party Recoveries, Number of Claims, Average Claim Size, Average Term to Settlement/Claim Finalisation, IBNR, Development of Case Estimates and Projected Case Estimates Payment Factors are based on past experience.

2.5 Unearned Premium

The proportion of premium received or receivable relating to risks for periods of insurance subsequent to the end of the reporting period and not earned in the Statement of Comprehensive Income, is recognised on a pro-rata basis.

	2023	2022
	\$'000	\$'000
Unearned Premium at Start of the Year	(347,060)	(327,509)
Earning of Premiums Collected in Previous Periods	347,060	327,509
Premium Collected in the Period	(959,402)	(910,797)
Earning of Premiums Collected in the Period	593,959	563,737
Unearned Premium at End of the Year	(365,443)	(347,060)

2.6 Deferred Premium Collection Costs

At the end of the reporting period, a portion of premium collection costs (refer Note 2.2(ii)) is deferred in recognition that it represents an expense that will give rise to premium revenue that will be recognised in future reporting periods. Deferred premium collection costs are expensed in the following financial year.

	2023	2022
	\$'000	\$'000
Balance at Start of the Year	7,107	236
Premium Collection Costs paid to Department of Transport	29,453	28,224
Amount recognised as Expense	(29,038)	(21,354)
Balance at End of the Year	7,522	7,106

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2.7 Receivables

Receivables are initially recognised at fair value and are subsequently measured at amortised cost less a provision for impairment losses.

		2023 \$'000	2022 \$'000
Current	Notes		
Premiums Receivable		6,415	6,456
Discounted Value of Expected Future Reinsurance and Other Recoveries		42,321	43,645
Less: Provision for Impairment		(39)	-
		42,282	43,645
Right of Indemnity			
Government Insurance Fund	(i)	1,302	30,354
WorkCover WA	(ii)	183	1,924
		1,485	32,278
Other Receivables		1,991	7,991
Total Current		52,173	90,370
Non-Current			
Discounted Value of Expected Future Reinsurance and Other Recoveries		241,409	236,287
Right of Indemnity			
Government Insurance Fund	(i)	153,324	122,517
WorkCover WA	(ii)	7,522	8,126
		160,846	130,643
Total Non-Current		402,255	366,930
Total Receivables		454,428	457,300

- (i) The Government of Western Australia assumed liability for any accumulated deficit existing in the Government Insurance Fund after Cabinet's decision in June 1996.
- (ii) The Insurance Commission has the right of reimbursement from WorkCover WA for all payments and expenses paid under the *Employers' Indemnity Supplementation Fund Act 1980*.

Critical Accounting Judgements and Estimates

Estimations are made of all recoveries, including reinsurance recoveries and tax credits. Assets arising from reinsurance contracts are calculated taking into account factors such as allowances for future wage increases, superimposed inflation, risk-free investment return, claim administration expense and a prudential risk margin. In addition, the recoverability of these assets are assessed on a periodic basis to ensure the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Under AASB 9, the 12 month's expected credit loss model has been used to determine any potential impairment of financial assets. Under this model an allowance for impairment is considered regardless of whether a credit event has occurred.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2.8 Payables

Payables, including accruals not yet billed, are carried at cost and recognised when the Insurance Commission becomes obliged to make future payments as a result of a purchase of assets or services.

Current	Notes	2023	2022
		\$'000	\$'000
Trade Creditors		14,738	14,581
Reinsurance Creditors		1,000	726
Accrued Employee Benefits		1,115	814
Investment Payables		26,356	19,016
Goods and Services Tax Liability	(i)	3,656	4,745
		46,865	39,882

- (i) Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on the purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of GST. The net amount of GST payable to, or recoverable from, the ATO is included as part of receivables or payables in the Balance Sheet.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3. Insurance Activities - Fund Level

3.1 Third Party Insurance Fund

3.1.1 Overview

The Third Party Insurance Fund (TPIF) is associated with the Compulsory Third Party (CTP) scheme. This Fund caters for any injured third party or the dependants of a person killed as a consequence of the negligent driving of a Western Australian registered motor vehicle. Eligible claimants are entitled to damages for personal injury, as long as negligence can be established against the owner or driver of a Western Australian registered motor vehicle.

During the year, amounts of \$146 million and \$55.2 million were recommended by the Insurance Commission to be transferred from the Third Party Insurance Fund to the Government Insurance Fund and RiskCover Fund to fund the unfunded liabilities largely arising from historic child sex abuse claims.

3.1.2 Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Premium Revenue	716,446	675,077
Reinsurance Premium Expense	(6,430)	(6,108)
Reinsurance Commission Revenue	643	611
Net Premium Revenue	710,659	669,580
Claims Expense		
Claims Paid	(492,487)	(472,460)
Movement in Outstanding Claims	(101,859)	49,224
Other Recoveries Revenue	16,173	(7,675)
Net Claims Incurred	(578,173)	(430,911)
Premium Collection Costs	(22,963)	(16,787)
Other Underwriting and Administration Expenses	(30,648)	(26,709)
Underwriting Profit	78,875	195,173
Investment Income/(Loss)	329,278	(140,007)
Investment Expenses	(16,287)	(19,381)
Other Income	2,064	41,604
Other Expenses	(475)	-
Profit Before Tax Equivalent	393,455	77,389
Income Tax Equivalent Expense	(101,154)	(16,823)
Profit After Tax Equivalent	292,301	60,566

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.2 Financial Statements (continued)

Balance Sheet as at 30 June 2023

	2023 \$'000	2022 \$'000
Assets		
Receivables	201,497	195,791
Current Tax Receivable	45,129	-
Investments	4,310,421	3,989,948
Deferred Premium Collection Costs	6,080	5,729
Deferred Tax Assets	-	3,074
Right of Use Lease Assets	1,549	2,243
Total Assets	4,564,676	4,196,785
Liabilities		
Payables	14,358	20,463
Current Tax Payable	-	87,814
Outstanding Claims	2,601,481	2,499,622
Unearned Premium	279,178	262,989
Lease Liabilities	1,923	2,706
Deferred Tax Liabilities	115,743	-
Total Liabilities	3,012,683	2,873,594
Net Assets / Equity	1,551,993	1,323,191

3.1.3 Financial Disclosures

(a) Outstanding Claims

	2023 \$'000	2022 \$'000
Central Estimate	2,796,898	2,608,562
Discount to Present Value	(423,654)	(328,214)
	2,373,244	2,280,348
Claims Management Expenses (discounted)	71,197	68,410
	2,444,441	2,348,758
Risk Margin	157,040	150,864
Gross Outstanding Claims	2,601,481	2,499,622

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2022	2,499,622	189,335	2,310,287
Effect of Changes in Assumptions/Experience	(183,927)	(6,793)	(177,134)
Expected Claims Incurred/Recoveries During Year	811,985	55,445	756,540
Incurred Claims Recognised in the Statement of Comprehensive Income	628,058	48,652	579,406
Claim Payments/Recoveries During Year	(526,199)	(41,366)	(484,833)
Total Outstanding Claims at 30 June 2023	2,601,481	196,621	2,404,860

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(c) Claims Development Tables

The following tables show the development of gross and net undiscounted outstanding claims relative to the ultimate expected claims for the ten most recent years.

Gross Claims Development Table

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Gross Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	512,234	501,892	479,249	547,862	566,085	567,270	586,503	633,909	662,514	748,898	
One Year Later	487,242	480,993	494,136	563,010	539,749	531,335	556,385	662,546	663,025		
Two Years Later	490,863	511,782	501,489	556,612	519,770	539,286	557,698	651,011			
Three Years Later	527,342	499,470	523,384	542,615	511,567	554,618	575,435				
Four Years Later	518,133	476,691	523,410	541,318	493,047	530,758					
Five Years Later	493,393	461,231	535,564	530,629	469,332						
Six Years Later	486,811	453,141	532,664	515,859							
Seven Years Later	486,766	452,660	522,812								
Eight Years Later	499,429	451,228									
Nine Years Later	511,546										
Current Estimate of Net Ultimate Claims Costs	511,546	451,228	522,812	515,859	469,332	530,758	575,435	651,011	663,025	748,898	5,639,904
Cumulative Payments	(437,335)	(410,671)	(478,999)	(437,129)	(352,226)	(340,085)	(279,865)	(223,213)	(122,698)	(67,533)	(3,149,754)
Outstanding Claims Undiscounted	74,211	40,557	43,813	78,730	117,106	190,673	295,570	427,798	540,327	681,365	2,490,150
Discount (on Accident Years 2014 and Later)											(353,532)
Claims Handling Expenses (on Accident Years 2014 and Later)											64,099
Claims 2013 and Prior											243,724
Risk Margin											157,040
Gross Outstanding Claims											2,801,481

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(c) Claims Development Tables (continued)

Net Claims Development Table

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Net Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	480,464	469,804	448,612	514,207	531,121	532,246	550,381	595,225	622,016	702,871	
One Year Later	456,019	450,172	463,792	528,348	506,452	498,593	522,205	622,028	622,503		
Two Years Later	459,377	480,426	470,677	522,344	487,736	506,024	523,396	611,218			
Three Years Later	495,234	468,929	491,248	509,270	480,057	520,357	540,001				
Four Years Later	486,629	447,633	491,291	508,100	462,743	498,044					
Five Years Later	462,252	433,213	502,697	498,143	440,580						
Six Years Later	456,020	425,648	500,004	484,332							
Seven Years Later	457,352	425,194	490,819								
Eight Years Later	468,975	423,855									
Nine Years Later	480,573										
Current Estimate of Net Ultimate Claims Costs	480,573	423,855	490,819	484,332	440,580	498,044	540,001	611,218	622,503	702,871	5,294,796
Cumulative Payments	(411,159)	(385,921)	(449,838)	(410,692)	(331,044)	(319,698)	(263,540)	(211,076)	(117,107)	(65,554)	(2,965,629)
Outstanding Claims Undiscounted	69,414	37,934	40,981	73,640	109,536	178,346	276,461	400,142	505,396	637,317	2,329,167
Discount (on Accident Years 2014 and Later)											(330,677)
Claims Handling Expenses (on Accident Years 2014 and Later)											64,099
Claims 2013 and Prior											185,231
Risk Margin											157,040
Total Outstanding Claims Net of Reinsurance and Other Recoveries											2,404,860

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following table provides key actuarial assumptions made in determining the outstanding claims liability:

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027, then gradually increases to 3.3% by 2039	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025, then gradually increases to 3.2% by 2038
Discount Rate	Varies from 4.4% for 2024, 4% for 2025, 3.8% for 2026, then gradually increases to the long-term rate of 4.5%. Note that the last cash flow occurs in 2054	Varies from 2.4% for 2023, 3.1% for 2024, 4.1% for 2025, then gradually increases to the long-term rate of 4.5%. Note that the last cash flow occurs in 2053
Claims Management Expenses	3% of gross claim payments	3% of gross claim payments
Reinsurance Recoveries	1.8% of gross claim payments	1.8% of gross claim payments
Superimposed Inflation	2.8% per annum assumed, although this varies depending on the actuarial model adopted	2.8% per annum assumed, although this varies depending on the actuarial model adopted
Risk Margin	7% of central estimated liability for 75% probability of sufficiency	7% of central estimated liability for 75% probability of sufficiency
Third Party Recoveries	0.05% of gross claim payments	0.05% of gross claim payments
Number of Claims	Approximately 4,360 for accident year	Approximately 4,030 for accident year
Average Claim Size	Approximately \$135,000 for accident year	Approximately \$126,000 for accident year
Average Term to Settlement	3.6 years	3.7 years

(e) Sensitivity Analysis

The following table is an illustration in how changes in key assumptions would impact equity and profit after tax (assumed at a tax rate of 30%). The impact of change in the variables upon outstanding claim liabilities moves opposite to the impact upon profits.

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	(58,259)	(61,643)
Inflation	-1%	54,849	58,018
Discount	+1%	56,317	62,245
Discount	-1%	(61,160)	(67,707)
Superimposed Inflation	+1%	(29,466)	(31,310)
Superimposed Inflation	-1%	28,376	30,152
Claims Incurred But Not Reported (IBNR)	+10%	(17,998)	(19,125)
Claims Incurred But Not Reported (IBNR)	-10%	17,998	19,125
Small Claims Average Size	+10%	(117,742)	(125,113)
Small Claims Average Size	-10%	117,742	125,113
Higher Large Case Estimate Savings (+1,000 basis points)	+1,000	21,298	22,628
Lower Large Case Estimate Savings (-1,000 basis points)	-1,000	(21,298)	(22,628)
1 Extra Claim per Accident Half-Year from Dec-18	+1	(24,230)	(25,747)
1 Fewer Claim per Accident Half-Year from Dec-18	-1	24,230	25,747

(f) Unexpired Risk Liability

A Liability Adequacy Test was performed for the Third Party Insurance Fund and resulted in a net surplus (2022: net surplus) and therefore a Nil Unexpired Risk Liability (2022: Nil).

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.2 Motor Vehicle (Catastrophic Injuries) Fund

3.2.1 Overview

The Motor Vehicle (Catastrophic Injuries) Fund (MVCIF) is associated with the Catastrophic Injuries Support (CIS) Scheme. This Fund caters for catastrophically injured motorists involving a registered motor vehicle in Western Australia where fault cannot be attributed to a third party.

3.2.2 Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Premium Revenue	224,421	216,052
Reinsurance Premium Expense	(3,966)	(4,019)
Reinsurance Commission Revenue	397	402
Net Premium Revenue	220,852	212,435
Claims Expense		
Claims Paid	(19,021)	(17,723)
Movement in Outstanding Claims	(46,610)	(142,196)
Other Recoveries Revenue	2,122	7,198
Net Claims Incurred	(63,509)	(152,721)
Gross Movement in Unexpired Risk Liability	-	18,151
Reinsurance and Other Recoveries on Unexpired Risk Liability	-	(4,108)
Net Movement in Unexpired Risk	-	14,043
Premium Collection Costs	(6,075)	(4,567)
Other Underwriting and Administration Expenses	(5,853)	(4,959)
Underwriting Profit	145,415	64,231
Investment Income/(Loss)	101,369	(38,594)
Investment Expenses	(4,753)	(4,404)
Other Income	31	30
Profit Before Tax Equivalent	242,062	21,263
Income Tax Equivalent Expense	(68,138)	(4,958)
Profit After Tax Equivalent	173,924	16,305

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.2 Motor Vehicle (Catastrophic Injuries) Fund (continued)

3.2.2 Financial Statements (continued)

Balance Sheet as at 30 June 2023

	2023	2022
	\$'000	\$'000
Assets		
Cash and Cash Equivalents	7,774	13,992
Receivables	49,163	54,280
Investments	1,461,208	1,184,092
Deferred Premium Collection Costs	1,442	1,377
Deferred Tax Assets	-	9,739
Right of Use Lease Assets	176	251
Total Assets	1,519,763	1,263,731
Liabilities		
Payables	5,066	4,930
Current Tax Payable	32,551	14,541
Outstanding Claims	920,827	874,217
Unearned Premium	86,093	83,817
Lease Liabilities	220	305
Deferred Tax Liabilities	15,161	-
Total Liabilities	1,059,918	977,810
Net Assets / Equity	459,845	285,921

3.2.3 Financial Disclosures

(a) Outstanding Claims

	2023	2022
	\$'000	\$'000
Central Estimate	2,356,637	2,087,623
Discount to Present Value	(1,609,593)	(1,375,064)
	747,044	712,559
Claims Management Expenses (discounted)	59,764	53,442
	806,808	766,001
Risk Margin	114,019	108,216
Gross Outstanding Claims	920,827	874,217

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2022	874,217	44,563	829,654
Effect of Changes in Assumptions/Experience	(194,507)	(10,207)	(184,300)
Increase in Expected Claims Incurred/Recoveries During Year	261,432	13,595	247,837
Incurred Claims Recognised in the Statement of Comprehensive Income	66,925	3,388	63,537
Claim Payments/Recoveries During Year	(20,315)	(1,268)	(19,047)
Total Outstanding Claims at 30 June 2023	920,827	46,683	874,144

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.2 Motor Vehicle (Catastrophic Injuries) Fund (continued)

3.2.3 Financial Disclosures (continued)

(c) Claims Development Tables

The following tables show the development of gross and net undiscounted outstanding claims since the inception of the fund.

Gross Claims Development Table

Accident Year	2017	2018	2019	2020	2021	2022	2023	Total
Gross Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	376,345	402,040	223,838	334,064	346,727	554,796	385,173	
One Year Later	237,598	293,189	167,181	259,818	625,284	511,218		
Two Years Later	157,383	233,823	175,080	284,828	566,582			
Three Years Later	125,381	248,242	219,943	264,423				
Four Years Later	129,431	323,388	228,660					
Five Years Later	152,455	327,034						
Six Years Later	166,936							
Current Estimate of Net Ultimate Claims Costs	166,936	327,034	228,660	264,423	566,582	511,218	385,173	2,450,026
Cumulative Payments	(14,094)	(19,957)	(12,262)	(15,987)	(18,275)	(8,046)	(4,768)	(93,389)
Outstanding Claims Undiscounted	152,842	307,077	216,398	248,436	548,307	503,172	380,405	2,356,637
Discount								(1,609,593)
Claims Handling Expenses								59,764
Risk Margin								114,019
Gross Outstanding Claims								920,827

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.2 Motor Vehicle (Catastrophic Injuries) Fund (continued)

3.2.3 Financial Disclosures (continued)

(c) Claims Development Tables (continued)

Net Claims Development Table

Accident Year	2017	2018	2019	2020	2021	2022	2023	Total
Net Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	352,921	376,762	209,786	313,142	325,020	520,161	361,047	
One Year Later	222,567	274,727	156,710	243,553	586,395	479,362		
Two Years Later	147,493	219,175	164,119	266,999	531,371			
Three Years Later	117,546	232,705	206,195	247,929				
Four Years Later	121,368	303,340	214,439					
Five Years Later	142,787	306,744						
Six Years Later	156,364							
Current Estimate of Net Ultimate Claims Costs	156,364	306,744	214,439	247,929	531,371	479,362	361,047	2,297,256
Cumulative Payments	(13,244)	(18,698)	(11,482)	(15,010)	(17,121)	(7,543)	(4,488)	(87,586)
Outstanding Claims Undiscounted	143,120	288,046	202,957	232,919	514,250	471,819	356,559	2,209,670
Discount								(1,509,309)
Claims Handling Expenses								59,764
Risk Margin								114,019
Total Outstanding Claims Net of Reinsurance and Other Recoveries								874,144

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.2 Motor Vehicle (Catastrophic Injuries) Fund (continued)

3.2.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following table provides key actuarial assumptions made in determining the outstanding claims liability:

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027, then gradually increases to 3.3% by 2054	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025, then gradually increases to 3.2% by 2053
Discount Rate	Varies from 4.4% for 2024, 4% for 2025, 3.8% for 2026, then gradually increases to the long-term rate of 4.5%	Varies from 2.4% for 2023, 3.1% for 2024, 4.1% for 2025, then gradually increases to the long-term rate of 4.5%
Claims Management Expenses	8% of gross claim payments	7.5% of gross claim payments
Superimposed Inflation	0.75% per annum assumed and an additional 0.5% per annum for Medical, Hospital and Rehabilitation costs for Brain Injuries	0.75% per annum assumed and an additional 0.5% per annum for Medical, Hospital and Rehabilitation costs for Brain Injuries
Risk Margin	15% of central estimated liability for 75% probability	15% of central estimated liability for 75% probability
Average Claim Size	\$4.8 million per claim for 2023 (excludes claims handling costs and risk margin)	\$4.6 million per claim for 2022 (excludes claims handling costs and risk margin)
Average Term to Claim Finalisation	21 years	22 years

(e) Sensitivity Analysis

The following table is an illustration in how changes in key assumptions would impact equity and profit after tax (assumed at a tax rate of 30%). The impact of change in the variables upon outstanding claim liabilities moves opposite to the impact upon profits.

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	(142,411)	(149,993)
Inflation	-1%	105,687	111,315
Discount	+1%	104,488	110,053
Discount	-1%	(143,402)	(151,037)
Attendant Care Costs	+10%	(50,339)	(52,955)
Attendant Care Costs	-10%	50,339	52,955
Bed Day Rate	+10%	(4,486)	(4,719)
Bed Day Rate	-10%	4,486	4,719
One Additional Claim Incurred But Not Reported (IBNR)	+1	(4,230)	(4,457)
One Fewer Claim Incurred But Not Reported (IBNR)	-1	4,230	4,457
Reduction in CANS*	-1	86,467	91,032

* Assumes the injury severity of participants with a Brain Injury improves by '1' on the Care and Needs Scale (CANS).

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.2 Motor Vehicle (Catastrophic Injuries) Fund (continued)

3.2.3 Financial Disclosures (continued)

(f) Unexpired Risk Liability

At the end of the reporting period, unearned premium is assessed to determine whether it is sufficient to pay related future claims. If the present value of the expected future claims exceeds the unearned premium liability (less any related deferred premium collection costs), then the unearned premium liability is deemed to be deficient. The Insurance Commission applies a risk margin to achieve the same probability of sufficiency (75%) for future claims as is achieved by the estimate of the outstanding claims liability.

	2023 \$'000	2022 \$'000
Unexpired Risk Liability		
Unexpired Risk Liability at Start of the Year	-	(18,151)
Movement of Unexpired Risk Liability in the Period	-	18,151
Unexpired Risk Liability at End of the Year	-	-
Movement in Deficiency Recognised in the Statement of Comprehensive Income		
Gross Movement in Unexpired Risk Liability	-	(18,151)
Decrease in Recoveries on Unexpired Risk Liability	-	4,108
Net Movement in Unexpired Risk	-	(14,043)
Write-down of Deferred Premium Collection Costs	-	-
Total Recognised in the Statement of Comprehensive Income	-	(14,043)
Unearned Premium Liability Adequacy Test		
Unearned Premium Liability	86,093	83,817
Related Deferred Premium Collection Costs	(1,442)	(1,377)
	84,651	82,440
Central Estimate of Present Value of Expected Future Cash Flows arising from Future Claims	68,345	69,840
Risk Margin	11,588	11,839
Present Value of Expected Future Cash Inflows Arising from Reinsurance and Other Recoveries on Future Claims	(3,266)	(3,327)
	76,667	78,352
Net Surplus	7,984	4,088
Less: Reinsurance Element of Present Value of Expected Future Cash Flows for Future Claims	(3,266)	(3,327)
Gross Surplus	4,718	761

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.3 Compensation (Industrial Diseases) Fund

3.3.1 Overview

Industrial diseases insurance is compulsory for employers engaged in mining. Liability is limited to workers' compensation payments for the respiratory diseases of pneumoconiosis, lung cancer, mesothelioma and diffuse pleural fibrosis, all of which may arise from exposure to harmful mineral dust in the course of employment. These claims are paid from the Compensation (Industrial Diseases) Fund (CIDF). Under the *Insurance Commission of Western Australia Act 1986*, transfers from the CIDF Reserves may only be used to meet, or assist in meeting, any amounts required to be expended for research into the prevention and treatment of industrial diseases.

3.3.2 Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
Net Premium Revenue	151	118
Claims Expense		
Claims Paid	(72)	(660)
Movement in Outstanding Claims	1,148	(2,741)
Other Recoveries Revenue	(25)	18
Net Claims Incurred	1,051	(3,383)
Other Underwriting and Administration Expenses	(42)	(41)
Underwriting Profit/(Loss)	1,160	(3,306)
Investment Income/(Loss)	2,328	(1,087)
Investment Expenses	(115)	(127)
Profit/(Loss) Before Tax Equivalent	3,373	(4,520)
Income Tax Equivalent (Expense)/Benefit	(891)	1,402
Profit/(Loss) After Tax Equivalent	2,482	(3,118)

Balance Sheet as at 30 June 2023

	2023	2022
	\$'000	\$'000
Assets		
Receivables	67	208
Current Tax Receivable	-	220
Investments	30,920	28,280
Deferred Tax Assets	-	238
Total Assets	30,987	28,946
Liabilities		
Payables	8	-
Current Tax Payable	95	-
Outstanding Claims	4,850	5,998
Unearned Premium	172	254
Deferred Tax Liabilities	686	-
Total Liabilities	5,811	6,252
Net Assets / Equity	25,176	22,694

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.3 Compensation (Industrial Diseases) Fund (continued)

3.3.3 Financial Disclosures

(a) Outstanding Claims

	2023 \$'000	2022 \$'000
Central Estimate	4,330	4,913
Discount to Present Value	(1,303)	(1,170)
	3,027	3,743
Claims Management Expenses (discounted)	1,059	1,310
	4,086	5,053
Risk Margin	764	945
Gross Outstanding Claims	4,850	5,998

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2022	5,998	92	5,906
Effect of Changes in Assumptions/Experience	(1,073)	(23)	(1,050)
Incurred Claims Recognised in the Statement of Comprehensive Income	(1,073)	(23)	(1,050)
Claim Payments/Recoveries During Year	(75)	(3)	(72)
Total Outstanding Claims at 30 June 2023	4,850	66	4,784

(c) Actuarial Assumptions

The following table provides the key actuarial assumptions made in determining the outstanding claims liability:

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027 and increasing to 3.3% by 2053	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025 and increasing to 3.2% by 2052
Discount Rate	Varies from 4.4% for 2024, 4% for 2025, 3.8% for 2026 and increasing to 4.5% by 2053	Varies from 2.4% for 2023, 3.1% for 2024, 4.1% for 2025 and increasing to 4.5% by 2052
Claims Management Expenses	35% of gross claim payments	35% of gross claim payments
Risk Margin	18.7% of net outstanding claims for 75% probability of sufficiency	18.7% of net outstanding claims for 75% probability of sufficiency
Third Party Recoveries	1.4% of gross claim payments	1.5% of gross claim payments
Average Term to Settlement	7.5 years	6.4 years

(d) Unexpired Risk Liability

A Liability Adequacy Test was performed for the Compensation (Industrial Disease) Fund and resulted in a net surplus (2022: net surplus) and therefore a Nil Unexpired Risk Liability (2022: Nil).

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.4 Government Insurance Fund

3.4.1 Overview

The Government Insurance Fund (GIF) is a consolidation of the Western Australian Government's superseded self-insurance arrangements that preceded the RiskCover Fund. The liabilities assumed by the GIF relate to claims arising from policies issued to State Government Agencies by the old State Government Insurance Office (SGIO). The GIF is in run-off and no new policies have been issued since 30 June 1997. The GIF's outstanding claims liabilities include historic public sector workers asbestos exposure and historic child sexual abuse claims. The Government of Western Australia has the liability for any deficit existing in the Fund. The GIF is exempt from National Tax Equivalent Regime.

During 2023, an amount of \$146 million was recommended by the Insurance Commission to be transferred from the Third Party Insurance Fund to the GIF to fund the unfunded Government liabilities.

3.4.2 Financial Statements

Statement of Comprehensive Income for the period ended 30 June 2023

	2023	2022
	\$'000	\$'000
Claims Expense		
Claims Paid	(12,175)	(14,365)
Movement in Outstanding Claims	41,967	(4,318)
Reinsurance and Other Recoveries Revenue	(192)	20,237
Net Claims Incurred	29,600	1,554
Other Underwriting and Administration Expenses	(1,560)	(1,554)
Underwriting Profit	28,040	-
Investment Income/(Loss)	8,650	(5,085)
Investment Expenses	(429)	(100)
Other Income	-	5,185
Profit	36,261	-

Balance Sheet as at 30 June 2023

	2023	2022
	\$'000	\$'000
Assets		
Receivables	167,424	174,178
Investments	111,427	110,410
Total Assets	278,851	284,588
Liabilities		
Payables	-	31
Outstanding Claims	242,590	284,557
Total Liabilities	242,590	284,588
Net Assets / Equity	36,261	-

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.4 Government Insurance Fund (continued)

3.4.3 Financial Disclosures

(a) Outstanding Claims

	2023 \$'000	2022 \$'000
Central Estimate	237,237	265,842
Discount to Present Value	(46,746)	(43,253)
	190,491	222,589
Claims Management Expenses (discounted)	12,250	14,350
	202,741	236,939
Risk Margin	39,849	47,618
Gross Outstanding Claims	242,590	284,557

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2022	284,557	14,572	269,985
Effect of Changes in Assumptions/Experience	(29,330)	(2,457)	(26,873)
Incurred Claims Recognised in the Statement of Comprehensive Income	(29,330)	(2,457)	(26,873)
Claim Payments/Recoveries During Year	(12,637)	(810)	(11,827)
Outstanding Claims at 30 June 2023	242,590	11,305	231,285

(c) Claims Development Tables

This Fund is closed and has been in run-off since 1 July 1997. The long-term nature of the expected term to settlement of these claims is also due to the latency period associated with asbestos-related diseases and the nature of liability insurance. In view of this it is considered that the inclusion of a table referenced to accident years is not required. Consequently, the tables below list developing claim costs over the past five years. Claims that remain against the fund are only for workers' compensation and liability (including abuse claims) insurance.

	Gross \$'000	Net \$'000
Estimated Ultimate Claims Cost at 30 June:		
2019	1,058,071	967,726
2020	1,077,803	988,347
2021	1,255,438	1,165,189
2022	1,308,013	1,205,654
2023	1,291,280	1,191,084
Current Estimate of Cumulative Claims Costs	1,291,280	1,191,084
Cumulative Payments	(1,054,043)	(965,563)
Outstanding Claims Undiscounted	237,237	225,521
Discount	(46,746)	(44,450)
Claims Management Expenses	12,250	12,220
Risk Margin	39,849	37,994
Outstanding Claims	242,590	231,285

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.4 Government Insurance Fund (continued)

3.4.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following table provides the key actuarial assumptions made in determining the outstanding claims liabilities:

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027 and increasing to 3.3% by 2039	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025 and increasing to 3.2% by 2038
Discount Rate	Varies from 4.4% for 2024, 4% for 2025, 3.8% for 2026 and increasing to 4.5% by 2053	Varies from 2.4% for 2023, 3.1% for 2024, 4.1% for 2025 and increasing to 4.5% by 2052
Claims Management Expenses	7% of net claim payments for Non-Asbestos liabilities, 6.5% of net claim payments for Asbestos liabilities, 6.5% of gross claim payments for public liability and abuse claims	6.5% of net claim payments for Non-Asbestos liabilities, 6.5% of net claim payments for Asbestos liabilities, 6.5% of gross claim payments for public liability and abuse claims
Risk Margin	24.6% of net outstanding claims for a 75% probability of sufficiency for workers compensation, 26.8% of net outstanding claims for a 75% probability of sufficiency for public liability and 17.8% for abuse claims	25.1% of net outstanding claims for a 75% probability of sufficiency for workers compensation, 27.4% of net outstanding claims for a 75% probability of sufficiency for public liability and 18.7% for abuse claims
Third Party Recoveries	0.9% of net outstanding claims for Non-Asbestos liabilities, 4.7% of gross claim payments for Asbestos liabilities, 1.5% of net outstanding claims estimate for public liability and 4.7% of gross outstanding claims for abuse claims.	1% of net outstanding claims for Non-Asbestos liabilities, 4.5% of gross claim payments for Asbestos liabilities, 1.5% of net outstanding claims estimate for public liability and 5.5% of gross outstanding claims for abuse claims.
Average Term to Settlement	4.4 years for Non-Asbestos liabilities, 8.1 years for Asbestos liabilities, 9.6 years for public liability, 4 years for abuse claims	4.6 years for Non-Asbestos liabilities, 8.2 years for Asbestos liabilities, 8.7 years for public liability, 4 years for abuse claims

(e) Sensitivity Analysis

The following table is an illustration in how changes in key assumptions would impact equity and profit.

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	(11,260)	(10,736)
Inflation	-1%	10,388	9,990
Future Interest Rate (Non-Asbestos claims)	+1%	5,609	5,352
Future Interest Rate (Non-Asbestos claims)	-1%	(5,982)	(5,709)
Future Real Discount Rate (Asbestos claims)	+1%	4,419	4,638
Future Real Discount Rate (Asbestos claims)	-1%	(5,082)	(5,335)
Slowing decay rates in annual number of future cases reported to 1 before decreasing to 0.95 after 9 years		(33,580)	(31,996)
Speeding up decay rates in annual number of future cases reported to 0.90 before decreasing to 0.85 after 9 years		16,947	16,148

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund

3.5.1 Overview

The Insurance Commission General Fund (ICGF) is the operating fund of the Insurance Commission bearing most of the administration costs and then reallocating the costs to other funds. The ICGF also caters for the lengthy run-off of liabilities of the former SGIO and claims made under the *Employers' Indemnity Supplementation Fund Act 1980* (EISF). Investment assets are held within the ICGF and then allocated onto other Funds.

3.5.2 Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2023

	2023 \$'000	2022 \$'000
Claims Expense		
Claims Paid	(3,932)	(6,170)
Movement in Outstanding Claims	212	(15,614)
Reinsurance and Other Recoveries Revenue	(407)	7,529
Net Claims Incurred	(4,127)	(14,255)
RiskCover Fund Administration Cost Reimbursement	40,778	32,955
Administration Expenses (including RiskCover Fund expenses)	(41,171)	(33,351)
Underwriting Loss	(4,520)	(14,651)
Investment Income/(Loss)	87,484	(29,369)
Investment Expenses	(3,929)	(4,007)
Finance Costs - RiskCover Fund Investment Return	(73,665)	33,113
Other Income	1,529	229
Other Expenses	(1,025)	-
Profit/(Loss) Before Tax Equivalent	5,874	(14,685)
Income Tax Equivalent (Expense)/Benefit	(1,449)	4,503
Profit/(Loss) After Tax Equivalent	4,425	(10,182)
Items that will not be reclassified to Profit/(Loss):		
Re-measurement (Loss) on Defined Benefit Plans	(179)	(142)
Related Income Tax Equivalent Effect	54	43
Other Comprehensive (Expense) After Tax Equivalent	(125)	(99)
Total Comprehensive Income/(Loss) After Tax Equivalent	4,300	(10,281)

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.2 Financial Statements (continued)

Balance Sheet as at 30 June 2023

	2023 \$'000	2022 \$'000
Assets		
Cash and Cash Equivalents	12,780	69,108
Receivables	37,824	41,690
Current Tax Receivable	430	1,946
Investments	1,094,168	959,212
Deferred Tax Assets	1,213	3,472
Other Assets	4,553	3,469
Right of Use Lease Assets	6,674	8,969
Plant and Equipment	2,120	1,506
Intangibles	12,881	9,434
Total Assets	1,172,643	1,098,806
Liabilities		
Payables	28,980	23,305
Financial Liabilities - RiskCover Fund Investments	941,320	873,755
Outstanding Claims	101,292	103,045
Provisions	21,496	20,858
Lease Liabilities	8,208	10,794
Total Liabilities	1,101,296	1,031,757
Net Assets / Equity	71,347	67,049

3.5.3 Financial Disclosures

(a) Outstanding Claims

	2023 \$'000	2022 \$'000
Central Estimate	107,861	106,463
Discount to Present Value	(33,862)	(31,100)
	73,999	75,363
Claims Management Expenses (discounted)	5,541	5,582
	79,540	80,945
Risk Margin	21,752	22,100
Gross Outstanding Claims	101,292	103,045

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Insurance Commission General Fund			
Outstanding Claims at 1 July 2022	92,868	30,093	62,775
Effect of Changes in Assumptions/Experience	3,726	(1,936)	5,662
Incurred Claims Recognised in the Statement of Comprehensive Income	3,726	(1,936)	5,662
Claim Payments/Recoveries During Year	(3,099)	766	(3,865)
Outstanding Claims at 30 June 2023	93,495	28,923	64,572

(i)

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.3 Financial Disclosures (continued)

		Gross \$'000	Recoveries \$'000	Net \$'000
Employers' Indemnity Supplementation Act				
Outstanding Claims at 1 July 2022		10,177	129	10,048
Effect of Changes in Assumptions/Experience		(814)	(23)	(791)
Incurred Claims Recognised in the Statement of Comprehensive Income		(814)	(23)	(791)
Claim Payments/Recoveries During Year		(1,566)	(14)	(1,552)
Outstanding Claims at 30 June 2023	(ii)	7,797	92	7,705
ICGF Total Outstanding Claims	(i)+(ii)	101,292	29,015	72,277

(c) Claims Development Tables

This fund is responsible for the administration of two claim portfolios:

- Run-off claims for Workers' Compensation and Public Liability claims prior to 1 January 1986; and
- Workers' Compensation claims to be settled under the *EISF Act* relating to the HIH Insurance Group and other failed insurers.

Run-off Claims

The long-term nature of the expected term to settlement of these claims is due to the latency period associated with asbestos-related diseases and the nature of public liability insurance. In view of this, it is considered that the inclusion of a table referenced to accident years is not appropriate. Consequently, the tables list developing claim costs over the past five years. The claims in run-off include an immaterial number of, and values for, potential public liability claims reported as a single class of insurance.

		Gross \$'000	Net \$'000
Estimated Ultimate Claims Cost at 30 June:			
	2019	581,487	460,353
	2020	579,943	461,365
	2021	599,856	478,691
	2022	635,890	496,237
	2023	642,177	502,028
Current Estimate of Cumulative Claims Costs		642,177	502,028
Cumulative Payments		(542,306)	(436,194)
Outstanding Claims Undiscounted		99,871	65,834
Discount		(31,936)	(20,534)
Claims Management Expenses		5,426	5,376
Risk Margin		20,134	13,896
Outstanding Claims		93,495	64,572
EISF Claims		7,797	7,705
Total ICGF Outstanding Claims		101,292	72,277

A claims development table has not been produced for the EISF claims as all claims are for events occurring more than ten years ago.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following tables provide key actuarial assumptions made in determining the outstanding claims liabilities:

Insurance Commission General Fund

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027 and increasing to 3.3% by 2039	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025 and increasing to 3.2% by 2038
Discount Rate	Varies from 4.4% for 2024, 4% for 2025, 3.8% for 2026 and increasing to 4.5% by 2053	Varies from 2.4% for 2023, 3.1% for 2024, 4.1% for 2025 and increasing to 4.5% by 2052
Claims Management Expenses	8% of gross claim payments and 6.5% for abuse claims	8% of gross claim payments and 6.5% for abuse claims
Risk Margin	27.5% of net outstanding claims for 75% probability of sufficiency for non-abuse claims and 19.9% for abuse claims	27.5% of net outstanding claims for 75% probability of sufficiency for non-abuse claims and 20.5% for abuse claims
Third Party Recoveries	31.5% of gross claim payments for workers' compensation claims, 2.4% of gross claim payments for public liability claims	33.1% of gross claim payments for workers' compensation claims, 2.4% of gross claim payments for public liability claims
Average Term to Settlement	8 years for workers' compensation claims, 4.9 years for public liability claims and 4 years for abuse claims	8.6 years for workers' compensation claims, 5.3 years for public liability claims and 4 years for abuse claims

Employers' Indemnity Supplementation Act

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027 and increasing to 3.3% by 2039	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025 and increasing to 3.2% by 2038
Discount Rate	Varies from 4.4% for 2024, increasing to 5.2% by 2039	Varies from 2.4% for 2023, increasing to 4.1% by 2038
Claims Management Expenses	10.5% of claim payments	10.5% of claim payments
Superimposed Inflation	1.5% for Asbestos liabilities and 0% for Non-Asbestos liabilities for 2023 and later	1.5% for Asbestos liabilities and 0% for Non-Asbestos liabilities for 2022 and later
Risk Margin	27.5% for Asbestos liabilities and 16.8% for Non-Asbestos liabilities of estimated gross liability	27.5% for Asbestos liabilities and 16.8% for Non-Asbestos liabilities of estimated gross liability

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.3 Financial Disclosures (continued)

(e) Sensitivity Analysis

The following tables illustrate how changes in key assumptions would impact equity and profit after tax (assumed at a tax rate of 30%).

Note that the impact of change in the variables upon outstanding claim liabilities moves in a direction opposite to the impact upon profits.

Insurance Commission General Fund

Profit/(Loss)
Increase/(Decrease)

Variable	Change in Variable	Net of Recoveries \$'000	Gross of Recoveries \$'000
Discount rate	+1%	4,596	6,854
Discount rate	-1%	(5,277)	(7,877)
Superimposed inflation	+2%	(11,098)	(16,642)
Increasing base numbers of mesothelioma claims by 2	+2	(7,197)	(15,379)
Increasing decay rates in annual number of future CSR mesothelioma cases from 0.9 to 0.95	+0.05	(13,874)	(29,645)
Increasing base numbers of lung claims by 2	+2	(6,984)	(14,922)
Increasing decay rates in annual number of future lung cases from 0.9 to 0.95	+0.05	(4,421)	(4,529)

EISF liabilities are indemnified by WorkCover WA via a Right of Indemnity (refer Note 2.7), therefore changes in the actuarial assumption variables will have no impact on profit after tax. For disclosure purposes the impact on outstanding claims liabilities is disclosed instead of the impact on after tax profit.

Employers' Indemnity Supplementation Act

Movement in Outstanding
Claims

Variable	Change in Variable	Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	418	423
Inflation	-1%	(389)	(395)
Discount	+1%	(447)	(453)
Discount	-1%	491	497
Superimposed Inflation	+1%	415	420
Superimposed Inflation	-1%	(385)	(390)
Number of Claim Lodgements	+10	742	751
Number of Claim Lodgements	-10	(749)	(758)
Average Claim Size	+10	742	751
Average Claim Size	-10	(749)	(758)
Claims Management Expenses	+1%	75	75
Claims Management Expenses	-1%	(75)	(76)

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund

3.6.1 Overview

The RiskCover Fund is the Government of Western Australia's self-insurance scheme which is administered by the Insurance Commission. The RiskCover Fund provides cover to the Government of Western Australia's agencies. Workers' compensation, property and liability are the major classes of cover provided to agencies and covers approximately 135,732 full-time equivalent Government employees.

During the year, an amount of \$55.2 million was recommended by the Insurance Commission to be transferred from the Third Party Insurance Fund to the RiskCover Fund to fund the outstanding claims liability for historic child sex abuse claims.

3.6.2 Financial Statements

The financial statements of the RiskCover Fund are not consolidated in the Insurance Commission's accounts as the Government of Western Australia is responsible for any shortfall in its self-insurance arrangements.

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Premium Revenue	3.6.3(a)	414,544	357,353
Premium Adjustment	3.6.3(b)	27,111	61,080
Reinsurance Premium Expense		(35,857)	(30,644)
Reinsurance Commission Revenue		1,285	1,168
Net Premium Revenue		407,083	388,957
Claims Expense			
Claims Paid		(343,068)	(320,003)
Movement in Outstanding Claims		(142,969)	(126,951)
Reinsurance and Other Recoveries Revenue		25,365	8,485
Net Claims Incurred		(460,672)	(438,469)
Other Underwriting and Administration Expenses		(41,281)	(33,196)
Underwriting Loss		(94,870)	(82,708)
Investment Income/(Loss)		73,665	(33,113)
Loss		(21,205)	(115,821)

Balance Sheet as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Assets			
Cash and Cash Equivalents		11,194	6,426
Receivables		204,869	183,071
Investments	3.6.3(c)	941,320	873,755
Total Assets		1,157,383	1,063,252
Liabilities			
Payables		41,285	68,917
Outstanding Claims	3.6.3(d)	1,057,914	914,945
Total Liabilities		1,099,199	983,862
Net Assets		58,184	79,390
Equity			
Prudential Reserve		58,184	79,390
Total Equity		58,184	79,390

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund (continued)

3.6.3 Financial Disclosures

Except as stated below, the significant accounting policies adopted in preparing the RiskCover Fund's financial statements are consistent with those used in preparing the Insurance Commission's financial statements.

As the RiskCover Fund is a State Government self-insurance vehicle, it is not bound by AASB 1023, 'General Insurance Contracts' or by the requirements of the Australian Prudential Regulatory Authority (APRA).

In determining the outstanding claims liability the RiskCover Fund follows the requirements of AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. Like AASB 1023, this standard also requires the use of a risk-free discount factor when determining the outstanding claims liability however it differs significantly in that it does not require the inclusion of a prudential margin.

The RiskCover Fund maintains a Prudential Reserve equivalent in value to an APRA prudential margin sufficient to achieve a 75% likelihood of adequacy for the provision for outstanding claims. In 2023, the Prudential Reserve was calculated as \$117.6 million but has been capped at the Net Asset level of \$58.2 million (2022: \$79.4 million).

The investment assets of the RiskCover Fund are included in the investment pool of the Insurance Commission, represented by a Floating Rate Promissory Note (refer Note 4.4). The RiskCover Fund earns an investment return or shares investment losses in proportion to its share of the Main Fund's investment pool. Any retained earnings or losses in the RiskCover Fund represent an asset or liability of the Government of Western Australia and not of the Insurance Commission.

This Fund is not liable to pay income tax equivalents under current arrangements with the Department of Treasury.

In 2017, the State Government Expenditure Review Committee authorised the transfer of surplus capital above the targeted reserve to the Government of Western Australia. The targeted reserve level is 135% solvency, as the Fund solvency is below 135% (105.3%) at 30 June 2023, there is no provision for a return of surplus capital (2022: Nil).

(a) Premium Revenue

When determining the premiums for the Workers' Compensation, Property, Motor Vehicle and Liability classes, the RiskCover Fund relies on claims costs that have been actuarially assessed at the net central estimate.

Premiums initially charged to client agencies at the beginning of each year for the Workers' Compensation and Motor Vehicle classes represent premium deposits. These premiums are subject to adjustment at a later date (two years after the close of the risk period for Workers' Compensation and at the end of the risk period for Motor Vehicle) to take into account the forecast ultimate claims costs, claims administration expenses, reinsurance expenses and net investment income. This adjustment enables rewards and sanctions to be applied to agency performance. The performance adjustment settled with agencies during the 2023 year was a payment of \$24.4 million (2022: return of \$3.3 million).

(b) Premium Adjustment

Total outstanding premiums are recalculated periodically based on new actuarial data. The updated data allows for a re-estimation of the outstanding premium receivable from or payable to client agencies for all unadjusted years. Premium adjustments reflect the movement in this premium receivable or payable. In 2023, outstanding premium receivable from agencies increased by \$27.1 million (2022: increase of \$61.1 million). This represents a deterioration of claims experience in the workers' compensation class.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund (continued)

3.6.3 Financial Disclosures (continued)

The table below shows opening and closing balance for premium adjustment for Workers' Compensation and Motor Vehicle Classes.

	2023 \$'000	2022 \$'000
Opening Balance to be received from Agencies	159,415	95,070
Prior Year performance obligation released	(24,430)	3,264
Current Year performance obligation	27,111	61,081
Closing Balance to be received from Agencies	162,096	159,415

(c) Investments

Represented by a Floating Rate Promissory Note owed to the RiskCover Fund by the Insurance Commission (refer Note 4.4).

(d) Outstanding Claims

	2023 \$'000	2022 \$'000
Central Estimate	1,136,303	960,074
Discount to Present Value	(142,177)	(104,653)
	994,126	855,421
Claims Handling Costs	63,788	59,524
Gross Outstanding Claims	1,057,914	914,945
Current	380,991	326,325
Non-Current	676,923	588,620
	1,057,914	914,945

(e) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2022	914,945	22,950	891,995
Effect of Changes in Assumptions/Experience	18,314	14,956	3,358
Increase in Expected Claims Incurred/Recoveries During Year	412,307	15,157	397,150
Incurred Claims Recognised in the Statement of Comprehensive Income	430,621	30,113	400,508
Claim Payments/Recoveries During Year	(287,652)	(10,941)	(276,711)
Outstanding Claims at 30 June 2023	1,057,914	42,122	1,015,792

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund (continued)

3.6.3 Financial Disclosures (continued)

(f) Actuarial Assumptions

The following table provides the key actuarial assumptions made in determining the outstanding claims liabilities:

	2023	2022
Inflation Rate	Varies from 4% for 2024, 3.8% for 2025, 3.3% for 2026, 3% for 2027 and increasing to 3.3% by 2039	Varies from 2.8% for 2023, 3% for 2024, 3% for 2025 and increasing to 3.2% by 2038
Discount Rate	Varies from 4.4% for 2024, 4% for 2025, 3.8% for 2026 and increasing to 4.5% by 2053	Varies from 2.4% for 2023, 3.1% for 2024, 4.1% for 2025 and increasing to 4.5% by 2052
Superimposed Inflation	Varies by segment and method for workers compensation. Small claims 2.5% for General Liability and Professional Indemnity, 5% for Treatment Risk	Varies by segment and method for workers compensation. Small claims 2.5% for General Liability and Professional Indemnity, 5% for Treatment Risk
Claims Management Expenses	9% of net claim payments for workers compensation 9.5% of gross claim payments for General Liability, Professional Indemnity and abuse claims, 3% of gross claim payments for Treatment Risk, 8.5% of net claim payments for short tail claims	9% of net claim payments for workers compensation 9% of gross claim payments for General Liability, Professional Indemnity and abuse claims, 3% of gross claim payments for Treatment Risk, 9.5% of net claim payments for short tail claims
Average Term to Settlement	1.9 years for workers compensation, 4.8 years for liability, 1 year for short tail claims and 4 years for abuse claims	2.1 years for workers compensation, 5.4 years for liability, 1.2 years for short tail claims and 4 years for abuse claims

(g) Sensitivity Analysis

The table below illustrates how changes in key assumptions would impact equity and profit.

Note that the impact of change in the variables on outstanding claim liabilities moves in a direction opposite to the impact on profits.

Variable	Change in Variable %	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1	(29,064)	(28,299)
Inflation	-1	31,429	30,616
Discount	+1	31,326	30,596
Discount	-1	(29,512)	(28,834)

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

4.1 Investment Income

Interest revenue is recognised as the interest accrues, based on the effective interest method. Dividends received are recognised when the right to receive payment is established. Foreign exchange gain/(loss) is the difference between the exchange rate at the transaction and reporting date.

	2023 \$'000	2022 \$'000
Dividends	132,241	168,432
Interest	45,751	20,838
Changes in Fair Values: Unrealised Gain/(Loss)	246,192	(739,234)
Changes in Fair Values: Realised Gain	91,322	324,898
Foreign Exchange: Unrealised Gain	30,374	99,230
Foreign Exchange: Realised Loss	(18,559)	(90,121)
Other	1,788	1,815
Investment Income/(Loss)	529,109	(214,142)

4.2 Investment Expenses

	Notes	2023 \$'000	2022 \$'000
Investment Management Costs and Custodian Fees		23,281	25,753
Administration		2,232	2,266
		25,513	28,019
RiskCover Fund Investment Return	(i)	73,665	(33,113)
		99,178	(5,094)

(i) Represents the RiskCover Fund's share of the gain/(loss) of the Main Fund's investment pool.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets

Investment assets are considered to back the insurance liabilities of the Insurance Commission. The management of financial assets is closely monitored to ensure that there is always sufficient liquidity in investments to meet cash flows arising from insurance liabilities.

		2023	2022
	Notes	\$'000	\$'000
Current Investments			
Fixed and Floating Rate Bonds		687,990	692,122
Fixed Interest Unit Trusts		360,936	491,419
Indexed Bonds		274,724	147,998
Equities - Listed		2,916,156	2,676,251
Equity Unit Trusts		300,151	220,429
Alternative Assets Unit Trusts		371,071	360,030
Margin Account		4,275	3,665
Cash and Cash Equivalent Assets	8.7	595,773	306,528
Receivables		67,646	72,186
Forward Foreign Exchange Contracts	4.6	(24,347)	(15,520)
		5,554,375	4,955,108
Non-Current Investments			
Alternative Assets Unit Trusts		581,033	479,759
Property Trust - Unlisted		872,736	837,075
		1,453,769	1,316,834
		7,008,144	6,271,942

(a) Valuation of Investments

Investment assets are initially recognised at cost and subsequently measured at fair value, and are measured as follows:

Fixed, Floating Rate Bonds and Indexed Bonds

Bonds are priced using brokers' quotes, comparable prices for similar instruments or pricing techniques set by local regulators or exchanges.

Fixed Interest, Equity, Alternative Assets and Property Trusts

Trusts are valued using the current unit price as advised by the responsible entity, trustee or equivalent. A combination of observable market prices, comparable prices for similar instruments where available or other valuation techniques may be used in determining the current unit price.

Equities-Listed

Listed equities traded in active markets are valued by reference to quoted bid prices.

Margin Account

Cash deposits held by brokers for margins are recorded at face value of the amount deposited or drawn. The carrying amount of these deposits equates to fair value.

Cash and Cash Equivalent Assets

Cash and Cash Equivalent Assets are held at cost plus accrued interest which equates to fair value.

Investment Receivables

Due to the nature of these receivables, their carrying value is assumed to approximate their fair value.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets (continued)

Forward Foreign Exchange Contracts

Forward Foreign Exchange Contracts are valued by comparing the contractual rate to the current market rate for a contract with the same remaining period to maturity.

Critical Accounting Judgement and Estimates

The Insurance Commission's investment portfolio includes unlisted items. The valuations of these are subject to estimation. Fair values of units in Fixed Interest, Unlisted Equity and Alternative Assets Trusts are determined using the Net Asset Value (NAV) per unit applicable for redemption on the last day of the financial year. The NAV is calculated by deducting the value of its liabilities from the value of the unlisted unit trust's gross assets. Unit values denominated in foreign currency are converted to Australian dollars at rates of exchange current at the end of the reporting period. Unlisted Property Trusts are valued by the Trustee at market values based upon independent valuations of the properties held. A unit price is advised to unit holders, which forms the basis for the calculation of market value at the end of the reporting period which equates to fair value.

(b) Fair Value Hierarchy

The Fair Value Hierarchy assigns rankings to the level of judgement which is applied in deriving inputs for valuation techniques used to measure fair value. The three levels of the Fair Value Hierarchy are as follows:

Level 1 is the preferred input for valuation and reflects unadjusted quoted prices in active markets for identical assets or liabilities which the economic entity can access at the end of the reporting period. A financial instrument is quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arms length basis.

Level 2 is the valuation of assets and liabilities either directly or indirectly based upon market observables other than quoted prices. For example: Investments with fair values based on broker quotes or investments in unlisted trusts with fair values obtained via fund managers.

Level 3 relates to inputs that are unobservable. Unobservable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following tables detail the valuation of the Insurance Commission's Investments using the Fair Value Hierarchy:

		Level 1	Level 2	Level 3	Total
	Notes	\$'000	\$'000	\$'000	\$'000
2023					
Current Investments					
Fixed and Floating Rate Bonds		(928)	688,918	-	687,990
Fixed Interest Unit Trusts		-	360,936	-	360,936
Indexed Bonds		-	274,724	-	274,724
Equities - Listed		2,916,156	-	-	2,916,156
Equity Unit Trusts		-	300,151	-	300,151
Alternative Assets Unit Trusts		-	371,071	-	371,071
Margin Account		-	4,275	-	4,275
Cash and Cash Equivalent Assets	8.7	381,977	213,796	-	595,773
Receivables		-	67,646	-	67,646
Forward Foreign Exchange Contracts	4.6	-	(24,347)	-	(24,347)
		3,297,205	2,257,170	-	5,554,375
Non-Current Investments					
Alternative Assets Unit Trusts		-	-	581,033	581,033
Property Trust - Unlisted		-	-	872,736	872,736
		-	-	1,453,769	1,453,769
		3,297,205	2,257,170	1,453,769	7,008,144

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets (continued)

(b) Fair Value Hierarchy (continued)

2022	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Current Investments					
Fixed and Floating Rate Bonds		1,725	690,397	-	692,122
Fixed Interest Unit Trusts		-	491,419	-	491,419
Indexed Bonds		-	147,998	-	147,998
Equities - Listed		2,676,251	-	-	2,676,251
Equity Unit Trusts		-	220,429	-	220,429
Alternative Assets Unit Trusts		-	360,030	-	360,030
Margin Account		-	3,665	-	3,665
Cash and Cash Equivalent Assets	8.7	208,945	97,583	-	306,528
Receivables		-	72,186	-	72,186
Forward Foreign Exchange Contracts	4.6	-	(15,520)	-	(15,520)
		2,886,921	2,068,187	-	4,955,108
Non-Current Investments					
Alternative Assets Unit Trusts		-	-	479,759	479,759
Property Trust - Unlisted		-	-	837,075	837,075
		-	-	1,316,834	1,316,834
		2,886,921	2,068,187	1,316,834	6,271,942

There were no significant transfers between Level 1, 2 or 3 during the year.

The table below provides information about the valuation technique and inputs utilised in fair value measurement (Level 2):

	Valuation Technique	Inputs Utilised
Fixed Interest Bonds	Market Comparison: Quoted prices or comparable prices	Price, Time span, Interest Rates
Fixed Interest Indexed Bonds	Market Comparison: Quoted prices or comparable prices	Price, Time span, Interest Rates
Fixed Interest Unit Trusts	Quoted prices: Unit price quoted by Manager	Unit Price, Quantity
Equity Unit Trusts	Quoted prices: Unit price quoted by Manager	Unit Price, Quantity
Alternative Assets Unit Trusts	Quoted prices: Unit price quoted by Manager	Unit Price, Quantity
Margin Account	Cost: Face value of amounts deposited/drawn	Face Value
Cash and Cash Equivalents	Cost plus Income	Face Value, Interest Rate, Time Span
Receivables	Cost	Carrying Value of Receivables
Forward Foreign Exchange Contracts	Market Comparison: Comparable contract prices	Price, Currency, Time Span

The following tables detail the change in value associated with Level 3 Investments:

2023	Opening Balance \$'000	Transfers In/(Out) \$'000	Unrealised Gain/(Loss) \$'000	Realised Gain/(Loss) \$'000	Purchases/ (Sales) \$'000	Closing Balance \$'000
Non-Current Investments						
Alternative Assets Unit Trusts	479,759	(1,360)	15,905	974	85,755	581,033
Property Trust - Unlisted	837,075	15,234	(20,133)	1	40,559	872,736
	1,316,834	13,874	(4,228)	975	126,314	1,453,769

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4.3 Investment Assets (continued)

(b) Fair Value Hierarchy (continued)

The table below provides information about the valuation technique and inputs utilised in fair value measurement (Level 3):

	Valuation Technique	Inputs Utilised	Range of Unobservable Inputs (Weighted Average)	Relationship of Unobservable Inputs to Fair Value
Alternative Assets Unit Trusts / Property Trust - Unlisted	Quoted prices: Unit Price quoted by Manager	Unit Price	Unit Price +/- 20%	The fair value would increase/ (decrease) if the unit price was higher/(lower)

The table below illustrates the sensitivity of Level 3 fair value to change:

	Fair Value			Fair Value Increase/(Decrease)	
	2023 \$'000	2022 \$'000	Change %	2023 \$'000	2022 \$'000
Non-Current Investments					
Alternative Assets Unit Trusts	581,033	479,759	+20 -20	116,207 (116,207)	95,952 (95,952)
Property Trust - Unlisted	872,736	837,075	+20 -20	174,547 (174,547)	167,415 (167,415)

4.4 Financial Liabilities - RiskCover Fund Investments

	2023 \$'000	2022 \$'000
Current		
Floating Rate Promissory Note	941,320	873,755
	941,320	873,755

Valuation of the Floating Rate Promissory Note

The Floating Rate Promissory Note represents the RiskCover Fund's share of the Main Fund investment pool. The RiskCover Fund is allocated its share of the monthly movements in the Main Fund investment pool through the Floating Rate Promissory Note by means of a valuation model which primarily apportions an amount equal to the Main Fund earning rate multiplied by the daily balance of the RiskCover Fund.

Fair Value Hierarchy

The fair value of the Floating Rate Promissory Note has been categorised as a Level 2 fair value based on the inputs to the valuation technique used. The hierarchy is explained in more detail in Note 4.3(b).

There were no significant transfers between Level 1, 2 and 3 during the year.

4.5 Investment Commitments

In 2021, the Board committed to invest \$100 million in an unlisted infrastructure fund. \$91.7 million has been invested to date. At 30 June 2023, \$8.3 million of the commitment to invest in the unlisted infrastructure fund remained.

In 2022, the Board committed to invest USD 74 million in each of three unlisted private equity funds. USD 86 million has been invested to date. At 30 June 2023, the remaining commitments to invest were USD 136 million.

4. FINANCIAL STATEMENTS

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4.6 Derivative Instruments

A derivative financial instrument is a contract whose existence is derived from the value of, or changes in the value of, an underlying investment security.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to fair value at the reporting date. For derivatives traded in an active market, the fair value of derivatives is determined by reference to quoted market prices. For derivatives that are not traded or which are traded in a market that is not sufficiently active, fair value is determined using generally accepted valuation techniques.

The Insurance Commission's external Investment Managers may use derivatives to gain access to new securities, or hedge the investment portfolio in line with the Insurance Commission's investment strategy. Derivative instruments entered into include futures, forwards, swaps, options and TBA securities in the interest rate, foreign exchange, credit and equity markets.

Derivatives are not used in a speculative manner and Investment Managers are not permitted to leverage the investment portfolio. Derivative instruments are used to economically hedge or minimise risk incurred. Therefore, whenever derivative positions are created, cash or the underlying physical security is held to cover any potential liability. The face value of the underlying security, valued at current market values, is used to determine the equivalent dollar value of the derivative product. At the end of the reporting period, all of the Insurance Commission's derivative positions were matched by cash or the underlying security.

The Insurance Commission has appointed a Currency Overlay Manager to enter into forward foreign exchange contracts to manage the currency risk associated with overseas Equity and Global Unlisted Infrastructure exposure. At 30 June 2023, the level of the currency hedge was 75%.

	2023			2022		
	Fair Value	Fair Value	Notional	Fair Value	Fair Value	Notional
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Forward Foreign Exchange Contracts	8,120	(32,467)	(2,052,276)	4,361	(19,881)	(1,412,159)
To Be Announced (TBA) Securities	-	(416)	(31,322)	7	(51)	(2,320)
Futures	(340)	1,303	180,037	731	(139)	54,849
Options	62	(213)	(8,626)	46	(454)	(13,466)
Swaps	6,397	(9,753)	26,960	3,472	(11,542)	(1,483)
Total	14,239	(41,546)	(1,885,227)	8,617	(32,067)	(1,374,579)

The Notional Amount (effective exposure) of the above derivative instruments are backed by an equal amount of cash or securities.

The Forward Foreign Exchange Contracts are marked to market by comparing the contractual rate to the current market rate for a contract with the same remaining period to maturity. Any unrealised gain or loss is recognised in the Statement of Comprehensive Income immediately.

4. FINANCIAL STATEMENTS

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5. Risk Management

5.1 Overview

(a) Governance Framework

The Insurance Commission strives to achieve best practice, appropriate to the Insurance Commission's size, function and culture in the management of risks that impact on its operations and stakeholders.

The risks the Insurance Commission manages include strategic, insurance, counterparty, operational, compliance, financial and reputational risks. Financial risks include market, foreign exchange, interest rate, credit and liquidity.

Please refer to the Governance, Risk and Compliance section for further information on the Insurance Commission's governance practices.

(b) External Regulatory Frameworks and Capital Management

Unlike private insurers, the Insurance Commission is not subject to regulation by the Australian Prudential Regulatory Authority (APRA) due to the *Insurance Act 1973* not being applicable to the Insurance Commission and equivalent state insurers.

Reporting by the Insurance Commission is subject to AASB Standards as amended by Treasurer's Instructions (refer Note 1.1). Many of the AASB standards mirror best practice requirements such as those incorporated in APRA guidelines. Where matters relevant to the Insurance Commission relate to APRA guidelines which are not covered by AASB Standards (such as APRA Prudential Capital Requirements), the Board considers what risk mitigation practices may be required. The Insurance Commission considers its retained earnings as its core capital. A review of movements in capital is undertaken periodically and submitted to the Board for consideration.

5.2 Insurance Risk Management

(a) Objectives in Managing Risks arising from General Insurance Contracts and Policies for Mitigating those Risks

The Insurance Commission's activities primarily involve the issuing of insurance policies and managing claims. In doing this, the Insurance Commission seeks to minimise the cost of risk to the insured and to efficiently manage claims.

The Insurance Commission has a framework for the identification, assessment and management of risks. Key processes for the mitigation of risks faced in the business operations of the Insurance Commission include:

- Use of information systems to provide up-to-date, reliable data on the risks the Insurance Commission is exposed to.
- Independent actuarial assessments to monitor claims trends and develop statistical models to predict the outstanding claims liabilities for the various Funds.
- The mix of assets and investment managers in which the Insurance Commission invests is driven by the nature and term of insurance liabilities. Management monitors assets and liabilities to ensure claim payments can be met when required.

(b) Concentration Risk

Third Party Insurance Fund (TPIF) and Motor Vehicle (Catastrophic Injuries) Fund (MVCIF)

The motor injury insurance policy provides an unlimited indemnity to the owner or driver of a Western Australian registered vehicle in respect to the death or bodily injury to any other person directly caused by, or by the driving of that vehicle within Australia. The policy also provides cover on a no-fault basis to any person catastrophically injured by a registrable motor vehicle in a Western Australian crash, who cannot establish a liability for negligence on any other party. Most of the risk is concentrated within Western Australia.

Compensation (Industrial Diseases) Fund (CIDF)

The CIDF has an exposure to concentration risk as it is restricted to one class of business and operates solely within Western Australia. This risk is mitigated by the surplus held by the Fund and the decreased exposure to harmful mineral dust in modern mining operations, resulting in lower incidence rates.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

5.2 Insurance Risk Management (continued)

Government Insurance Fund (GIF)

During the years that GIF contracts of insurance were issued, exposure to significant concentration risk was mitigated by having a diversified portfolio across a number of classes of insurance and the large geographic area of Western Australia. As this fund has been in run-off for a considerable time, the concentration risk has increased as the majority of outstanding liabilities at the end of the reporting period arise from risks associated with common law liability (including abuse claims) and long-tail workers' compensation claims. The Insurance Commission has an indemnification from the Government of Western Australia for Fund deficits from the run-off of the GIF.

Insurance Commission General Fund (ICGF)

During the years ICGF contracts of insurance were issued, exposure to significant concentration risk was mitigated by having a diversified portfolio across a number of classes of insurance and the large geographic area of Western Australia. As this fund has been in run-off for a considerable time, the concentration risk has increased as the majority of outstanding liabilities at the end of the reporting period arise from risks associated with common law liability and long-tail workers' compensation claims.

To mitigate the risk contained in the ICGF, the majority of which stems from the common law liability resulting from asbestos mining activities at Wittenoom between 1943 and 1966, a Deed of Agreement exists between the Insurance Commission, CSR Limited and Micalco Pty Ltd providing the Insurance Commission with a reimbursement for a set proportion of losses incurred from these activities.

Employers' Indemnity Supplementation Fund (EISF)

At the end of the reporting period, all claims made against the Insurance Commission under the EISF result from insurance contracts associated with the workers' compensation class of business and as a result there is considerable concentration risk. This risk is mitigated by a requirement under the EISF that the Insurance Commission has a right of reimbursement from WorkCover WA for all costs associated with the run-off of claims under this Fund.

(c) Development of Outstanding Claims Liability

The majority of insurance contracts under the management of the Insurance Commission deal with classes of insurance where the estimate of liability is subject to material change following the close of the contract period. Claims Development Tables have been provided (refer Note 3) which detail outstanding claims estimates for underwriting years at successive year-ends.

To ensure the adequacy of outstanding claims provisions all active claims have estimates placed by a Claims Officer, and independent actuaries review the outstanding claims provisions at least annually. The Insurance Commission adopts a prudential margin which is sufficient to achieve a 75% level of adequacy based solely on liability risk (i.e. with no allowance for asset risk or asset returns above risk-free rates). The central claims estimate is first discounted to present value using risk-free rates. The prudential margin is then added to this to arrive at the provision for outstanding claims liability.

The provision for outstanding claims liability is subject to significant uncertainty, related to:

- Future trends in claim frequency;
- Future changes in social and judicial attitudes;
- Changes in legislation; and
- Changes in economic conditions (e.g. inflation, investment returns).

5.3 Financial Risk Management

The Insurance Commission is subject to a number of key financial risks which include market risk, liquidity risk, interest rate risk, foreign exchange risk and credit risk. These risks are managed in line with the Board approved risk appetite statement and implemented in accord with the Treasurer's Prudential Guidelines for Investments (PGIs) approved by the Treasurer of Western Australia.

The PGIs set out the authorised investments which the Insurance Commission may hold in its investment portfolio along with minimum credit rating requirements for cash, fixed interest and over-the-counter derivative instruments. The PGIs also set out the investment objectives and asset allocation for Main Fund and MVCIF. The latter have been formulated following asset and liability analysis of each Fund, undertaken by the asset consultant.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

The Board, in consultation with its independent asset consultant and input from the Investments Division, determines investment strategy, asset allocation mix, investment manager configuration and recommends investment manager appointments to the Treasurer of Western Australia. The allocation of assets between the various types of financial instruments is determined to achieve each Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolios are monitored by the Chief Investment Officer.

The Insurance Commission's investing activities expose it to market risk, credit risk and liquidity risk from its use of financial instruments. The Board has overall responsibility for the establishment and oversight of the Insurance Commission's risks for its investment activities.

The Insurance Commission has two investment Funds, Main Fund and MVCIF. In order to return the most efficient investment operation possible for all of the Insurance Commission's funds, the Board has approved pooling the investments and calculating MVCIF's investment portfolio value on a pro rata basis. The total investment portfolio is managed by a combination of external and internal investment managers. The Investments Division is responsible for managing the Cash and Inflation Linked Bond portfolios. Managers with discrete portfolios have investment mandates which set out risk parameters restricting their investment activities. Managers of pooled investment vehicles are selected having regard to the risk parameters of each Trust Deed.

Compliance monitoring is undertaken on a daily basis by the external Custodian. The Custodian reports to the Investments Division on compliance of discrete portfolios with respect to each individual investment mandate. This includes compliance with authorised investments, limits on allocations relating to the size of individual investments, issuers or sectors and credit rating requirements as set out in the PGIs. Any findings/breaches are immediately confirmed with the external investment manager and steps are taken to rectify. All material compliance incidents are reported to the Audit and Risk Committee.

External investment managers provide the Investments Division with a risk management document which sets out their processes and procedures for managing derivatives. Derivatives are not used in the internally managed investment portfolios. Each external investment manager is requested on an annual basis to provide the Investments Division with an audit sign-off relating to adherence with its internal policies and procedures. The Insurance Commission's internal auditors review the policies and procedures relating to internally managed investment portfolios.

All investment managers are required to meet performance targets based on market indices (benchmarks) for their respective asset classes. The Investments Division continually monitors the performance of all managers including its own performance.

(a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Insurance Commission's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk (due to fluctuations in foreign exchange rates); interest rate risk (due to fluctuations in market interest rates); and price risk (due to fluctuations in market prices). The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on investments.

Currency Risk

The Insurance Commission is exposed to currency risk arising from transactions denominated in foreign currencies. This foreign currency exposure is held for portfolio diversification and risk mitigation. Risk mitigation is provided through the Insurance Commission retaining foreign currency exposure in times of Australian dollar weakness.

Net foreign currency exposures are managed as follows:

- A currency overlay is used to passively hedge 75% (2022: 40%) of Global Equities exposures (excluding Emerging Market trusts) and one unlisted unit trust.
- Other Unit Trusts are managed in accordance with relevant Trust Deeds.

The Investments Division is responsible for providing the Currency Overlay Manager with updated portfolio values to be hedged. The effectiveness of the currency management processes and the related use of derivatives are actively monitored by the Chief Investment Officer and the external Custodian.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

The analysis below demonstrates the impact on profit after tax (assumed at a tax rate of 30%) and equity of a movement in foreign currency exchange rates against the Australian dollar on major currency exposures within the investment portfolio at the end of the reporting period. The analysis shows the total currency exposure before the currency hedge overlay (where applicable) has been applied:

	Exposure		Change in Currency Rate		Profit/(Loss) and Equity Increase/(Decrease)	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	%	%	\$'000	\$'000
United States Dollars	1,194,151	1,199,606	+20	+20	167,181	167,945
			-20	-20	(167,181)	(167,945)
Euros	306,848	279,699	+20	+20	42,959	39,158
			-20	-20	(42,959)	(39,158)
Great British Pounds	193,947	161,089	+20	+20	27,153	22,552
			-20	-20	(27,153)	(22,552)
Japanese Yen	153,149	76,986	+20	+20	21,441	10,778
			-20	-20	(21,441)	(10,778)
Swiss Franc	69,007	37,764	+20	+20	9,661	5,287
			-20	-20	(9,661)	(5,287)
Danish Krone	28,591	4,159	+20	+20	4,003	582
			-20	-20	(4,003)	(582)
Canadian Dollars	26,084	22,053	+20	+20	3,652	3,087
			-20	-20	(3,652)	(3,087)
Swedish Krona	16,091	15,121	+20	+20	2,253	2,117
			-20	-20	(2,253)	(2,117)

These figures are inclusive of the Main Fund (including the RiskCover Fund's share) and the MVCIF. The RiskCover Fund's share is offset by a liability in the accounts of the Insurance Commission (refer Note 4.4).

Interest Rate Risk

The Insurance Commission invests in short and long term fixed interest securities. Cash and cash equivalents are invested in short-term securities with a maturity of less than one year.

The analysis below demonstrates the impact on profit after tax (assumed at a tax rate of 30%) and equity of movements in interest rates in relation to the base value of interest-bearing investments:

	Exposure		Change in Interest Rate		Profit/(Loss) and Equity Increase/(Decrease)	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	%	%	\$'000	\$'000
Cash and Cash Equivalents	20,554	83,100	+1	+1	144	582
			-1	-1	(144)	(582)
Investments						
Fixed Interest Bonds	687,990	692,122	+1	+1	(24,311)	(21,366)
			-1	-1	24,311	21,366
Fixed Interest Indexed Bonds	274,724	147,998	+1	+1	(14,500)	(8,609)
			-1	-1	14,500	8,609
Fixed Interest Unit Trusts	360,936	491,419	+1	+1	1,632	2,080
			-1	-1	(1,632)	(2,080)
Cash and Cash Equivalents	595,773	306,528	+1	+1	4,170	2,146
			-1	-1	(4,170)	(2,146)

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5.3 Financial Risk Management (continued)

Price Risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to the individual investment, its issuer or other factors broadly affecting all instruments in the market. Since the majority of investments are reported at fair value, a change in market conditions will directly affect net investment income.

Price risk is mitigated by the Insurance Commission holding a diversified investment portfolio. Diversification is achieved across instruments, issuers, asset classes, geographies and investment managers.

At 30 June 2023, 41% (2022: 42%) of the Insurance Commission's investment assets were listed equities and 36% (2022: 38%) were unlisted trusts. The analysis below demonstrates the impact on profit after tax (assumed at a tax rate of 30%) and equity of movements in the price of listed equities and unlisted trusts:

	Exposure		Change in Market Price		Profit/(Loss) and Equity Increase/(Decrease)	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	%	%	\$'000	\$'000
ASX	1,338,090	1,226,953	+20	+20	187,333	171,773
			-20	-20	(187,333)	(171,773)
Dow Jones	558,571	532,650	+20	+20	78,200	74,571
			-20	-20	(78,200)	(74,571)
NASDAQ	319,198	297,983	+20	+20	44,688	41,718
			-20	-20	(44,688)	(41,718)
FTSE	186,113	158,917	+20	+20	26,056	22,248
			-20	-20	(26,056)	(22,248)
Euronext Paris	107,790	88,360	+20	+20	15,091	12,370
			-20	-20	(15,091)	(12,370)
Six Swiss	68,945	37,571	+20	+20	9,652	5,260
			-20	-20	(9,652)	(5,260)
Tokyo	66,685	59,664	+20	+20	9,336	8,353
			-20	-20	(9,336)	(8,353)
Euronext Amsterdam	43,685	34,501	+20	+20	6,116	4,830
			-20	-20	(6,116)	(4,830)
Italian	43,524	45,974	+20	+20	6,093	6,436
			-20	-20	(6,093)	(6,436)
Spain	31,045	38,377	+20	+20	4,346	5,373
			-20	-20	(4,346)	(5,373)
Toronto	23,009	18,185	+20	+20	3,221	2,546
			-20	-20	(3,221)	(2,546)
Unlisted Trusts	2,494,004	2,404,067	+20	+20	349,161	336,569
			-20	-20	(349,161)	(336,569)

These figures are inclusive of the Main Fund (including the RiskCover Fund's share) and the MVCIF. The RiskCover Fund's share is offset by a liability in the accounts of the Insurance Commission (refer Note 4.4).

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5.3 Financial Risk Management (continued)

(b) Credit Risk

Credit risk refers to the risk that a counterparty to a financial instrument will default on its contractual obligations resulting in financial loss to the Insurance Commission. The Insurance Commission's credit policy is contained in the PGIs and sets out the minimum credit rating requirements for cash, fixed interest and over-the-counter derivatives. Credit risk in these securities is mitigated by predominantly investing in rated instruments issued by rated counterparties with credit ratings of at least 'A2-' or better as determined by Standard and Poor's for securities up to 12 months maturity and 'BBB-' for securities more than 12 months to maturity.

The average credit rating of holdings within the overseas fixed interest unit trusts is monitored quarterly by the Investments Division. Breaches of the credit rating policy are rectified immediately. All credit rating breaches are reported to the Audit and Risk Committee.

Emerging market fixed interest securities are restricted to 20% of the total overseas fixed interest exposure.

Credit risk arising on transactions with brokers is managed by investment managers. The investment managers minimise concentration risk by transacting with numerous brokers.

The Insurance Commission has the following credit risk exposures to single counterparties with similar characteristics: National Australia Bank 4%, Commonwealth Bank 4% and Australia and New Zealand Banking Group 1%. The Insurance Commission also has 75.1% (2022: 64.6%) of its recognised investments in Australia.

The carrying amount of the Insurance Commission's investments is the best representation of the maximum credit risk exposure.

The following table relates to the market values of officially rated bonds, short-term discount securities and deposits at call as per Standard and Poor's ratings. AAA is the highest possible rating. Rated assets falling outside the range of AAA to BBB- are classified as below investment grade. The table excludes listed and unlisted equities, non-fixed interest unit trusts and alternative unit trust assets which are subject to market risk rather than credit risk. In addition, this table excludes reinsurance and other recoveries which are shown separately later in this Note. Right of Indemnities (refer Note 2.7) with government agencies are also excluded from this analysis.

	2023 \$'000	2022 \$'000
AAA to AAA- rating	474,191	363,919
AA+ to AA- rating	210,111	275,993
A+ to A- ratings	175,559	114,678
BBB+ to BBB- ratings	447,340	516,678
Below Investment Grade	19,189	60,271
A1 to A2 (short-term) rating	595,773	306,630
Credit Risk Exposure	1,922,163	1,638,169

The credit policy does not apply to absolute bond return strategies that form part of alternative assets. These strategies aim to diversify away from traditional equity and fixed interest market risk factors and exhibit low risk characteristics.

Insurance and Reinsurance Related Credit Risk

The Insurance Commission also has exposure to credit risk for the reinsurance and other recovery arrangements it enters into to offset insurance contract risk. The Insurance Commission reinsures to protect capital and reduce volatility in the event of catastrophic loss. The strategy used for the selection, approval and monitoring of reinsurance arrangements is as follows:

- Reinsurance is approved and placed in accordance with Board delegations and authorisations, which include minimum financial credit ratings for reinsurance counterparties.
- The Department of Treasury is informed annually of the retention limits and the limit of reinsurance cover purchased for the RiskCover Fund.
- Reinsurance arrangements are reviewed annually to monitor their effectiveness and suitability of coverage, based on changes in risk exposures, historical losses and the potential for future losses. The financial capacity of the Funds to withstand loss and the cost of reinsurance protection are factors taken into account in determining the level of risk retention.
- The credit quality of current and past reinsurance counterparties is actively monitored.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

The following tables provide information about the quality of the Insurance Commission's and the RiskCover Fund's credit risk exposure for reinsurance and other recoveries on claims already paid and claims which remained outstanding at the end of the reporting period, but not yet 'invoiced' or claimed from the relevant party. The analysis classifies the assets according to Standard and Poor's counterparty credit ratings. AAA is the highest possible rating. Ratings that fall outside the range AAA to BBB and those which cannot be reliably rated, such as estimates of unknown third party recoveries, are classified as speculative grade. Input tax credits recoverable from the Australian Taxation Office have all been classified as AAA rating.

	2023 (\$'000)				
	AAA	AA	A	BBB	Speculative Grade
Insurance Commission					Total
Reinsurance and Other Recoveries					
Third Party Insurance Fund	152,315	31,045	10,494	-	2,767
Motor Vehicle (Catastrophic Injuries) Fund	46,683	-	-	-	-
Compensation (Industrial Diseases) Fund	28	-	-	38	-
Government Insurance Fund	1,147	-	-	10,158	-
Insurance Commission General Fund	723	-	-	27,369	923
Total Reinsurance and Other Recoveries	200,896	31,045	10,494	37,565	3,690
RiskCover Fund					
Total Reinsurance and Other Recoveries	16,594	2,635	10,218	-	12,675
					42,122
	2022 (\$'000)				
	AAA	AA	A	BBB	Speculative Grade
Insurance Commission					Total
Reinsurance and Other Recoveries					
Third Party Insurance Fund	146,511	29,168	10,576	-	3,080
Motor Vehicle (Catastrophic Injuries) Fund	44,563	-	-	-	-
Compensation (Industrial Diseases) Fund	35	-	-	57	-
Government Insurance Fund	1,047	-	-	-	13,525
Insurance Commission General Fund	733	-	-	28,654	835
Total Reinsurance and Other Recoveries	192,889	29,168	10,576	28,711	17,440
RiskCover Fund					
Total Reinsurance and Other Recoveries	11,273	211	819	-	10,647
					22,950

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

(c) Liquidity Risk

Liquidity risk refers to the risk that the Insurance Commission and the RiskCover Fund will not be able to meet their financial obligations as they fall due. The Main Fund and MVCIF Cash Portfolios are managed to meet the day-to-day liquidity requirements of the insurance business. The target cash allocation is 8% of the Main Fund and 5% of the MVCIF. Cash flows are monitored daily. Cash requirements are met by redeeming investments with the Insurance Commission's Equity and/or Fixed Interest managers. These securities are considered to be liquid.

At 30 June 2023, the mean term to maturity of the Cash Portfolio was 9 days (2022: 1 day). The following tables detail the maturity profile of the Insurance Commission's and the RiskCover Fund's gross undiscounted outstanding claims liability and certain other key financial liabilities, at the end of the reporting period:

2023 (\$'000)					
Insurance Commission	Maturity in				Total
	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years	
Outstanding Claims					
Third Party Insurance Fund	588,449	552,883	1,011,608	912,176	3,065,116
Motor Vehicle (Catastrophic Injuries) Fund	32,716	31,406	98,671	2,742,106	2,904,899
Compensation (Industrial Diseases) Fund	663	524	1,280	4,472	6,939
Government Insurance Fund	27,783	26,732	98,615	149,800	302,930
Insurance Commission General Fund	8,954	8,407	24,308	95,803	137,472
Total Outstanding Claims	658,565	619,952	1,234,482	3,904,357	6,417,356
Other Financial Liabilities					
Payables	46,865	-	-	-	46,865
RiskCover Fund Investments	941,320	-	-	-	941,320
Total	1,646,750	619,952	1,234,482	3,904,357	7,405,541
RiskCover Fund					
Total	385,992	231,737	299,691	286,237	1,203,657
2022 (\$'000)					
Insurance Commission	Maturity in				Total
	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years	
Outstanding Claims					
Third Party Insurance Fund	556,192	525,980	955,381	821,360	2,858,913
Motor Vehicle (Catastrophic Injuries) Fund	33,376	30,765	90,389	2,406,750	2,561,280
Compensation (Industrial Diseases) Fund	1,287	827	1,532	4,227	7,873
Government Insurance Fund	35,189	31,010	115,073	159,296	340,568
Insurance Commission General Fund	7,998	7,697	22,767	94,597	133,059
Total Outstanding Claims	634,042	596,279	1,185,142	3,486,230	5,901,693
Other Financial Liabilities					
Payables	39,882	-	-	-	39,882
RiskCover Fund Investments	873,755	-	-	-	873,755
Total	1,547,679	596,279	1,185,142	3,486,230	6,815,330
RiskCover Fund					
Total	327,230	177,567	266,478	250,176	1,021,451

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NOTES TO THE FINANCIAL STATEMENTS

6. Tax

The Insurance Commission operates within the National Tax Equivalent Regime (NTER). All Funds of the Insurance Commission are subject to the NTER, except for the Government Insurance Fund. Tax is calculated by reference to the amount of tax equivalent payable or recoverable, to or from the Department of Treasury as calculated under the rules of the NTER. These rules (with limited exceptions) follow the Income Tax legislation and utilise tax rates effective at the end of the reporting period. As a consequence the Insurance Commission is required to comply with AASB 112, 'Income Taxes'.

6.1 Income Tax Equivalent

The income tax expense or benefit represents the tax payable or receivable on the current year's taxable income based on the prevailing income tax rate adjusted for changes in deferred tax assets and liabilities.

	Note	2023 \$'000	2022 \$'000
Income Tax Equivalent Expense			
Current Income Tax			
Current Income Tax Equivalent Expense		49,800	194,033
Adjustments for Current Income Tax from Prior Years		(25,068)	224
Deferred Income Tax			
Origination and Reversal of Temporary Differences		146,900	(178,381)
Income Tax Equivalent Expense Recognised in the Statement of Comprehensive Income		171,632	15,876
Amount Recognised in Other Comprehensive Income			
Re-measurement of Gain on Defined Benefit Plan		54	43
Reconciliation of Income Tax to Prima Facie Tax Payable:			
Profit Before Tax Equivalent		681,024	79,447
Less GIF Tax Exempt Profit	3.4.1	(36,261)	-
		644,763	79,447
Tax at the Statutory Income Tax Rate of 30%		193,429	23,834
Tax-Free Dividends and Utilisation of Foreign Tax Offsets		(12,311)	(7,691)
Adjustments Recognised in the Current Year in relation to Prior Years		(9,493)	(272)
Miscellaneous Items		7	5
Income Tax Equivalent Expense		171,632	15,876

The effective tax rate of the Insurance Commission for 2023 was 25.2% (2022: 20%).

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6.2 Deferred Tax Equivalent

Deferred tax is accounted for using the balance sheet liability method for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply when the assets and liabilities are realised or settled, based on tax rates that have been enacted or substantially enacted by reporting date.

Deferred tax assets are recognised to the extent it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset as the Insurance Commission settles its current tax assets and liabilities on a net basis.

Deferred Tax Equivalent Expense	Balance Sheet		Statement of Comprehensive Income	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deferred Income Tax				
Deferred Income Tax at 30 June relates to the following:				
Deferred Tax Liabilities				
Investments	(178,895)	(33,093)	145,802	(185,191)
	(178,895)	(33,093)		
Deferred Tax Assets				
Depreciable Plant and Equipment	1,146	936	(210)	(213)
Trust Income	460	2,475	2,015	7,539
Indirect Claims Settlement Costs	41,232	38,565	(2,667)	(2,663)
Provisions - Various	5,091	6,938	1,847	2,095
Right of Use Assets	589	702	113	52
	48,518	49,616		
Net Deferred Income Tax (Liability)/Asset	(130,377)	16,523		
Deferred Income Tax Equivalent Expense/(Benefit)			146,900	(178,381)

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

7. Explanatory Statement

	Notes	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000	Profit Increase/(Decrease) From Actual 2023 To		
					Budget 2023 \$'000	Actual 2022 \$'000	%
Premium Revenue	2.1	941,018	917,225	891,247	23,793	49,771	5.6
Reinsurance Premium Expense	2.2	(10,396)	(8,493)	(10,127)	(1,903)	(269)	(2.7)
Reinsurance Commission Revenue	2.1	1,040	772	1,013	268	27	2.7
Net Premium Revenue		931,662	909,504	882,133	22,158	49,529	5.6
Claims Expense	2.2	(632,830)	(887,029)	(627,023)	254,199	(5,807)	(0.9)
Reinsurance and Other Recoveries (Expense)/Revenue	2.1	17,671	16,624	27,307	1,047	(9,636)	(35.3)
Net Claims Incurred	2.3	(615,159)	(870,405)	(599,716)	255,246	(15,443)	(2.6)
Movement in Unexpired Risk Liability		-	-	18,151	-	(18,151)	(100.0)
Recoveries on Unexpired Risk Liability		-	-	(4,108)	-	4,108	100.0
Net Movement in Unexpired Risk	3.2.3(f)	-	-	14,043	-	(14,043)	(100.0)
Premium Collection Costs	2.2	(29,038)	(32,114)	(21,354)	3,076	(7,684)	(36.0)
RiskCover Fund Administration Cost Reimbursement	2.1	38,717	32,936	30,878	5,781	7,839	25.4
Other Underwriting and Administration Expenses	2.2	(77,213)	(70,196)	(64,537)	(7,017)	(12,676)	(19.6)
Underwriting Profit/(Loss)		248,969	(30,275)	241,447	279,244	7,522	3.1
Investment Income/(Loss)	4.1	529,109	331,517	(214,142)	197,592	743,251	347.1
Investment Expenses	4.2	(25,513)	(30,836)	(28,019)	5,323	2,506	8.9
RiskCover Fund Investment Return	4.2	(73,665)	(50,164)	33,113	(23,501)	(106,778)	(322.5)
Other Income	8.8	3,624	140	47,048	3,484	(43,424)	(92.3)
Other Expenses	8.8	(1,500)	-	-	(1,500)	(1,500)	-
Profit Before Tax Equivalent		681,024	220,382	79,447	460,642	601,577	757.2

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

7. Explanatory Statement (continued)

Explanations are provided below for significant variances between 2023 actual results, 2023 budget and 2022 actual results. Significant variances are considered to be those greater than \$10 million.

Comparison of 2023 Actual Results to 2023 Budget and 2022 Actual**Profit before Tax Equivalent**

The Insurance Commission delivered a profit before tax equivalent of \$681 million in 2023, compared to the budgeted profit of \$220.4 million and last year's profit of \$79.4 million. The 2023 profit was the result of a sizeable net investment income of \$529.1 million and the strong underwriting performance of the motor injury insurance funds.

Premium Revenue

The Insurance Commission received \$941 million in insurance premium revenue, which is \$49.8 million (5.6%) higher than last year (\$891.2 million). This was due to the premium rate increase from 1 July 2022 along with a higher number of registered vehicles in 2023.

Claims Expense

The Insurance Commission recorded \$632.8 million in claims expenses this financial year, which is \$254.2 million lower than budget. The favourable outcome was primarily due to a lower than expected increase in future claims costs driven by an increase in discount rates (partially offset by an increase in inflation), fewer new catastrophic injury claims, and a lower number of outstanding claims at year end compared to 2022.

Net Movement in Unexpired Risk

At the end of the reporting period, unearned premium is assessed to determine whether it is sufficient to pay related future claims. The unearned premium was assessed as being sufficient in 2023. In 2022, the unearned premium was also assessed as being sufficient which resulted in the removal of the unexpired risk liability of \$18.2 million.

Other Underwriting and Administration Expenses

The underwriting and administration expenses of \$77.2 million were \$12.7 million higher than last year. This is predominantly due to increased salary costs arising from the new public sector wage agreement. Contractor and consultants expenses for claims management and IT modernisation projects were also higher in 2023.

Underwriting Result

The Insurance Commission delivered a strong underwriting profit of \$249 million, which is \$279.2 million better than the budgeted loss of \$30.3 million. The underwriting profit was largely driven by the underwriting performance of the motor injury insurance schemes, arising from a lower than expected increase in future claims costs driven by an increase in discount rates (partially offset by an increase in inflation), fewer new catastrophic injury claims, and a lower number of outstanding claims at year end compared to 2022.

Investment Income

The Insurance Commission recorded \$529.1 million of investment income this year, compared to the budgeted income of \$331.5 million and last year's loss of \$214.1 million.

The investment returns for Main Fund and MVCIF were both 8.2%. Global Equities (16.9% against target 5.1%), Australian Equities (14.9% against target 5.6%), Global Fixed Interest (6.5% against target 1.8%), Inflation Linked Bonds (5.7% against target 2.5%), Defensive Alternatives (3.7% against target 3.0%), Cash (3.3% against target 0.0%) and Australian Fixed Interest (2.4% against target 1.7%) delivered above budgeted returns. Growth Alternatives (3.3% against target 7.6%) and Property (1.3% against target 6.0%) returns were all below budget.

RiskCover Fund Investment Return

The RiskCover Fund investment return represents the Fund's share of the income/losses of the Insurance Commission Main Fund's investment pool. The RiskCover Fund recorded investment income of \$73.7 million in 2023, compared to the budgeted return of \$50.2 million and last year's loss of \$33.1 million. The Insurance Commission's strong investment performance has resulted in the RiskCover Fund receiving a significant investment return this year.

Other Income

Other Income of \$3.6 million was recorded during the year compared to \$47 million last year. In 2022, an additional \$41.5 million was received from the Bell litigation settlement.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8. Other

8.1 Other Accounting Policies

8.1.1 Initial Application of an Australian Accounting Standard

The Insurance Commission has reviewed all new Australian Accounting Standards and Interpretations for the annual reporting period beginning 1 July 2022. None of these Standards or Interpretations are considered to have a material impact on the Insurance Commission's financial statements.

8.1.2 Future Impact of Australian Accounting Standards not yet Operative

The Insurance Commission cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by Treasurer's Instruction 1101. This Treasurer's Instruction has not mandated the early adoption of any Australian Accounting Standards or Interpretations. The following summary outlines the future Standards which will have an impact on the Insurance Commission:

Title	Operative Date
AASB 17 Insurance Contracts (public sector entities)	1 July 2026

The Insurance Commission will apply the standard and amendment detailed above for the reporting periods beginning on the operative dates set out above. An initial assessment of the financial impact of the standard and amendment has been undertaken.

AASB 17 - Insurance Contracts

AASB 17 will apply to non-profit entities in the 2026-27 financial year(effective from 1 January 2023 for private entities).

AASB 17 will include 'insurance-like' arrangements that are created by statute rather than contractual arrangement within its scope.

AASB 17 is not expected to have a material impact overall on the financial statements of the Insurance Commission, however it is anticipated there will be significant disclosure changes. The inclusion of 'insurance-like' arrangements may have a material impact on the RiskCover Fund which currently applies AASB 137 Provisions, Contingent Liabilities and Contingent Assets. If the RiskCover Fund is classed as 'insurance-like', a risk margin will be required on its outstanding claims liabilities and there will be significant disclosure changes. Management is currently undertaking a full review of the impacts of the standard.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.2 Plant and Equipment

Plant and Equipment is carried at cost less accumulated depreciation and any impairment in value. All Plant and Equipment is depreciated using the straight line method over the asset's estimated useful life. The estimated useful life is between three and eight years for all classes. An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Reconciliation of Carrying Amount

Current Year	2023 (\$'0000)					
	Plant and Equipment	Furniture and Fittings	Computer Hardware	Motor Vehicles	Leasehold Improvements	Total
Cost or Valuation						
Balance at Start of the Year	321	131	6,049	904	1,202	8,607
Additions	7	-	917	371	58	1,353
Disposals	(19)	(2)	(1,054)	(154)	(762)	(1,991)
Balance at End of the Year	309	129	5,912	1,121	498	7,969
Accumulated Depreciation						
Balance at Start of the Year	286	86	5,499	220	1,010	7,101
Depreciation Expense for the Year	14	4	440	107	74	639
Disposals	(19)	(1)	(1,054)	(55)	(762)	(1,891)
Balance at End of the Year	281	89	4,885	272	322	5,849
Carrying Amount at End of the Year	28	40	1,027	849	176	2,120
Prior Year	2022 (\$'0000)					
Cost or Valuation						
Balance at Start of the Year	338	127	7,035	1,000	1,178	9,678
Transfers	-	-	-	-	-	-
Additions	17	4	103	327	24	475
Disposals	(34)	-	(1,089)	(423)	-	(1,546)
Balance at End of the Year	321	131	6,049	904	1,202	8,607
Accumulated Depreciation						
Balance at Start of the Year	302	82	6,217	226	946	7,773
Depreciation Expense for the Year	18	4	371	128	64	585
Disposals	(34)	-	(1,089)	(134)	-	(1,257)
Balance at End of the Year	286	86	5,499	220	1,010	7,101
Carrying Amount at End of the Year	35	45	550	684	192	1,506

All Plant and Equipment is held within the Insurance Commission General Fund. Non-current assets are not carried at an amount above their recoverable amount. Where the carrying value of an asset exceeds the recoverable amount, the asset is written down. The recoverable amount is the higher of fair value, less cost to sell and value in use.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.3 Leases

8.3.1 Right of Use Lease Assets

Additional information on the right of use assets by class of asset is as follows:

Reconciliation of Carrying Amount

Current Year

2023 (\$'000)

	Office Building	Car Bays	Motor Vehicles	IT Assets	Total
Cost or Valuation					
Balance at Start of the Year	19,094	1,494	24	182	20,794
Additions	-	-	-	14	14
Disposals	-	-	(24)	-	(24)
Balance at End of the Year	19,094	1,494	-	196	20,784
Accumulated Depreciation					
Balance at Start of the Year	8,487	664	24	156	9,331
Depreciation Expense for the Year	2,828	221	-	29	3,078
Disposals	-	-	(24)	-	(24)
Balance at End of the Year	11,315	885	-	185	12,385
Carrying Amount at End of the Year	7,779	609	-	11	8,399

Prior Year

2022 (\$'000)

	Office Building	Car Bays	Motor Vehicles	IT Assets	Total
Cost or Valuation					
Balance at Start of the Year	19,094	1,494	24	146	20,758
Additions	-	-	-	36	36
Disposals	-	-	-	-	-
Balance at End of the Year	19,094	1,494	24	182	20,794
Accumulated Depreciation					
Balance at Start of the Year	5,658	443	24	110	6,235
Depreciation Expense for the Year	2,829	221	-	46	3,096
Disposals	-	-	-	-	-
Balance at End of the Year	8,487	664	24	156	9,331
Carrying Amount at End of the Year	10,607	830	-	26	11,463

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.3 Leases (continued)

8.3.2 Lease Liabilities

Leased liabilities are presented in the Balance Sheet as follows:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Office Building	3,412	6,203	9,615	3,194	9,616	12,810
Car Bays	258	469	727	244	727	971
IT Assets	9	-	9	24	-	24
Other Liabilities	3,679	6,672	10,351	3,462	10,343	13,805

Financial Lease Liabilities:

	2023			2022		
	< 1 Year	1 - 5 Years	> 5 Years	< 1 Year	1 - 5 Years	> 5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities are payable as follows:						
Future minimum lease payments	3,885	6,813	-	3,752	10,690	-
Interest components	(206)	(141)	-	(290)	(347)	-
Present value of minimum lease payments	3,679	6,672	-	3,462	10,343	-

8.3.3 Amount Recognised in the Statement of Comprehensive Income

The following amount relating to leases has been recognised in the Statement of Comprehensive Income:

	2023	2022
	\$'000	\$'000
Depreciation expense of right-of-use assets	3,079	3,096
Interest expense for lease asset	290	369
Low value lease	133	122
Total amount recognised in the Statement of Comprehensive Income	3,502	3,587

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8.4 Intangibles

Intangible Assets are non-monetary assets with no physical substance that are separately identifiable, controlled by the Insurance Commission and have future economic benefits. Acquisitions of intangible assets over \$1,000 are capitalised. Internally generated intangible assets that qualify for recognition are capitalised. The intangible assets reported primarily relate to computer software which is not of an essential nature required to operate specific items of hardware. Intangible assets include amounts relating to work in progress on designing and implementing computer software. This software is amortised over four years and tested for impairment whenever there is an indication that the asset may be impaired.

	2023 \$'000	2022 \$'000
Software at Cost	43,157	38,052
Work in Progress	6,260	6,369
Accumulated Amortisation	(36,536)	(34,987)
Carrying Amount at End of the Year	12,881	9,434
Reconciliation:		
Software at Cost		
Balance at Start of the Year	38,052	36,796
Additions	5,131	1,256
Disposals	(26)	-
Balance at End of the Year	43,157	38,052
Work in Progress		
Balance at Start of the Year	6,369	1,196
Additions	5,027	6,401
Completed and Transferred to Software at Cost	(5,131)	(1,188)
Impairment	(5)	(40)
Balance at End of the Year	6,260	6,369
Accumulated Amortisation		
Balance at Start of the Year	(34,987)	(33,489)
Amortisation Expense for the Year	(1,575)	(1,498)
Disposals	26	-
Balance at End of the Year	(36,536)	(34,987)

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.5 Contingencies

The Insurance Commission does not have any contingent liabilities or assets at 30 June 2023.

8.6 Provisions

Provisions are recognised when the Insurance Commission has a present expected obligation as a result of a past event of which a reliable estimate can be made.

		2023	2022
	Notes	\$'000	\$'000
Current			
Employee Benefits	(i)	6,941	6,856
On-Costs Relating to Employee Benefits	(ii)	1,143	978
Investments		5,215	5,438
Sundry		850	628
Total Current		14,149	13,900
Non-Current			
Employee Benefits	(iii)	6,686	6,414
On-Costs Relating to Employee Benefits	(ii)	661	544
Total Non-Current		7,347	6,958
Total Provisions		21,496	20,858

- (i) Liabilities for employee entitlements which are expected to be settled within twelve months of the end of the reporting period, are measured at their nominal amounts using the salary rates expected to be paid when the liability is settled.
- (ii) The provision of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers' compensation premiums. The associated expense is included under Employee Benefits (within Other Underwriting and Administration Expenses).
- (iii) Liabilities for employee entitlements (long service leave) which are not expected to be settled within twelve months of the end of the reporting period are measured at the present value of their future estimated cash outflows. In determining the liability, consideration has been given to future increases in salary rates, experience with staff departures and periods of service.

The Insurance Commission has two defined benefit superannuation schemes, the Pension Scheme and the pre-transfer benefits for employees who transferred to the Gold State Superannuation Scheme. The value of any excess of accrued superannuation benefits over the net fair value of assets is recorded as a liability of the Insurance Commission. This liability is brought to account on the basis that there is no pre-funding of the employer's liability for benefits under these schemes.

Critical Accounting Judgements and Estimates

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme are unfunded and the liability for future payments is provided for at the end of the reporting period. The present value of the liabilities is determined following an independent actuarial assessment on behalf of the Government Employees Superannuation Board.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.7 Notes to the Statement of Cash Flows

Cash and cash equivalents are carried at the face value of the amounts deposited or drawn. The carrying amounts of cash assets approximate to their fair value.

For the purpose of the Statement of Cash Flows, cash includes cash assets on hand and in banks, net of any bank account liability, together with short-term discount securities and deposits at call, which are investments integral to the Insurance Commission's general insurance activities (all of which are readily convertible to cash and are subject to an insignificant risk of change in value).

	Notes	2023 \$'000	2022 \$'000
Reconciliation of Profit after Tax Equivalent to Net Cash Flow from Operating Activities:			
Profit after Tax Equivalent		509,392	63,571
Non-Cash Items			
Depreciation and Amortisation		5,293	5,180
Impairment of Receivables		39	-
Investments Foreign Exchange Movement		(30,374)	(99,230)
(Increase)/Decrease in Fair Value of Investments		(246,192)	739,234
Movement in Income Tax Provisions		146,900	(178,381)
Other		(33)	(66)
Tax Payment to State Government			
Income Tax Equivalent Paid		137,780	201,349
Amounts Recognised Directly in Equity		(125)	(99)
Decrease/(Increase) in Assets			
Current Receivables		21,394	(8,776)
Fair Value of Investments Realised		(72,763)	(234,777)
Deferred Premium Collection Costs		(416)	(6,870)
Other Current Assets		(1,084)	(411)
Non-Current Receivables		(36,615)	9,228
Increase/(Decrease) in Liabilities			
Current Payables		(1,543)	703
Current Tax Payable		(100,189)	(7,135)
Current Outstanding Claims		20,460	34,490
Current Unearned Premium		18,383	19,551
Current Unexpired Risk Liability		-	(18,151)
Current Provisions		472	498
Current Other Liabilities		301	199
Non-Current Outstanding Claims Liability		83,141	81,323
Non-Current Provisions		389	(490)
Net Cash Flow from Operating Activities		454,610	600,940
Reconciliation of Cash			
Cash and Cash Equivalents at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Cash and Cash Equivalents		20,554	83,100
Investments	4.3	595,773	306,528
		616,327	389,628

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NOTES TO THE FINANCIAL STATEMENTS

8.8 Other Income and Expenses

	Notes	2023 \$'000	2022 \$'000
Interest		460	122
Bell Litigation Settlement	(i)	1,964	41,508
Net Gains Arising from Disposal of Plant and Equipment		38	106
Services Received from Other Public Sector Entities Free of Charge		1,025	-
Other		137	5,312
Other Income		3,624	47,048
Other		1,500	-
Other Expenses		1,500	-

- (i) Orders approving primary settlement of the Bell Litigation were completed by the Supreme Court of Western Australia on 12 August 2020. The settlement amount was paid to the Insurance Commission during September 2020. A further \$41.5 million was received during 2022 and \$2 million was received during 2023.

8.9 Compensation of Key Management Personnel

The Insurance Commission has determined that key management personnel include members of the Board of Commissioners and the Executive Team. The Insurance Commission does not incur expenditure for the compensation of Ministers and those disclosures are found in the Annual Report on State Finances.

Total compensation for key management personnel for the reporting period are presented within the following bands:

Income Band (\$)	Key Management Personnel	
	2023	2022
0 - 10,000	-	1
10,001 - 20,000	-	2
20,001 - 30,000	-	4
30,001 - 40,000	2	-
40,001 - 50,000	3	1
60,001 - 70,000	1	1
90,001 - 100,000	1	1
230,001 - 240,000	1	1
250,001 - 260,000	1	-
260,001 - 270,000	-	2
270,001 - 280,000	2	2
280,001 - 290,000	2	-
300,001 - 310,000	-	2
310,001 - 320,000	1	-
330,001 - 340,000	1	-
410,001 - 420,000	-	1
420,001 - 430,000	1	-
	\$'000	\$'000
Short-Term Employee Benefits	2,790	2,464
Post Employment Benefits	274	223
Other Long-Term Benefits	247	(19)
Total Compensation	3,311	2,668

At 30 June 2023, no key management personnel (2022: Nil) were members of the State Pension Scheme.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.10 Related Parties

The Insurance Commission is a statutory authority of the Government of Western Australia. The RiskCover Fund is underwritten by the Government of Western Australia and is managed by the Insurance Commission on behalf of the Government.

Related parties of the Insurance Commission and the RiskCover Fund include:

- all Ministers, their close family members, and their controlled or jointly controlled entities;
- all key management personnel (refer Note 8.9), their close family members and their controlled or jointly controlled entities;
- other statutory authorities and Government departments, including their related bodies, that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transaction with Government-related entities:

- RiskCover Fund Administration Cost Reimbursement received for its use of Insurance Commission's services (refer Note 2.1);
- Premium collection costs paid to Department of Transport (refer Note 2.2);
- Claims and administration costs reimbursement from WorkCover WA for the Employers' Indemnity Supplementation Fund (refer Statement of Cash Flows);
- Claims and administration costs reimbursement from Department of Treasury, Water Corporation and Public Transport Authority for the Government Insurance Fund (refer Statement of Cash Flows);
- Dividend payments made to Department of Treasury (refer Note 8.11);
- Income Tax Equivalent payments made to Department of Treasury (refer Statement of Cash Flows);
- Insurance Duty paid to the Office of State Revenue (refer Statement of Cash Flows);
- Premium Income received from Government Agencies for RiskCover Fund services (refer Note 3.6);
- Claims Costs paid on behalf of Government Agencies from the RiskCover Fund (refer Note 3.6);
- Superannuation payments to GESB of \$5.8 million (2022: \$5.1 million); and
- RiskCover Fund return of surplus capital made to Department of Treasury (refer Note 3.6.3).

Material transactions with related parties:

Outside of general citizen type transactions, the Insurance Commission had no other related party transaction with Ministers, key management personnel or their close family members or their controlled or jointly controlled entities.

8.11 Dividends

Dividends are only paid from the Third Party Insurance Fund and are recognised as a liability in the period in which they are declared. The following dividends were declared and paid by the Insurance Commission to the Government of Western Australia during the year ended 30 June:

	2023 \$'000	2022 \$'000
Final Dividend payment for the prior year	-	60,383
Special Dividend payment - Prior Year	-	455,400
Interim Dividend payment for current year	34,844	32,022
Special Dividend payment - Current Year	28,656	24,278
	63,500	572,083

Interim Dividend and Special Dividend - current year payments were recommended by the Board on 1 February 2023, approved by the Treasurer on 28 February 2023 and paid on 30 June 2023.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.12 Loss through Thefts, Default and Other Causes

	2023 \$'000	2022 \$'000
Write-Off of Revenue and Debt	-	-

Potential Claims Recoveries Written-Off

For the Third Party Insurance Fund, the Insurance Commission has a statutory obligation to pay a third party claim. Where the negligent driver of a vehicle was in breach of the warranties of the policy, the vehicle was uninsured or where a third party was at fault, the Insurance Commission seeks to recover the costs of the claim from the driver or the third party.

In accordance with Australian Accounting Standards, potential recoveries are assessed with regard to the ability of the debtors to meet their obligations. These recoveries have not been brought to account as income because the amount to be recovered could not be reliably measured and consequently the write-off of these debts has not been charged as an expense in the Statement of Comprehensive Income.

The Third Party Insurance Fund debt write-offs below for the 2023 financial year are shown net of recoveries received from negligent owners or drivers of \$146,537 (2022: \$58,529). In accordance with Section 48 of the *Financial Management Act 2006*, potential recoveries were submitted for write-off from the following:

	Notes	2023 \$'000	2022 \$'000
Third Party Insurance Fund		121,653	31,957
Amounts Written-Off by the Board		66,639	21,776
Amounts Written-Off by the Minister/Governor		55,014	10,181
		121,653	31,957
RiskCover Fund - Amounts Written-off by the Board	(i)	-	32

- (i) Recoveries arise where the RiskCover Fund seeks to recover the costs of a claim paid from a third party or the insured.

4. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

8.13 Tax Contributions

The Insurance Commission adheres to all tax laws and regulations applicable and has an open and constructive relationship with all relevant tax authorities.

The Insurance Commission paid the following direct and flow-through tax amounts to Federal and State Governments:

	2023 \$'000	2022 \$'000
Direct Tax		
Income Tax Equivalent	137,780	201,349
Payroll Tax	2,734	2,417
Fringe Benefits Tax	298	303
	140,812	204,069
Flow-Through Tax		
Insurance Duty	103,789	98,385
Goods and Services Tax	54,662	50,663
	158,451	149,048
Total	299,263	353,117

8.14 Events Occurring after Reporting Period

There were no events that occurred after the reporting period that impact the financial statements.



**Insurance Commission
of Western Australia**

Forrest Centre, 221 St Georges Terrace
Perth Western Australia 6000

GPO Box L920
Perth Western Australia 6842

+61 8 9264 3333

public.relations@icwa.wa.gov.au

icwa.wa.gov.au