

StateCover Mutual Limited
2011 Chairman's Report

It was a very short 10 years ago that StateCover Mutual Limited commenced operations with a key objective of reducing the cost of workplace risk for NSW Local Government Councils through the provision of workers compensation and occupational health and safety services.

Despite some early turbulent years, StateCover has gone from strength to strength and now on its 10th anniversary, it's important to reflect on whether StateCover has achieved and continues to achieve its initial objectives.

Since commencement in 2001, StateCover has:

- Consistently delivered premiums less than its Competitors; an average saving of 10% per annum;
- Provided total premium savings of \$42 million, net of the capital levy; *and*
- Funded approximately \$18 million in injury prevention initiatives and incentives.

I am pleased to report that after another successful year StateCover is well positioned to deliver continued financial benefits to our Members and to meet our Corporate Objective of providing sustainable stakeholder security.

Financial Results

StateCover has achieved favourable financial performance over the 12 months to June 2011, with a surplus of \$13 million, despite a significant reduction in premium collected due to a decrease in WorkCover's gazetted rates.

Throughout the year, StateCover staff have been working hard at optimising claim outcomes to drive a reduction in the expected final claims cost. This effort, in part, has contributed to the favourable result with lower than expected prior year incurred claim costs leading to a release from prior year actuarial reserves.

In addition, this result is also attributable to the strong investment performance arising from a repositioning of StateCover's investment portfolio. The Board of Director's prudent approach, together with the expertise of StateCover's investment advisors - Mutual Limited, has delivered strong returns in this period of financial volatility.

With this strong surplus, StateCover's capital base has continued to grow with capital adequacy reaching 239% of the minimum prudential requirement. This places the business in a strong starting position from which to meet any downside risks which may emerge in the future.

Membership

It is pleasing to report that in 2010/2011 100% of StateCover's current member base chose to renew their workers compensation insurance with StateCover, and further, one Member returned to StateCover after experiences with a competitor did not meet the standard of service or expertise of StateCover.

As a member of StateCover, Councils receive many financial benefits and other value add services. In 2010/2011 the Board approved a Member premium discount of 13%, continued with an early reporting financial incentive and provided funds in excess of \$400,000 to support programs designed to assist Councils improve the health and safety of their workplaces. Implementation of these initiatives are in progress and I look forward to hearing about their success in due course.

Services

Consistent with StateCover's Corporate Objective of ensuring our members interests are central to everything we do, StateCover provided a range of services tailored to assist our Members with the challenges of workplace risk.

A series of regional training workshops were held to assist our Members manage the complexity associated with injured workers compensation entitlements; 11 workshops were held and well attended with over 130 participants.

Further, we recently partnered with WorkCover and the LGSA to deliver 14 information sessions throughout NSW to raise Councils awareness of the impending Workplace, Health and Safety Legislation. Participation was strong with in excess of 800 Council employees attending the sessions. I can confirm that StateCover is committed to assisting Councils with the anticipated challenges of the new legislation.

Future Direction

Recently, StateCover implemented some changes within its internal corporate structure to align the organisation with the continually evolving external regulatory requirements. A particularly notable change is the creation of a StateCover Chief Executive Officer. In her role as StateCover's General Manager, Linda Bostock demonstrated the skills and competencies required of the newly created role, and as such, was offered the position, effective 1 July 2011. The Board of Directors and myself are confident that Linda and the management team will continue to build on StateCover's past successes.

Towards the end of 2010 StateCover undertook a customer satisfaction survey. The response rate was excellent and I thank our Members for taking the time to respond – to tell us what we should keep doing and what we could do better. This valuable feedback has provided the framework for our future direction with a number of initiatives to be launched over the course of the next 12 months. These include:

- Continued premium discounts, performance incentives and rewards;
- Continuing education and assistance with WHS compliance;
- A new simpler, faster, on-line injury notification system;
- An upgraded web site; and
- In March 2012, our inaugural StateCover seminar – covering a range of Workers compensation issues specific to Local Government.

Acknowledgements

I would like to thank the Board, our executive team, the management and staff of Jardine Lloyd Thompson Pty Ltd and our advisors, for their efforts, dedication and contribution to a successful 2010/2011.

I would also like to thank you, our Members, for your loyalty and your important contribution to StateCover's success over the past 10 years, I look forward to our continued relationship.

Wishing all our Members and staff a safe and happy 2011-2012.



Bruce Miller
Chairman – StateCover Mutual limited