



**Insurance Commission
of Western Australia**

2025-26

Mid-Year Performance Report

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MID-YEAR PERFORMANCE REPORT

The Insurance Commission's mid-year performance report presents unaudited financial information to transparently update stakeholders on the Insurance Commission's performance for the first half of the 2025-26 financial year (1 July 2025 to 31 December 2025).

In the first half of the financial year, the Insurance Commission assisted 110 Western Australian agencies in managing risk and loss, delivered affordable insurance to motorists and Government agencies, and supported over 24,000 people recovering from road or workplace injuries. The Insurance Commission received over 18,000 new insurance claims during the first half of the financial year and managed insurance claims valued at \$5.9 billion. This includes payments by the Insurance Commission and its RiskCover Fund of \$617.4 million made to individuals, service providers and agencies during the half-year, and estimated future claims liabilities of \$5.3 billion.

The Insurance Commission generated nearly \$1.4 billion in revenue and earnings for the period. The Insurance Commission's core operations (which exclude the RiskCover Fund) recorded a profit before tax of \$567.9 million, which is \$434.2 million better than budget. The half-year profit was the result of a healthy underwriting performance from the motor injury insurance funds and investment income of \$393.8 million. The profit before tax for the half year exceeds the Budget target for the full year.

The Insurance Commission's core underwriting profit of \$249.8 million was largely due to the overall positive claims experience in the motor injury insurance funds and changes in the economic updates for the period. The strong financial performance has resulted in a solvency level of 146.5% for the Insurance Commission.

The RiskCover Fund recorded an operating profit of \$48.4 million, after an underwriting loss of \$16 million was offset by investment income of \$64.4 million.

The unaudited half-year financial statements are included in this Report.

Motor Injury Insurance (MII)

The Insurance Commission is the sole underwriter of motor injury insurance in Western Australia. One motor injury insurance policy is governed by two Acts of Parliament: the *Motor Vehicle (Third Party Insurance) Act 1943* and *Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Act 2016*.

The MII policy provides owners and drivers of WA registered vehicles with an unlimited indemnity against personal injury claims for injuries they cause to others in motor vehicle crashes, known as Compulsory Third Party (CTP) insurance. The Insurance Commission provides compensation to claimants where the fault of a third party in a crash causing injury can be identified.

The MII policy also provides no-fault, first party cover to people for catastrophic injuries they may sustain in a car crash, in circumstances where they are unable to find another driver at fault. This is known as Catastrophic Injuries Support (CIS) insurance. The CIS scheme also provides treatment, care and support for workers catastrophically injured in workplace accidents (effective from 1 July 2024).

The policy is issued to motorists along with motor vehicle registration by the Department of Transport that collects premium payments on behalf of the Insurance Commission. The combination of CTP and CIS motor vehicle insurance cover is known as motor injury insurance.

In the first half of the financial year, the Insurance Commission received \$564.2 million in MII premium revenue for almost 3.5 million insured vehicles (including caravans and trailers). We managed car crash claims valued at \$3.9 billion, consisting of \$312.3 million in claim payments to people injured in motor vehicle crashes (mostly from prior years) and \$3.6 billion in anticipated future claims expenses.

The Third Party Insurance Fund (TPIF) is the fund for the CTP scheme, and the Catastrophic Injuries Fund (CIF) is the fund for the CIS scheme.

The TPIF recorded a half-year underwriting profit of \$195.3 million. The result was primarily due to the better claims experience than forecast, along with changes in economic assumptions (higher inflation more than offset by higher discount rates, decreasing claims liabilities). The TPIF's profit before tax was \$396.6 million, after investment income of \$211.3 million.

The CIF recorded an underwriting profit of \$56.6 million for the first half of the year. This profit was driven by fewer new participants entering the scheme than anticipated and an increase in the long-term discount rates (whilst partly offset by higher inflation rate) resulting in a lower than expected increase in future claims costs. The CIF delivered a half-year profit before tax of \$155.2 million, after investment income of \$99.5 million.¹

RiskCover Fund

The RiskCover Fund² is the self-insurance funding arrangement for most WA Government public authorities (agencies). The RiskCover Fund provides cover for most agency insurable risk exposures, including:

- workers' compensation;
- loss or damage to property;
- cyber risk;
- legal liability cover for general, professional and medical treatment; and
- personal accidents.

The RiskCover Fund recorded an underwriting loss of \$16m, which is \$3.7m better than the budgeted loss of \$19.7 million. The underwriting loss reflects increased claims costs (mainly in the workers' compensation insurance class), whilst partially offset by higher than expected reinsurance recoveries revenue in the property class.

The RiskCover Fund recorded a half-year operating profit of \$48.4 million, after investment income of \$64.4 million. The Insurance Commission invests RiskCover funds under the same arrangements used for the investment of most other funds managed by the Insurance Commission. The Fund's solvency level at 31 December 2025 was 109%.

Investments

Global markets maintained strong momentum in the second half of 2025, with equities rallying and many indices nearing record highs. While global equities advanced, US markets lagged after a prolonged period of outperformance, as concerns over AI-related valuations weighed on the important US technology sector.

¹ TPIF and CIF discount rates are based on the average time to finalise a claim. From June to December 2025 inflation and discount rates increased, resulting in net decrease of TPIF (with a shorter-term to finalise claims) and CIF (with a longer-term to finalise claims) outstanding claims liabilities.

² The RiskCover fund is a separate Public Financial Corporation for reporting purposes.

Commodities surged, with gold reaching a new record (up 31% over six months) and silver soaring 98%, driven by industrial demand, supply constraints, and its designation as a “critical mineral” by the US.

Central banks remained in focus as several economies cut policy rates, though outlooks diverged. Inflation stayed near or above target in many regions, prompting caution from policymakers in Australia, the Eurozone, and New Zealand. The Reserve Bank of Australia’s decision to hold rates in December underscored its commitment to price stability despite signs of labour market weakness.

Fixed income markets saw yields rise as investors repriced rate expectations amid persistent inflation and improving growth prospects. Australian 10-year yields climbed to 4.74%, while Japanese yields reached 2.07%.

Growth assets generally outperformed defensive assets, as stock markets trended near all-time highs in several countries.

The Insurance Commission’s total investment portfolio (comprising the Main Fund and the Catastrophic Injuries Fund) delivered a solid performance, posting a 4.3% return over the six months ending December 2025.

The total value of investment funds held by the Insurance Commission increased from \$8.5 billion at 30 June 2025 to nearly \$9.3 billion at 31 December 2025.

Contributions to Government

As a Government Trading Enterprise, the Insurance Commission seeks to deliver a return to its shareholder while delivering efficient and equitable insurance services to Western Australian motorists, claimants, and government agencies.

In December 2025, the Insurance Commission paid a final dividend to Government of \$35.3 million in respect of the 2025 financial year. This is in addition to the interim dividend of \$31.7 million that was paid in June 2025. The total dividend paid in respect of the 2025 financial year is \$67 million.

In the first half of this financial year, the Insurance Commission has also paid \$62.3 million in insurance duty and \$102.7 million of tax equivalent payments to the WA Government.

As a result of these payments, the Insurance Commission will have contributed \$200.3 million to the State Government in the six months to 31 December 2025.

At the end of December, the Insurance Commission held assets that contribute to a State net debt reduction of \$6.9 billion.

Sincerely,



HELEN ROBINSON
CHIEF EXECUTIVE OFFICER

ACTUAL PERFORMANCE COMPARED TO BUDGET AT 31 DECEMBER 2025

Insurance Commission

	Actual \$'000	Budget \$'000	Variance \$'000
Net Premium Revenue	559,385	561,039	(1,654)
Net Claims Incurred	(260,726)	(589,830)	329,104
Underwriting and Administration Expenses	(48,864)	(47,641)	(1,223)
Underwriting Profit/(Loss)	249,795	(76,432)	326,227
Investment Income	393,781	282,769	111,012
Investment Expenses	(12,519)	(14,601)	2,082
RiskCover Fund Investment Return	(64,419)	(58,059)	(6,360)
Other	1,275	75	1,200
Profit Before Tax Equivalent	567,913	133,752	434,161
Income Tax Equivalent Expense	(166,464)	(40,125)	(126,339)
Profit After Tax Equivalent	401,449	93,627	307,822
Total Equity (as per Balance Sheet)	3,094,991		

	Actual	Budget	Variance
Investment Rolling 7-Year Return (%) - Main Fund*	7.2	5.8	1.4
Investment Rolling 7-Year Return (%) - CIF*	7.4	6.0	1.4
Annual Investment Rate of Return (%) - Main Fund	4.2	3.2	1.0
Annual Investment Rate of Return (%) - CIF	4.9	3.3	1.6
Solvency Level (%)*	146.5	137.8	8.7

These financial results are unaudited.

ACTUAL PERFORMANCE COMPARED TO BUDGET AT 31 DECEMBER 2025

RiskCover Fund

	Actual	Budget	Variance
	\$'000	\$'000	\$'000
Net Premium Revenue	350,738	317,791	32,947
Net Claims Incurred	(338,408)	(308,344)	(30,064)
Underwriting and Administration Expenses	(28,319)	(29,172)	853
Underwriting Loss	(15,989)	(19,725)	3,736
Investment Income	64,419	58,059	6,360
Profit	48,430	38,334	10,096

Total Equity (as per Balance Sheet)

169,747

	Actual	Budget	Variance
Solvency Level (%)*	109.0	112.7	(3.7)
Net Loss Ratio (%)	96.5	97.0	0.5
Net Expense Ratio (%)	8.1	9.2	1.1
Net Combined Ratio (%)	104.6	106.2	1.6

These financial results are unaudited.

FINANCIAL STATEMENTS

Statement of Comprehensive Income at 31 December 2025	Insurance Commission		Third Party Insurance Fund		Catastrophic Injuries Fund		RiskCover Fund	
	2026 YTD \$'000	2025 \$'000	2026 YTD \$'000	2025 \$'000	2026 YTD \$'000	2025 \$'000	2026 YTD \$'000	2025 \$'000
Net Premium Revenue	559,385	1,078,203	431,983	813,305	127,402	264,897	350,738	656,517
Net Claims Incurred	(260,726)	(866,872)	(198,771)	(771,698)	(61,957)	(90,469)	(338,408)	(705,250)
Net Movement in Unexpired Risk	-	(975)	-	(975)	-	-	-	-
Underwriting and Administration Expenses	(48,864)	(96,323)	(37,924)	(77,861)	(8,833)	(15,931)	(28,319)	(54,077)
Underwriting Result	249,795	114,033	195,288	(37,229)	56,612	158,497	(15,989)	(102,810)
Investment Income	393,781	791,087	211,268	447,108	99,469	178,711	64,419	120,693
Investment Expenses	(12,519)	(32,046)	(10,039)	(19,688)	(914)	(6,116)	-	-
RiskCover Fund Investment Return	(64,419)	(120,693)	-	-	-	-	-	-
Other	1,275	1,750	57	4	18	33	-	-
Profit Before Tax Equivalent	567,913	754,131	396,574	390,195	155,185	331,125	48,430	17,883
Income Tax Equivalent Expense	(166,464)	(210,975)	(117,967)	(108,225)	(46,194)	(96,498)	-	-
Profit After Tax Equivalent	401,449	543,156	278,607	281,970	108,991	234,627	48,430	17,883
Other Comprehensive (Expense)/Income After Tax Equivalent	-	(33)	-	-	-	-	-	-
Total Comprehensive Income After Tax Equivalent	401,449	543,123	278,607	281,970	108,991	234,627	48,430	17,883
Balance Sheet at 31 December 2025	2026 YTD \$'000	2025 \$'000	2026 YTD \$'000	2025 \$'000	2026 YTD \$'000	2025 \$'000	2026 YTD \$'000	2025 \$'000
Assets								
Cash and Cash Equivalents	36,160	47,314	23,194	-	12,966	16,683	7,526	40,381
Receivables	344,788	341,863	234,080	227,749	48,209	56,041	471,068	423,342
Current Tax Receivable	38,932	-	25,306	6,387	13,626	-	-	-
Investments	9,255,891	8,549,195	5,099,738	4,907,935	2,156,096	2,016,542	1,556,028	1,186,609
Deferred Premium Collection Costs	1,549	1,549	-	-	1,549	1,549	-	-
Right of Use Lease Assets	31,154	32,745	5,887	6,184	1,191	1,251	-	-
Plant and Equipment	5,050	5,959	-	-	-	-	-	-
Intangibles	19,963	20,583	-	-	-	-	-	-
Other Assets	16,278	3,793	12,719	-	126	-	26,215	-
Total Assets	9,749,765	9,003,001	5,400,924	5,148,255	2,233,763	2,092,066	2,060,837	1,650,332
Liabilities								
Payables	39,465	66,247	12,869	25,166	4,179	5,511	3,560	51,307
Financial Liabilities - RiskCover Fund Investments	1,556,028	1,186,609	-	-	-	-	-	-
Current Tax Payable	-	56,290	-	-	-	55,654	-	-
Outstanding Claims	4,146,499	4,209,482	2,836,700	2,930,141	1,036,300	988,964	1,544,887	1,477,709
Unearned Premium	405,693	405,267	316,118	314,157	89,575	91,110	340,757	-
Unexpired Risk Liability	975	975	975	975	-	-	-	-
Provisions	22,659	23,794	-	-	-	-	-	-
Lease Liabilities	41,694	42,694	6,966	6,775	1,397	1,364	1,886	-
Deferred Tax Liabilities	441,761	282,822	342,321	229,393	97,271	53,411	-	-
Total Liabilities	6,654,774	6,274,180	3,515,949	3,506,607	1,228,722	1,196,014	1,891,090	1,529,016
Net Assets / Equity	3,094,991	2,728,821	1,884,975	1,641,648	1,005,041	896,052	169,747	121,316



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