



Insurance Commission  
of Western Australia

# STATEMENT OF CORPORATE INTENT 2018-19

## Contents

1	INTRODUCTION.....	1
2	OUR BUSINESS .....	2
3	OUR STRATEGY .....	5
4	ACCOUNTING POLICY .....	11
5	MINISTERIAL REPORTING.....	12
6	PAST PERFORMANCE .....	12
	Appendix 1 Financials and Performance Targets .....	13

# 1 INTRODUCTION

I have the pleasure to present on behalf of the Board of Commissioners of the Insurance Commission of Western Australia (Insurance Commission), the strategic plan for the 2018-19 financial year. This plan is presented as the Statement of Corporate Intent (SCI) as required by the *Insurance Commission of Western Australia Act 1986*.

The Executive and the Board of the Insurance Commission have reviewed the corporate strategy to ensure it is fit-for-purpose for the business and its environment. The strategies and initiatives outlined in this plan align with the approved budget and Forward Estimates.

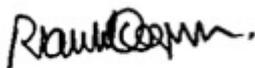
Our strategy must balance short-term objectives with the long-term horizons and the uncertainty that investment markets and long-tail insurance liabilities bring. The strategy must be agile and responsive to change so that we can adopt new technologies and pursue continuous improvement opportunities. Importantly, we must ensure that our organisational culture and values sit at the heart of our strategy and underpin our decision making.

Our four strategic objectives for 2018-19 are to:

1. Provide quality and affordable insurance products and services;
2. Operate effectively and efficiently;
3. Deliver sustainable financial performance; and
4. Develop a high performance culture.

Each of these strategic objectives are supported by underlying strategies and initiatives that complement long-term strategies outlined in the Insurance Commission's Strategic Development Plan.

I look forward to continuing to deliver value for our shareholder, the Treasurer representing the Western Australian Government, and the people of Western Australia. Our Board, Chief Executive, Executive team and our committed staff will work towards achieving these strategic objectives over the coming financial year.



**FRANK COOPER**  
CHAIRMAN

## 2 OUR BUSINESS

The Insurance Commission is a Government Business Enterprise and statutory corporation owned by the Government of Western Australia. The enabling legislation is the *Insurance Commission of Western Australia Act 1986*.

The responsible Minister is Hon Ben Wyatt MLA, Treasurer; Minister for Finance; Energy; Aboriginal Affairs.

### 2.1 Our Functions

The Insurance Commission is responsible for:

- administering, underwriting and managing motor injury insurance;
- managing RiskCover, the self-insurance arrangements on behalf of WA Government;
- investing and managing funds to provide assets to meet insurance liabilities; and
- advising Government about insurance matters.

The Insurance Commission manages and/or underwrites a number of funds to deliver its insurance functions.

#### 2.1.1 Motor Injury Insurance

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

The 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. The policy also provides cover to any person catastrophically injured in a crash in WA.

The policy is issued to motorists along with the motor vehicle registration by the Department of Transport and its agents who collect premium payments on behalf of the Insurance Commission.

At 30 June 2017, there were over 1.8 million licensed drivers and 2.9 million motor vehicles insured in WA.

Insurance premium revenue for motor injury insurance is paid into the Third Party Insurance Fund and the Motor Vehicle (Catastrophic Injuries) Fund. Together with investment income, this revenue is used to pay motor injury insurance claims and scheme administration costs.

The Insurance Commission, under a Service Delivery Arrangement with the Commonwealth Government, also manages the Indian Ocean Territories Motor Injury Insurance Scheme.

### 2.1.2 RiskCover

The Insurance Commission through the RiskCover Fund self-insures WA Government public agencies for most agencies' insurable risk exposures including:

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

Fund contributions (premiums) collected from agencies are used to pay insurance claims. Financial assets are held and invested by the Insurance Commission on behalf of Government to meet insurance liabilities.

The Insurance Commission also manages and/or underwrites a number of funds to deliver its insurance functions.

- **Government Insurance Fund.** A consolidation of the Government's superseded self-insurance arrangements that preceded RiskCover.
- **Compensation (Industrial Diseases) Fund.** Industrial disease insurance policies provided to employers involved in the mining industry, and claims paid against these policies.
- **Insurance Commission General Fund.** Caters for the run-off of non-government liabilities of the former SGIO.
- **WorkCover WA Funds.** Claims managed against WorkCover's Employers' Indemnity Supplementation Fund for when an authorised workers' compensation insurer goes into liquidation, and claims lodged against WorkCover's General Fund for injured workers of uninsured employers.
- **Former Police Officers' Medical Benefit Scheme.** Cover provided for medical and other expenses incurred post-separation by former Police Officers and Aboriginal Police Liaison Officers who sustained a work-related injury or disease during service and have since left WA Police.

### 2.1.3 Investments

The Insurance Commission, assisted by its independent investment consultant, determines an investment strategy to assist it acquire, hold and develop investment assets to meet its insurance liabilities in line with Prudential Guidelines for Investments approved by the Treasurer of WA.

### 2.1.4 Advice to Government

The Insurance Commission provides advice to the Treasurer and Government on matters including insurance, impacts to State finances, financial services, road safety and liability management.

## **2.2 Our Structure**

In order to perform our function, the Insurance Commission has two core insurance divisions (Motor Injury Insurance and RiskCover) and the Investments Division, which are supported by the Executive, Finance and Administration, Information Technology and Human Resource areas. Legal Services has a primary function to protect and pursue the Insurance Commission's interests in the Bell Group litigation and recovery.

The two core insurance divisions are also supported by the business functions of Fraud Investigations, and Business Improvement and Services.

## **2.3 Our Approach**

### **Vision**

A Government Business Enterprise delivering efficient and equitable insurance services to WA motorists and Government Departments and Authorities.

### **Mission**

To provide high quality and efficient insurance:

- motor injury insurance to WA motorists;
- self-insurance fund management (RiskCover) for Government Departments and Authorities);
- industrial diseases insurance to the mining sector and management of the Insurance Commission General Fund, Employers' Indemnity Supplementary Fund and Government Insurance Fund; and
- advice to the Government on insurance matters.

### **What we value**

We are committed to a high performance culture which values accountability, professional integrity and respect.

To achieve this we strive to:

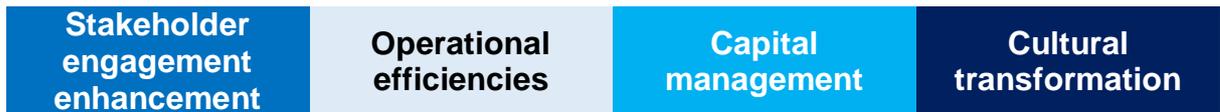
- be open to change and continuous improvement;
- collaborate to deliver the best possible outcomes;
- respond to clients and stakeholders; and
- drive efficient processes.

### 3 OUR STRATEGY

Four strategic objectives form the basis of the strategic plan:

1. Provide quality and affordable insurance products and services;
2. Operate effectively and efficiently;
3. Deliver sustainable financial performance; and
4. Develop a high performance culture.

Each of these strategic objectives are supported by underlying strategies and various performance targets and measures.



The Insurance Commission's strategic plan 2018-19 to 2022-23 is summarised on the next page. It incorporates the 2018-19 strategies and initiatives.

# STRATEGIC PLAN 2018-19 TO 2022-23

## STAKEHOLDER ENGAGEMENT ENHANCEMENT

### Provide quality and affordable insurance products and services

1. Implement stakeholder engagement strategy.
2. Multi-channel service delivery.
3. Improve service provider engagement.
4. Enhance policy advice.
5. Pursue opportunities to improve rehabilitation and care for clients and reduce service costs.

## OPERATIONAL EFFICIENCIES

### Operate effectively and efficiently

1. Leverage business intelligence and analytics to improve decision making capability and consistency.
2. Align business systems and processes.
3. Optimise ICWA structure and functions.

**Delivering efficient and equitable insurance services to WA motorists and Government Departments and Authorities**

## CAPITAL MANAGEMENT

### Deliver sustainable financial performance

1. Maintain a diverse investment portfolio.
2. Refine and implement the capital management strategy.
3. Operate at or slightly above underwriting break-even levels.

## CULTURAL TRANSFORMATION

### Develop a high performance culture

1. Attract, retain and develop people who engage with customers and embrace change.
2. Sustain a workforce that reflects the diversity of the community.
3. Adopt flexible organisational structures to deliver timely service benefits.

### Supporting Government objectives

- we contribute to government objectives by delivering insurance products and services that:
  - put our stakeholders first;
  - are enabled by efficient systems and processes;
  - are agile and innovative; and
  - use strong leadership to drive optimal performance.

### Indicators of success

- customers and claimants understand their cover and the claims process;
- multi-channel interactions;
- efficient and customer centric claims process;
- claimants and service providers are promptly paid;
- high performance and diverse culture;
- objective and ethical decision making;
- shareholder return delivered; and
- seen as a professional financial services institution.

### Opportunities

- technology and innovative solutions to reduce costs, red tape and inefficiency;
- promotion of practices to reduce accidents and claims costs;
- innovative rehabilitation and care to increase client independence; and
- enhanced policy advice and financial returns.

### On the radar

- balancing priorities and expectations of stakeholders;
- uncertain economic environment;
- inefficiency of current systems and processes;
- culture transformation;
- minimisation of upward pressure on insurance premiums;
- motor vehicle trends; and
- increasing baseline knowledge of insurance schemes.

**We are committed to a high performance culture which values accountability, professional integrity and respect. To achieve this we strive to:**

- be open to change and continuous improvement;
- respond to clients and stakeholders; and
- collaborate to deliver the best possible outcomes;
- drive efficient processes.



**Insurance Commission  
of Western Australia**

### **3.1 Strategies and Initiatives**

The Insurance Commission strategies and initiatives over the 2018-19 period are set out below.

#### **3.1.1 Provide quality and affordable insurance products and services**

*Strategy 1 - Implement strategies to better communicate the Insurance Commission's insurance policies and claims processes to claimants, agencies, clients and service providers.*

1. Website content refinement to better explain MII and the claims process.
2. Develop content for RiskCover claimants to explain the claims process.
3. Produce videos and claimant profiles to explain MII and the claims process.
4. Develop content for allied health staff and centres to explain Insurance Commission services.

*Strategy 2 - Multi-channel service delivery to enhance the client experience.*

1. Review the end-to-end claims process and identify improvement opportunities.
2. Establish an online claims submission mechanism for MII claims.
3. Assess the merits of an online claim status facility for claimants.
4. Enable greater collection, and use, of emails by insurance divisions to engage with clients (and review correspondence that can be communicated via email).
5. Identify opportunities to make the Online Crash Reporting Facility more customer focused, contemporary and user friendly.
6. Continue to promote RiskCover online capability for agencies and claimants.

*Strategy 3 - Improve the Insurance Commission's engagement with service providers.*

1. Reduce the time taken to make payments so most are within payment terms.
2. Apply the Insurance Commission's payment terms to RiskCover commercial payments.
3. Communicate the Insurance Commission's payment terms to service providers.
4. Explore options, and implement where possible, electronic submission of service provider invoices to enable straight through processing of payments.
5. Review self-service access arrangements for service providers to ensure consistency of engagement with the Insurance Commission.
6. Assess and develop a business case for the pre-approval of services for MII clients.

*Strategy 4 – Enhance policy advice to Government.*

1. Provide advice and support to Treasury for Government Trading Enterprise governance legislation and any other legislation.
2. Enhance the Insurance Commission's capability to analyse and present spatial data to other organisations, and contribute to a whole of government approach to road safety.
3. Provide robust advice to Government on policy issues impacting the Government and the Insurance Commission.
4. Review changes to the Workers' Compensation and Injury Management legislation in consultation with WorkCover WA, support introduction of the related Bill to Parliament, and prepare for the introduction of the Workplace Accidents stream into the Catastrophic Injuries Support Scheme.

*Strategy 5 - Pursue opportunities to improve rehabilitation and care for clients, and reduce service costs.*

1. Complete the research project to increase the independence of people with catastrophic injuries when toileting.
2. Identify opportunities (aligned with claim costs) to improve rehabilitation and care outcomes for people with spinal cord and acquired brain injuries.
3. Assess tools to identify workers' compensation injury treatments and return to work timeframes.

**3.1.2 Operate effectively and efficiently**

*Strategy 1 - Leverage business intelligence and analytics to improve decision making capability and consistency.*

1. Review historic data to determine MII claims profiles based on key claims attributes.
2. Enhance the MII claims estimation tool and settlement process.
3. Implement RiskCover dashboards to improve claims management and decision making.
4. Enhance the datamart to improve reporting and analytical capability.
5. Reduce settlement timeframes for MII claims.
6. Consider opportunities to review workers' compensation claims acceptance trends noting public sector acceptance rates.

*Strategy 2 – Align business systems and processes.*

1. Complete business case for the Transform Insurance Operations Project.
2. Investigate the expansion of workflow and imaging to include non-claims files.
3. Enhance offsite data storage arrangements.
4. Enhance network segmentation of environments.
5. Review and reduce the numbers of files stored off-site.
6. Review organisational reporting to ensure more common reporting between insurance divisions that meets business needs.
7. Align invoice and payment processes of RiskCover commercial claims.

### **3.1.3 Deliver sustainable financial performance**

*Strategy 1 – Maintain a diverse investment portfolio.*

1. Manage tactical asset allocation and investment manager allocation to achieve long-term investment objectives.
2. Actively manage investment costs.
3. Continue with the staged implementation of the Motor Vehicle (Catastrophic Injuries) Fund strategic asset allocation.

*Strategy 2 – Refine and implement the capital management strategy.*

1. Refine and implement the capital management strategy.
2. Refine and implement the solvency strategy and target for the Motor Vehicle (Catastrophic Injuries) Fund.
3. Balance affordability of insurance premiums with full funding of liabilities.

### **3.1.4 Develop a high performance culture.**

*Strategy 1 - Attract, retain and develop people who engage with customers and embrace change.*

1. All employees participate in the annual performance and development process with focus on tracking performance against targets.
2. Promote, recognise and reward behaviour and performance that aligns with a high performance culture and the Insurance Commission's corporate values.
3. Implement targeted leadership and management development programs.
4. Continue to identify and action red-tape reduction opportunities.
5. Deliver consistent customer service training (including customer feedback handling) to staff in customer and client facing roles.
6. Embed data driven decision making initiatives into work practices.
7. Enhance collection and reporting of customer feedback and improvement suggestions.
8. Develop guidelines for staff engagement with clients.

*Strategy 2 - Sustain a workforce that reflects the diversity of the community.*

1. Continue to promote leadership opportunities for women through diverse recruitment, flexible work practices, inclusive culture and talent identification and management.
2. Provide inclusive recruitment and awareness training for employing people with disabilities, from culturally diverse backgrounds, Indigenous Australians and youth.

*Strategy 3 - Adopt flexible organisational structures to deliver timely service benefits.*

1. Implement structural adjustments and workforce renewal initiatives to enhance performance.
2. Broaden Job Description Form content to focus on capability and flexibility of duties and responsibilities.

### **3.2 Performance Targets**

The targets for financial Key Performance Indicators are presented in Appendix 1.

## **4 ACCOUNTING POLICY**

The Insurance Commission prepares financial statements in accordance with Australian Accounting Standards, Statements of Accounting Concepts, and other authoritative pronouncements of the Australian Accounting Standards Board, as applied by the Treasurer's Instructions to ensure appropriate reporting across the Public Sector.

Where modification has a material or significant effect on the reported results, details of that modification and the resulting financial effect, are disclosed in individual notes to the financial statements in the Insurance Commission's Annual Report.

The Financial Statements are prepared on the accrual basis of accounting. The majority of the Insurance Commission assets and liabilities are measured at fair value and the remainder follow the historical cost convention.

## **5 MINISTERIAL REPORTING**

### **5.1 Annual Report**

The Insurance Commission prepares and delivers to the Minister an Annual Report on its performance for the financial year. Content of the Annual Report meets the requirements of the *Financial Management Act 2006*, the *Insurance Commission of Western Australia Act 1986* and any resolution of the Board of Commissioners of the Insurance Commission. Specifically, the Annual Report includes:

- statutory financial statements
- overview of the major achievements;
- performance against targets; and
- other information required by legislation.

### **5.2 Quarterly Report**

The Insurance Commission provides the Minister with quarterly reports on performance. The quarterly report includes the performance of the organisation and progress against the initiatives within the Statement of Corporate Intent (this Report).

### **5.3 Strategic Asset Plan**

The Insurance Commission provides the Minister with an annual Strategic Asset Plan (SAP) that sets out the asset-related implications of our service delivery objectives over ten years. The SAP supplements the Strategic Development Plan and this Report which set out the economic and financial objectives and operational targets for the Insurance Commission and how those objectives and targets will be achieved.

### **5.4 Other Information**

The Insurance Commission provides the Minister with a five-year Strategic Development Plan and a one-year Statement of Corporate Intent as required under the *Insurance Commission of Western Australia Act 1986*.

The Insurance Commission also provides the Minister with regular briefings and advice on insurance matters.

## **6 PAST PERFORMANCE**

To improve transparency and frequency of performance reporting, the Insurance Commission prepares unaudited half-yearly performance reports. The reports are published on the Insurance Commission's website. The reports set out the Insurance Commission's financial and operational performance for a six-month period.

The Insurance Commission also publishes its financial and operational performance for the financial year in its Annual Report released in September each year. The Annual Report is tabled in Parliament and published on the Insurance Commission's website.

## INSURANCE COMMISSION of WESTERN AUSTRALIA

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## STATEMENT OF FINANCIAL POSITION 2018-2019

**CURRENT ASSETS**

Cash and Cash Equivalents	5
Receivables	51,220
Financial Assets	4,898,805
Other Assets	10,342
<b>Total Current Assets</b>	<b>4,960,372</b>

**NON-CURRENT ASSETS**

Receivables	244,978
Financial Assets	793,852
Plant and Equipment	3,073
Intangible Assets	6,719
<b>Total Non-Current Assets</b>	<b>1,048,622</b>

**TOTAL ASSETS****6,008,995****CURRENT LIABILITIES**

Payables	(36,555)
Financial Liabilities	(1,066,759)
Outstanding Claims Liability	(444,989)
Unearned Premium Liability	(292,101)
Provisions	(23,012)
<b>Total Current Liabilities</b>	<b>(1,863,416)</b>

**NON-CURRENT LIABILITIES**

Outstanding Claims Liability	(2,618,433)
Provisions	(9,401)
Deferred Tax Liabilities	(153,395)
<b>Total Non-Current Liabilities</b>	<b>(2,781,229)</b>

**TOTAL LIABILITIES****(4,644,645)****NET ASSETS****1,364,350****EQUITY**

C(ID)F Reserve	22,088
Distribution of Equity - Dividend	(73,134)
Retained Earnings	1,415,396
<b>TOTAL EQUITY</b>	<b>1,364,350</b>

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## STATEMENT OF COMPREHENSIVE INCOME 2018-2019

Premium Revenue	820,860
Outwards Reinsurance Premium Expense	(6,700)
Outwards Reinsurance Commission Revenue	670
<b>Net Premium Revenue</b>	<b>814,830</b>
Claims Expense	(747,843)
Reinsurance and Other Recoveries Revenue	16,455
<b>Net Claims Incurred</b>	<b>(731,388)</b>
<b>Net Underwriting and Administration Expenses</b>	<b>(74,448)</b>
<b>UNDERWRITING PROFIT/(LOSS)</b>	<b>8,994</b>
Investment Income	291,659
Investment Admin Expenses	(36,919)
<b>Net Investment Income</b>	<b>254,740</b>
Investment Return Payable to RiskCover	(57,844)
Other Income	943
	<b>197,839</b>
<b>PROFIT BEFORE INCOME TAX EQUIVALENT EXPENSE</b>	<b>206,833</b>
Income Tax Equivalent Expense @ 30%	(62,050)
<b>PROFIT AFTER INCOME TAX EQUIVALENT EXPENSE</b>	<b>144,783</b>

# INSURANCE COMMISSION of WESTERN AUSTRALIA

## Key Performance Indicators

2018-2019

Forecast

### Insurance Commission

#### Return on Total Assets (%)

3.6

This KPI is calculated as the Insurance Commission's profit/(loss) before income tax (expense)/benefit divided by its total assets (sum of total assets at start of financial year and end of financial year divided by 2) and is expressed as a percentage. This KPI measures how well the Insurance Commission is using its assets to produce income.

#### Investment Income Rolling 7 Year Return (%)

5.5

This KPI calculates the long-term investment performance, measured over a rolling 7-year period as a percentage (on a per annum basis) of the amount of money invested. This KPI measures whether investment returns have achieved the Board's long-term Consumer Price Index (CPI) plus 3% investment objective (Main Fund) and CPI plus 3.25% (MVCIF).

#### Annual Investment Rate of Return (%)

5.5

This KPI calculates the amount of revenue/(loss) the Insurance Commission's investment strategy generates over the financial year as a percentage of the value of the opening investment assets. This KPI measures the Insurance Commission's performance compared to a specific market-related benchmark. The benchmark is a mix of Australian and global share market, fixed interest and property indices.

#### Solvency Level (%)

129.4

This KPI calculates Total Assets as a percentage of Total Liabilities for the Insurance Commission. This KPI measures the ability of the Insurance Commission to meet its long-term financial obligations as they fall due.

#### Net Loss Ratio (%)

89.8

This KPI calculates net claims incurred (claims payments and movements in outstanding claims provision) as a percentage of net premium revenue. This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates the Insurance Commission received sufficient net premium revenue to meet the net cost of claims incurred. A ratio greater than 100% indicates net premium revenue was insufficient to meet the net cost of claims incurred.

#### Net Expense Ratio (%)

9.1

This KPI calculates underwriting and administration expenses as a percentage of net premium revenue. This KPI is a measure of operational efficiency. A lower expense ratio would contribute to higher profits/lower losses being generated.

#### Net Combined Ratio (%)

98.9

This KPI calculates underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. This KPI is a measure of underwriting profitability used to indicate how well the Fund is performing. It is the combined result of the Net Loss Ratio added to the Net Expense Ratio. A ratio below 100% indicates that an underwriting profit has been made, whereas a ratio above 100% indicates an underwriting loss.

# INSURANCE COMMISSION of WESTERN AUSTRALIA

## Key Performance Indicators

2018-2019

Forecast

### Third Party Insurance Fund (TPIF)

#### Solvency Level (%)

141.3

This KPI calculates Total Assets as a percentage of Total Liabilities in the Third Party Insurance Fund (TPIF). This KPI measures the ability of the TPIF to meet its long-term financial obligations as they fall due. The Insurance Commission has a long-term objective to achieve and maintain a solvency level of not less than 125% with a target of 135% for the TPIF.

#### Net Loss Ratio (%)

88.8

This KPI calculates net claims incurred (claims payments and movements in outstanding claims provision) as a percentage of net premium revenue. This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates the TPIF received sufficient net premium revenue to meet the net cost of claims incurred. A ratio greater than 100% indicates net premium revenue was insufficient to meet the net cost of claims incurred.

#### Net Expense Ratio (%)

10.3

This KPI calculates underwriting and administration expenses as a percentage of net premium revenue. This KPI is a measure of operational efficiency. A lower expense ratio would contribute to higher profits/lower losses being generated.

#### Net Combined Ratio (%)

99.1

This KPI calculates underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. This KPI is a measure of underwriting profitability used to indicate how well the TPIF is performing. It is the combined result of the Net Loss Ratio added to the Net Expense Ratio. A ratio below 100% indicates that an underwriting profit has been made, whereas a ratio above 100% indicates an underwriting loss.

# INSURANCE COMMISSION of WESTERN AUSTRALIA

## Key Performance Indicators

2018-2019

Forecast

### Motor Vehicle Catastrophic Injuries Fund (MVCIF)

#### Solvency Level (%)

109.6

This KPI calculates Total Assets as a percentage of Total Liabilities in the Motor Vehicle (Catastrophic Injuries) Fund (MVCIF). This KPI measures the ability of MVCIF to meet its long-term financial obligations as they fall due.

#### Net Loss Ratio (%)

92.3

This KPI calculates net claims incurred (claims payments and movements in outstanding claims provision) as a percentage of net premium revenue. This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates the MVCIF received sufficient net premium revenue to meet the net cost of claims incurred. A ratio greater than 100% indicates net premium revenue was insufficient to meet the net cost of claims incurred.

#### Net Expense Ratio (%)

5.6

This KPI calculates underwriting and administration expenses as a percentage of net premium revenue. This KPI is a measure of operational efficiency. A lower expense ratio would contribute to higher profits/lower losses being generated.

#### Net Combined Ratio (%)

97.9

This KPI calculates underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. This KPI is a measure of underwriting profitability used to indicate how well the MVCIF is performing. It is the combined result of the Net Loss Ratio added to the Net Expense Ratio. A ratio below 100% indicates that an underwriting profit has been made, whereas a ratio above 100% indicates an underwriting loss.

# RISKCOPER

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## STATEMENT OF FINANCIAL POSITION

2018-2019

### CURRENT ASSETS

Receivables	8,239
Financial Assets	1,066,759
<b>Total Current Assets</b>	<b>1,074,998</b>

### NON-CURRENT ASSETS

Receivables	9,413
<b>Total Non-Current Assets</b>	<b>9,413</b>

### **TOTAL ASSETS**

**1,084,411**

### CURRENT LIABILITIES

Bank Overdraft	(5,456)
Payables	(152,355)
Provision for return of Capital	(60,691)
Outstanding Claims Liability	(231,046)
<b>Total Current Liabilities</b>	<b>(449,548)</b>

### NON-CURRENT LIABILITIES

Outstanding Claims Liability	(353,719)
<b>Total Non-Current Liabilities</b>	<b>(353,719)</b>

### **TOTAL LIABILITIES**

**(803,267)**

### **NET ASSETS**

**281,144**

### EQUITY

Retained Earnings	474,309
Distribution of Equity - Return of Capital	(264,794)
Prudential Reserve	71,628
<b>TOTAL EQUITY</b>	<b>281,144</b>

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## STATEMENT OF COMPREHENSIVE INCOME

2018-2019

Premium Revenue	287,354
Outwards Reinsurance Premium Expense	(19,784)
Outwards Reinsurance Commission Revenue	769
<b>Net Premium Revenue</b>	<b>268,339</b>

Claims Expense	(247,185)
Reinsurance and Other Recoveries Revenue	6,307
<b>Net Claims Incurred</b>	<b>(240,878)</b>

<b>Underwriting and Administration Expenses</b>	<b>(33,801)</b>
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<b>UNDERWRITING PROFIT/(LOSS)</b>	<b>(6,340)</b>
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<b>Net Investment Income</b>	<b>57,844</b>
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<b>PROFIT</b>	<b>51,504</b>
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# RISKCOver

Key Performance Indicators	2018-2019 Forecast
<b>Solvency Level (%)</b> This KPI calculates Total Assets as a percentage of Total Liabilities in the RiskCover Fund. This KPI measures the ability of the RiskCover Fund to meet its long-term financial obligations as they fall due.	135.0
<b>Net Loss Ratio (%)</b> This KPI calculates net claims incurred (claims payments and movements in outstanding claims provision) as a percentage of net premium revenue. This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates RiskCover received sufficient net premium revenue to meet the net cost of claims incurred. A ratio greater than 100% indicates net premium revenue was insufficient to meet the net cost of claims incurred.	89.8
<b>Net Expense Ratio (%)</b> This KPI calculates underwriting and administration expenses as a percentage of net premium revenue. This KPI is a measure of operational efficiency. A lower expense ratio would indicate higher profits/lower losses being generated.	12.6
<b>Net Combined Ratio (%)</b> This KPI calculates underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. This KPI is a measure of underwriting profitability used to indicate how well the Fund is performing. It is the combined result of the Net Loss Ratio added to the Net Expense Ratio. A ratio below 100% indicates that an underwriting profit has been made, whereas a ratio above 100% indicates an underwriting loss.	102.4