

# All Things Aegis #1



**Subject:** Communication from Aegis Risk Management Services

**Date:** 2 May 2016

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## **QBE INSURANCE LOSES LICENCE TO ACT AS AN AGENT FOR WORKSAFE VICTORIA**

In a move that has shocked the Victorian WorkCover Insurance market, WorkSafe Victoria has announced that they will not be renewing QBE's licence to operate as an Agent for Workers' Compensation Insurance in Victoria effective from 30 June 2016.

WorkSafe Victoria has provided no reason for their decision to not renew QBE's Licence.

## **THE NEW WORKSAFE VICTORIA AGENT PANEL**

There will continue to be five Workers' Compensation Agents in the Victorian Scheme, with WorkSafe giving a licence to Employers Mutual (EML) who previously only operated in the Workers' Compensation space in NSW and South Australia.

The new agent panel comprises:

- Allianz Australia Workers' Compensation (Victoria) Ltd (Allianz)
- CGU Workers Compensation (Vic) Limited (CGU)
- Employers Mutual Vic Pty Ltd (EML)
- Gallagher Bassett Services Workers Compensation Vic Pty Ltd (GBS); and
- Xchanging Integrated Services Victoria Pty Ltd (Xchanging)

You can read the full WorkSafe Victoria news release at the following link:

<http://www.worksafenews.com.au/component/k2/item/485-worksafe-announces-new-insurance-agent-panel.html>

## **EMPLOYERS UNABLE TO CHANGE AGENTS**

WorkSafe have now imposed a moratorium stopping employers from moving within agents in the scheme. This moratorium is in place at least until the end of August at which point WorkSafe will review the need for this to continue. Historically these moratoriums on moving Agents have remained in place for 12 months.

Exceptions to the moratorium may be considered where special circumstances can be shown to warrant a change of Agent during the freeze period. *Aegis can assist clients in determining if they meet the requirements for an exception to the moratorium.*

## **QBE TO CONTINUE OPERATIONS IN OTHER STATES**

The decision by WorkSafe not to renew QBE's licence in Victoria does not impact on NSW, WA, ACT, NT and Tasmania, where QBE will continue to operate.

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## WHAT HAPPENS TO QBE'S CLAIMS?

QBE's current market share (approximately 20%) will be split with approximately 13% of market share going to EML and the remainder going to Xchanging. If prior incidents of market movement are anything to go on, employers will not be given a say as to which Agent they are transferred to.

As the Victorian WorkCover Authority is the insurer in Victoria, with the agent panel providing third party claims handling services on their behalf, there is no tail to be managed by QBE. The responsibility for managing these existing claims will transfer to either EML or Xchanging in line with the division of market share.

## NATIONAL INSURANCE PROGRAMS

This latest decision by WorkSafe Victoria leaves only two true national insurers in the Victorian Market, Allianz and CGU, which further limits the options of employers who want a National Workers' Compensation program.

*Aegis can assist clients that wish to continue with a National Workers' Compensation program in identifying the most appropriate insurer and obtaining appropriate service levels and program structures.*

## POTENTIAL FOR CLIENTS ISSUES

At this point EML has no office, no equipment and no staff in Victoria. They will need to have all of this in place by July 1<sup>st</sup> when they commence operations.

It is quite likely that issues will occur with continuity of claims strategies and lack of proactive management during the commencement of their operations. Such issues may cause significant increases in claims costs and therefore premium spend.

*Aegis can assist our clients in managing their insurer to ensure that claims are managed in a manner that is focused on achieving the best financial benefit for the client.*

Handwritten signature of Simon Booth.

Simon Booth