

Responding to change and challenge

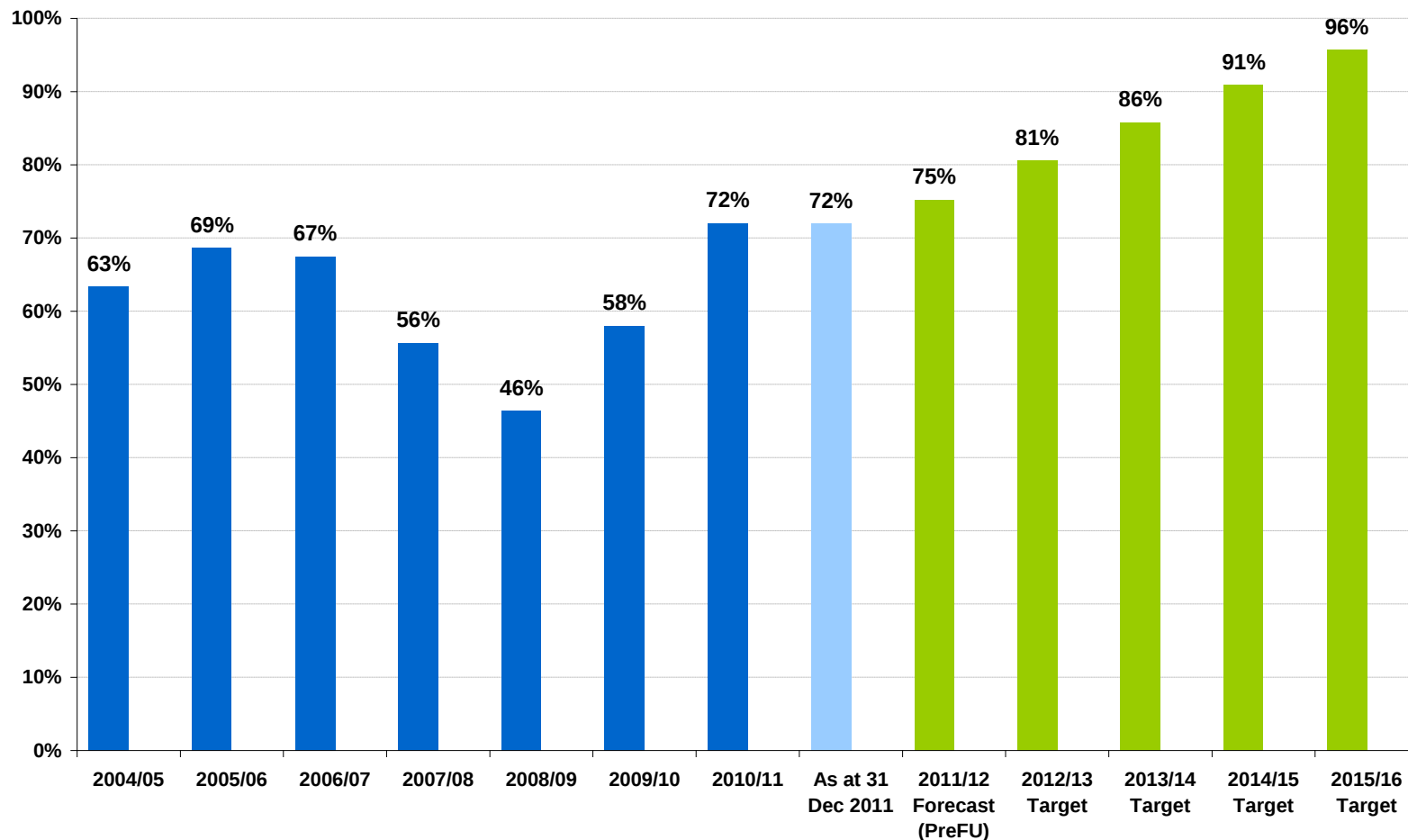


NZMA General
Practice Conference &
Medical Exhibition

Ralph Stewart
ACC Chief Executive

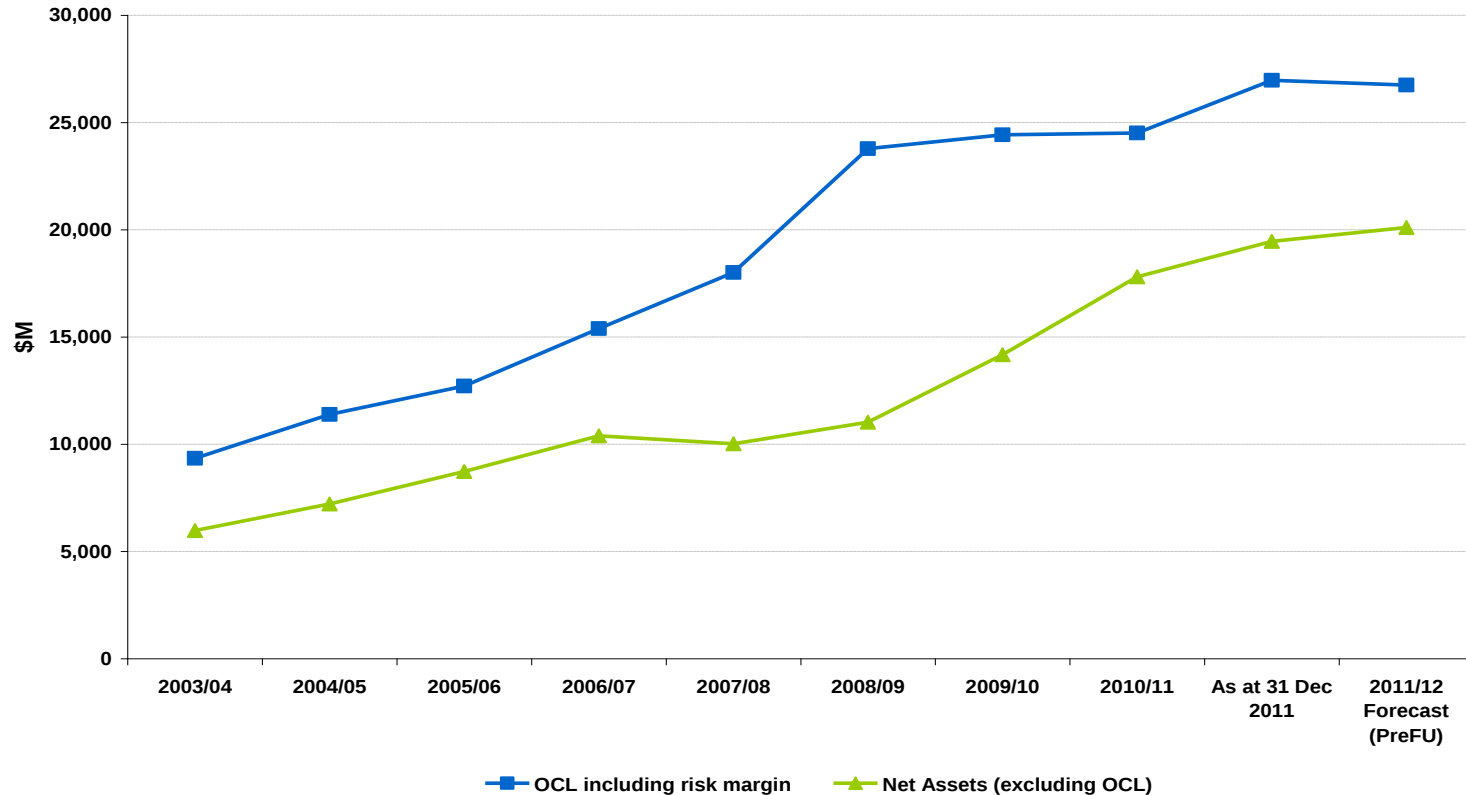
8 June 2012

Scheme solvency



- 2008/09 Scheme solvency was 46%
- 2010/11 Scheme solvency has increased to 72%

Sustainability: OCL v Net Assets



- 2008-09 \$12B gap between assets and liabilities
- 2010-11 \$6.7B gap between assets and liabilities

Relative performance

	Travellers	Chubb	IAG	SUN GI	TWR GI	ACC
	Group	Commercial				FY11 Levies
FY ended	Dec-11	Dec-11	Jun-11	Jun-11	Sep-11	Jun-11
	\$US	\$US	A\$m	A\$m	NZ\$m	NZ\$m
Net earned premium	22090	4945	7238	6277	167	3,539
Expense ratio	14.9%		18.6%	11.3%	25.6%	10.8%
Commission ratio	17.5%		8.7%	14.5%	4.8%	1.4%
Loss ratio	73.1%	68.1%	70.3%	75.7%	60.0%	73%
Combined ratio	105.5%	99.4%	97.6%	101.5%	90.4%	85.3%
Underwriting margin	-5.5%	0.6%	2.4%	-1.5%	9.6%	14.7%
Insurance margin				6.6%	1.2%	na

- Divisional break up made little difference to outcomes
- The underlying expense ratio suggests ACC is ~ comparable
- Even after tax, ACC underwriting margins look reasonable (F&G impact acknowledged)

ACC Accounts

The account plans are detailed and published in the Statement of Intent. ACC's financial position and long term solvency is published annually in the Financial Conditions Report. ACC has established account targets to deliver improved solvency, and stability to levy rates by 2019.

	Earners Account	Work Account	Motor Vehicle Account	Treatment Injury Account
Levies in 2009	\$1.70	\$1.31	\$287	-
Levies in 2012	\$1.70	\$1.15	\$335	-
2019 Target Levies	\$1.70	0.84	\$190	-
Solvency in 2009	58%	64%	39%	35%
Solvency in 2012	99%	95%	64%	55%
2019 Target Solvency	116%	118%	118%	85%

A two(ish) stage strategy...

Minimising the cost of comprehensive accident insurance

Getting New Zealanders back to work and normal life as quickly as possible

Making a real contribution to making New Zealand a safer place

Our immediate challenges

Customer Centricity



Enterprise Capability

- Our challenge is to treat every customer as though they have a choice
- We do not manage a process, we deliver an experience that is valued by our customers
- How customers rate the ACC experience is a key measure of our success

Our challenge is to measure every thing we do against our ambitions;

- To operate with financial confidence
- To be a world leader in rehabilitation
- To be simple and easy to deal with
- To lead injury prevention innovation

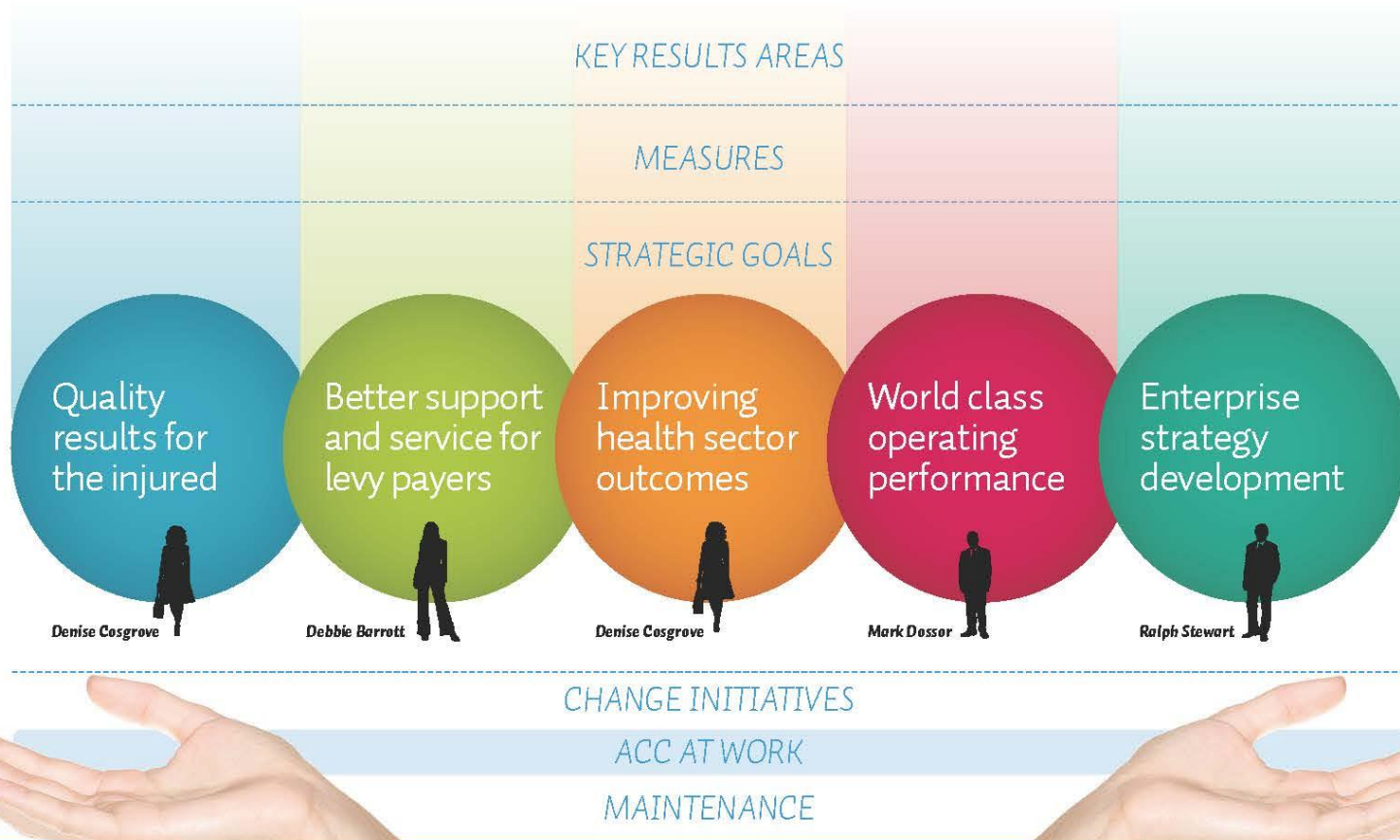
ACC Vision
To be leading the world in injury prevention, care and recovery



ACC Values
Honour People as People – Pride in what we do – Freedom to Succeed

ACC Statement of Intent
Our role in helping New Zealanders

ACC Strategic Framework



Pod Measures

Quality results for the injured

	Measure	2012/13	2013/14	2014/15
<i>Improvement in the percentage of clients satisfied with ACC's service experience from the baseline</i>	SOI	+1.0%	+3.0%	+5.0%
	POD	+1.0%	+3.5%	+6.0%
<i>Increase in the percentage of NSIS client goals attained</i>	SOI	69.0%	71.0%	73.0%
	POD	69.0%	71.3%	73.6%
<i>Reduction in the number of claims in the long-term claims pool</i>	SOI	-253	-63	-25
	POD	-291	-72	-29
<i>Reduction in the average duration of weekly compensation</i>	SOI	86.0 days	85.5 days	85 days
	POD	86.0 days	85.4 days	84.9 days

Better support and service for levy payers

	Measure	2012/13	2013/14	2014/15
<i>Increase in percentage of transactions (set up or renewal) and fulfilled no-touch or online</i>	SOI	55.0%	60.0%	65.0%
	POD	55.0%	60.8%	66.5%
<i>Levy payer satisfaction (top 2500 employers)</i>	SOI	+1.0%	+3.0%	+5.0%
	POD	+1.2%	+3.5%	+5.6%
<i>Levy payer satisfaction (other employers and the self-employed)</i>	SOI	67.0%	69.0%	72.0%
	POD	67.0%	69.3%	72.8%
<i>Decrease in levy payer customer effort – a measure of customer perceptions of the effort required to interact with ACC as measured by customer survey</i>	SOI	4.5	4.0	3.0
	POD	4.3	3.9	2.8

Pod Measures

Improving health sector outcomes

	Measure	2012/13	2013/14	2014/15
Quality treatment outcomes	SOI	100.0	98.0	96.0
	POD	100.0	97.7	95.4
Provider engagement	SOI	+1.0%	+3.0%	+5.0%
	POD	+1.0%	+3.3%	+5.6%
Management of healthcare expenditure	SOI	\$347M	\$444M	\$561M
	POD	\$359M	\$459M	\$579M
Improved management of treatment costs - Front end medical and treatment cost per claim	SOI	\$458.00	\$470.00	\$483.00
	POD	\$458.00	\$472.00	\$487.00

Pod Measures

World class operating performance

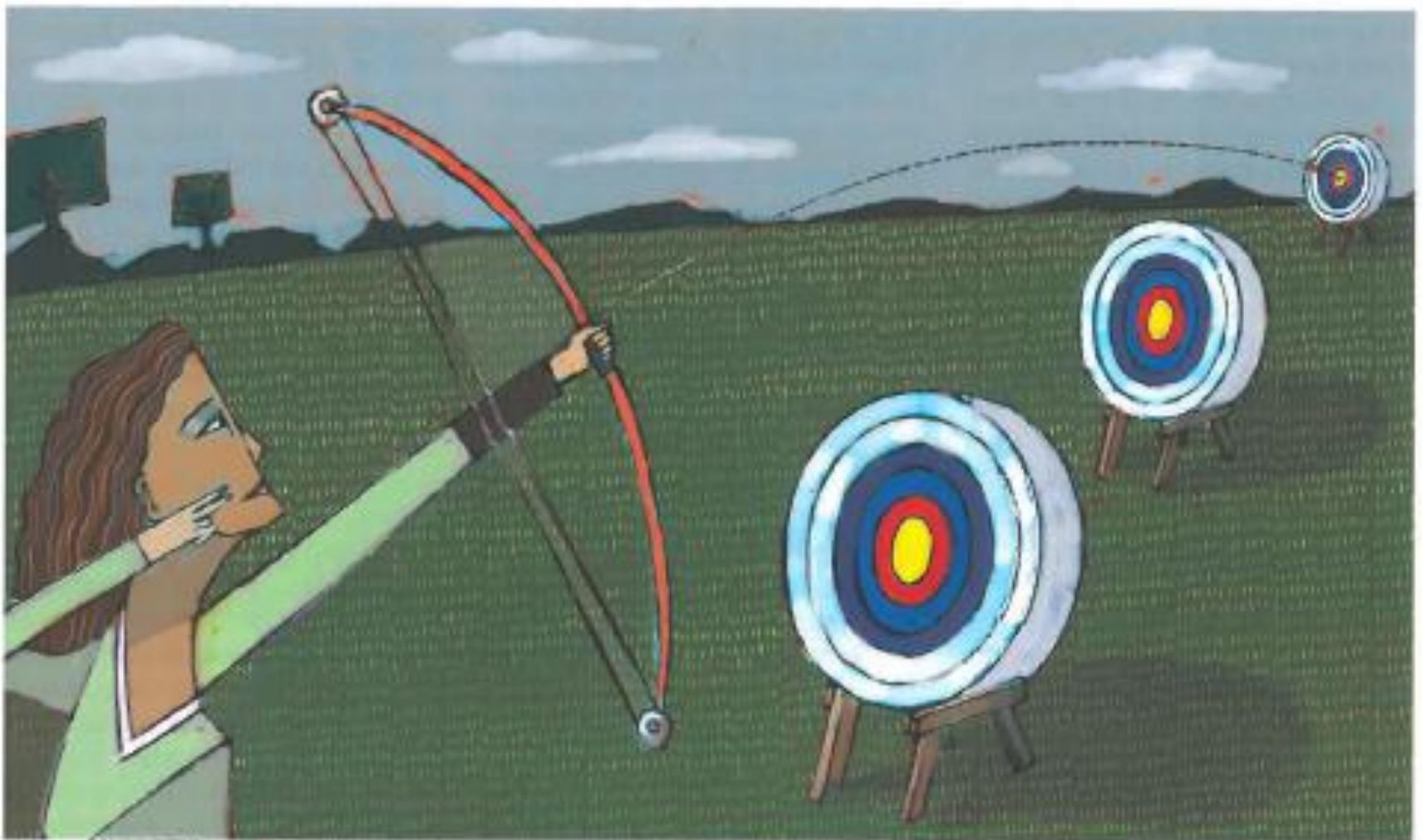
	Measure	2012/13	2013/14	2014/15
<i>Improve ACC's solvency position</i>	SOI	82.6%	88.1%	93.4%
	POD	82.6%	88.9%	95.0%
<i>Increase returns from insurance operations</i>	SOI	\$1,362M	\$1,412M	\$1,476M
	POD	\$1,362M	\$1,420M	\$1,493M
<i>Administration cost management</i>	SOI	\$495M	\$517M	\$527M
	POD	\$480M	\$480M	\$480M
<i>Investment returns against benchmark</i>	SOI	0.5% (above benchmark)	0.5% (above benchmark)	0.5% (above benchmark)
	POD			

Pod Measures

Enterprise strategy development

	Measure	2012/13	2013/14	2014/15
<i>Privacy review recommendations</i>	POD	Completed		
<i>Staff engagement</i>	POD	5.22:1	6:1	7:1
	SOI	5.22:1	5.5:1	6.1:
<i>Injury prevention strategy</i>	POD	Developed	Implemented	Implemented
<i>Public perception</i>	POD	Increased	Increased	Increased
<i>Policy based business model</i>	POD	Developed	Developed	Implementation underway

Questions & Answers



The Opportunity

- The findings are unambiguous: work is good for health and wellbeing
- Capacity for work certification does not fit expected norms
- Certification drives a third of ACC costs and is controlled by medical practitioners.
- 185,000 certificates per year
- 20,000 clients certified as Fully Unfit for 1 month or more
- 15,000 had exceeded MDA optimum
- 10,000 had exceeded MDA maximum
- 57% of sample warranted further investigation

GP Awareness is High

- There are real benefits for patients who have work capacity, to return to work as soon as possible after injury 95%
- Returning patients to work when they have work capacity is best practice 97%
- Returning patients to work is an important part of my role as a GP 86%

Certification Project

- Follows on from successful 3year Better @ Work Pilot
- Challenge is to put theory into practice
- Keeping “little things little” and “making it easy”
- Four areas:
 - eACC 18
 - Vocational Rehab support
 - Clinical Review Service
 - PHO support and feedback