



Honan.

# WORKPLACE RISK CAPABILITY

Claims. Advocacy. Solutions.



A photograph of two women in an office environment. The woman in the foreground is a woman of South Asian descent with long, dark, wavy hair, wearing a dark blue sleeveless top and a gold chain necklace. She is smiling and looking towards the camera. The woman in the background is a woman of European descent with blonde hair, wearing glasses and a light-colored blazer. She is looking down at a device, possibly a tablet or smartphone. The background is blurred, showing office furniture and windows.

Workers' Compensation  
premiums are often the  
**largest insurance expense**  
for businesses.

# Government schemes continue to underperform, costing businesses in time and resources.

Amid the rising costs associated with Workers' Compensation (WC) schemes, their complexity can leave businesses paying more than necessary while draining it of valuable resources and time.

Outsourcing your Workers' Compensation and injury management to Honan benefits you in multiple ways.

Our strategic approach has consistently enabled our clients across different sectors to achieve:



## Premium Reductions

Our strategic planning and proactive management techniques can lead to significant savings in premium costs.



## Reduced Claim Frequency

We work with your business in promoting a strong safety culture and implement robust risk management procedures, this results in reduced incident frequency and cost of claims.



## Improved Return-to-Work Timeframes

Our comprehensive return-to-work programs expedite employees' safe return to the workplace, reducing downtime and preserving productivity.



## Streamlined Claims Management Processes

Taking time to understand your business, we'll help to increase efficiencies and free up your valuable resources.





# What is happening in the Workers' Compensation sector?

## GOVERNMENT SCHEMES ARE NOT PERFORMING

Many Workers' Compensation schemes in Australia continue to report record deficits. In addition to the rise in mental health injury claims, this is driven by the complexity of the schemes and administrative processes that cause delays and disputes. Rising medical and rehabilitation expenses, along with broader socio-economic challenges, further strain the schemes.

In Victoria, where **businesses will see an average contribution of 1.8% of remuneration under the scheme, up from 1.27%**. While this is a general figure only, for companies with a \$2 million payroll, this translates to an additional \$12,000. The increases do not provide a balanced approach in tempering these costs, certainly following the WorkCover premium rate review where the average premium rate remained at 1.27% for 2022-23 to help businesses recover from the pandemic. This seems to have been a short-sighted approach considering the Auditor-General's Annual Financial reports for the State of Victoria (2020-21 and 2021-22) show the scheme was impacted by the rise mental health claims as well as the duration of claims and sustained and unchanged premium rates.

In NSW, premium rates will jump from 1.38% to 1.60% of wages for 2023-24. Meanwhile, in SA, the average premium rate will increase from 1.80% to 1.85% in 2023-24. Following higher rates over the last few years due to longer claim duration and associated costs, WA is set to experience some relief, with the average recommended premium rate for 2023/24 set at 1.727% of total wages (down from 1.822%). Compared to the other schemes, QLD remains fairly stable.

Victoria's  
WorkCover  
scheme  
has incurred

**\$1.1b**

Total deficit  
the scheme has  
incurred  
in Victoria

There has been a

**42% increase**

in levies to fund the scheme.  
Result from the average premium rate  
increasing from 1.2% to 1.8%

From July 1, 2023, Victorian businesses  
will see an average contribution of 1.8%  
of remuneration under the scheme

**Capping  
increased  
beyond 30%**

Claim capping is expected to increase  
beyond 30%. Whether this change is  
applied to 23/24 renewal is unknown,  
however businesses can expect  
increases over the following 12 months

*WorkCover, 2023.*

## CLAIMS ARE ON THE RISE

The volume of Workers' Compensation claims in Australia have been steadily increasing, both in frequency and average cost per claim. In the 2021-22 financial year alone:

**\$6.2b**

was the total cost of  
Workers' Compensation  
claims in Australia

The average Workers'  
Compensation claim  
costs

**\$54,200**

**musculoskeletal  
injuries**

are the most common types of claims,  
followed by injuries caused by **slips,  
trips and falls, and mental health claims**

*Safe Work Australia, 2021-2022.*

## PRODUCTIVITY IS IN DECLINE

Having injured workers out of the workforce is extremely costly for businesses. In the decade between 2008 and 2018, there were:

**623,663**

work-related injuries  
or illnesses per year  
(on average)

**\$4.5b**

In employer overheads from  
workers' compensation claims  
and costs and training new staff  
per year (on average)

A productivity loss of

**2.2 million**

Full Time Equivalents (FTEs)

*Deloitte Access Economics, 2022.*

# Navigating Workers' Compensation in Australia

Depending on your location, Workers' Compensation is either part of a Government-regulated Managed Fund or Privately Underwritten by insurers. We can assist you with both, **providing you with solutions to control your risk exposures and insurance costs. Here's how:**

## PRIVATELY UNDERWRITTEN MARKET



We work closely with your Human Resources and Risk Management teams to assess your ongoing liabilities.

Utilising our relationships with insurers and economies of scale within the insurance market, we negotiate your premium rates in the underwritten states.

Outcomes are achieved through our robust go-to-market strategy, which delivers timely results, transparent placement summaries, and efficient premium expenditure.

## GOVERNMENT-REGULATED MANAGED FUNDS



For most states, clients can select the insurer/agent for policy placement and negotiation of service-level agreements.

We advise on policy structures, assist with workplace registrations and classifications, and manage remuneration and employment strategies. We also handle estimate management, benchmarking, and provide scenario modelling for acquisitions or divestments.

## PREMIUM MODEL

At Honan, we believe in continual improvement. To this end, we constantly review and refine our processes, ensuring they remain efficient and effective.

We will regularly review your premium model to explore whether **Self-Insurance Loss and the Loss Prevention Model** are financially beneficial.

We'll work with you to identify the appropriately matched premium model to your size and design strategies to further support ongoing premium savings.

# What Does The Future Hold?

We'll help you navigate it.

## MENTAL HEALTH CLAIMS SURGE



Across Australia, mental health claims for Workers' Compensation are on the rise. These claims tend to have longer durations and higher costs than other types of Workers' Compensation claims. Mental health claims accounted for approximately **9% of Workers' Compensation claims in 2017-18 but represented 12% of the total claim costs** (Safe Work Australia, 2021-2022).

To address the surge in mental health injury claims, the Government has implemented legislative changes and highlighted two areas that Employers will need to consider:



### PSYCHOSOCIAL HAZARDS

Further risk exposures are likely to emerge for businesses following recent changes to the Work Health and Safety (WHS) codes of practice, which address psychosocial hazards across most states and territories.

The Code of Practice guidelines specifically address bullying, harassment, including sexual harassment, work overload, workplace violence, overwork, and interpersonal conflict to name a few, and the requirement of Employers to identify, mitigate or reduce these exposures. If employers fail to implement these changes effectively and do not take reasonable action, this could lead to a rise in mental health or physical injury claims, which may be more easily accepted in an already no-fault system.



### FAIR WORK AMENDMENT ACT 2022

Most employers are likely aware of the Fair Work Amendment Act 2022 that came into effect in 2023. While these changes aim to enhance equity in the worker – employer relationship, they could also broaden WC risk exposures. An example of this is flexible working arrangements. While employers will still have the right to refuse a flexible work request on reasonable business grounds, this is only after consulting with and genuinely trying to reach agreement with the employee to accommodate their circumstances. If the employer has failed to follow these policies, it could lead to a compensable psychological injury should the process cause distress to the employee.

## SUPPORTING WORKERS THROUGH RISK MANAGEMENT & PREVENTION



**While the mental health injury claims space will continue to evolve, the key takeaway for employers is to understand and address their unique risks and to ensure they meet their regulatory obligations.** To help do this, workplaces will need to move to elevating workplace safety standards, provide comprehensive training on injury prevention, and ensure best practices for prompt injury management are in place.

# How can Honan help?

We work with you **to understand your business, operations, and people**. With a deep understanding of your priorities and the market in which you operate, we develop solutions to help you manage risks and optimise your premium performance.

We tailor our approach to align with your specific requirements, and we **engage proactively to address issues before they escalate**.



## RISK STATE PREMIUM PLACEMENT

We will

- Leverage our relationships with insurers to negotiate your premium rates in the underwritten states
- Manage the Insurer engagement on your behalf, saving you time and resources
- Ensure your business adheres to the relevant requirements and provide updates on legislative changes
- Help streamline and improve your claim management processes



## MANAGEMENT OF INSURER/SCHEME AGENT

- We work with the insurer/agent to arrange appropriate strategies for claims and track progress
- Quarterly claim reviews to maintain Insurer accountability



## PREMIUM AND CLAIMS REPORTING

- Premium forecasting based on your claims performance
- Benchmarking against industry
- Identifying high-risk claim trends and implementing strategies to improve safety
- Feasibility assessments and monthly claims reports





## STRATEGIC CLAIMS & INJURY MANAGEMENT

- **Injury Management, Treatment Management, & Return-to-Work Programs** - We design and manage return-to-work programs to ensure the smooth and safe return of your employees to the workplace.
- **Injury Management** - We focus on early notification and intervention, working with medical professionals to devise effective treatment plans
- **Claims Management** - We handle claims registration and lodgement, conduct thorough circumstantial investigations, perform liability assessments, and liaise with all stakeholders to ensure timely and cost-effective outcomes
- **Payment Management** - We manage wage entitlements, reimbursements, and medical and related expenses, ensuring liabilities between employers and insurers are properly allocated



## EDUCATION & INSIGHTS

- Provision of leading market updates, regulatory changes, and thought leadership articles
- Access to webinars with leading technical practitioners such as Legal Practice, Allied Health, and Industry Experts



## GLOBAL REACH & INSIGHTS

- We help clients navigate the challenges and opportunities of a global market, while providing market-leading local expertise.
- In the event a claim requires specialist outside expertise, we leverage our extensive network of experts at heavily discounted rates



## ADDITIONAL SERVICES

Through our provider networks we can arrange additional services that complement our risk management capabilities, including:

- Occupational Rehabilitation Provider partnership
- WHS specialists
- Legal Advisory
- Self-Insurance Actuaries
- Mental Health First Aid trainers

**Honan.**

# What sets us apart?

"In just seven months, Honan halved our workers' compensation claims and implemented a clear management strategy for those remaining".

Honan Workplace Risk client

## PROVEN TO PERFORM

**We continue to deliver year-on-year claim cost savings** for our clients that span multiple industries; from manufacturing, construction, and labour hire, to aged care, childcare, cleaning, and white-collar businesses.

**Reduced claim frequency through our early intervention and injury management** approach – this is achieved by using your claims data to make informed decisions to reduce your risk exposures. We have helped reduce both report notification and claim duration.

### **Our award-winning claims management portal**

Through exceptional data analytics, we provide targeted reporting to help clients identify areas with high claims frequency and opportunities to mitigate these risks through our claims portal – Indigo.



## INNOVATIVE INSURANCE TECHNOLOGY

Indigo, Honan's online risk management portal, was designed and developed internally based on a clear and critical brief - to transform years of claims and incident data into big picture trend analysis and loss forecasting tailored to our clients' needs. Ultimately, Indigo now enables higher quality, data-driven decisions by business leaders across the world, and has been duly recognised as a Winner of Insurance Business Australia's 5-Star Technology Award.

### **Indigo helps you understand your claims performance to make data-driven decisions:**

- An easy to navigate portal, with onboarding and ongoing training for clients
- The ability to upload data, ongoing
- A customisable client dashboard
- The ability to generate risk reports quickly and easily
- Access to a live trends dashboard
- Progress snapshots, on demand







### AUSTRALIAN FOUNDED INDUSTRY LEADER

Risk Consulting is a division of Honan Insurance Group - one of Australia's largest independent brokers. We offer the expertise of a specialised claims management firm, and the muscle of an international corporate broker.



### ENGAGEMENT OF EXPERTS

Through our provider networks we can arrange additional services including Rehabilitation capabilities.



### INDUSTRY RECOGNITION

Winner of Insurance Business Specialist Broker of the Year (2022), Top Brokerages (2023), 5 Star Innovation Award (2023)



### DIVERSITY & INCLUSION

is a key focus for Honan, both within our organisation and through supporting community organisations as captured in our inclusion charter.

# Industry experience and expertise.

To find out how we can support your growth, please get in touch.

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