1. *SIICA*

1.1 What are your preferences in regards to equity should SIICA contributions cease?

1.2 Should the use of SIICA be expanded?

1.3 Response

- We do not oppose expanded usage of the SIICA fund. It is not ideal for the Compensation Fund to bear the excess cost of run-off of ex self-insurers.
- The existence of a $55m reserve fund calls into question the inefficient practice of requiring each and every self-insurer to hold individual financial guarantees of 150% of their liabilities. We support exploring what reduction in the financial guarantee formula could be justified by an expanded use of SIICA.
- If usage is not expanded, we would support the cessation or reduction of contribution rate. However, we would suggest that the ten-year period of making contribution be maintained if the contribution rate is reduced.
- We consider that it remains reasonable for new self-insurers to make contributions to the fund.
- We consider that if SIICA is held as part of the Compensation Fund, it should be credited with the net investment earnings of that Fund.
- If usage is expanded, we support robust oversight and regular evaluation by the scheme actuary on the future contribution rate.

2. *Financial guarantee*

2.1 Should a prescribed Valuation Methodology be used for Serious Injury claims?

- SI claims are widely diverse, and we consider that it would be challenging to design a specific methodology which standardises the valuation process but also reflects varying circumstances of individual claim. The challenges associated with valuing SI claims are expected to reduce to some degree if FG is determined on a net liability basis. We would support expanded guidance for actuaries on matters to be considered when valuing serious injury claims and disclosures to be made in the actuarial report of the approach taken to valuation. If a recommended methodology for valuation is adopted, we would support the opportunity to deviate from this methodology where appropriate reasons for doing so are supplied by the valuation actuary. We would also support external peer review of the valuation of serious injury claims.

2.2 Should 'Net' Liability be used for Financial Guarantee calculations (requires ReturnToWorkSA to be listed as a beneficiary in EOLI policies)?

- Yes.

3. *Liability Transfer Process Amount (LTP)*

3.1 Should the method for calculating Liability Transfer Payments (transfers out of self-insurance to ReturnToWorkSA) be altered to use a prescribed actuarial formula to value Serious Injury claims?

- Same comment vs above (in FG section)

3.2 Should the method for calculating Liability Transfer Payments be altered to shift to using 'net' liability?

- Yes.

3.3 Other thoughts

- It would generally be preferable for self-insurers to continue to manage the run-off of their own claims where they prefer to do so and continue to meet RTWSA's financial and claims management standards.

4. *EOLI*

4.1 Should a variable Sum Insured be introduced for EOLI?

- We support exploring this option, though it seems unlikely to have a significant impact on costs to self-insurers or robustness of the EOL market.

4.2 Should RTWSA mandate that it must be listed as a beneficiary on EOLI policies?

- Yes. This is done routinely interstate, and we understand already forms part of policy wording on many SA policies.