



Welcome to the 2026 Annual Report

The Insurance Commission of Western Australia acknowledges the Traditional Custodians of the lands on which we work and live and pays respect to Elders past and present. We recognise their continuing connection to land, waters and community, and honour the contribution Aboriginal people make to the life of Western Australia.

This and previous reports are available at icwa.wa.gov.au. Alternative formats are available on request.

The year ended 30 June 2026 is referred to as 2026, with similar terminology applied to other years.

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Overview



This year marked a significant milestone for the Insurance Commission of Western Australia, as we celebrated 100 years of service to the State. For a century, the Insurance Commission has played a unique and enduring role in Western Australia through its dual responsibilities to government and the community.

As the insurer of the Western Australian Government, we help safeguard the State's assets and infrastructure, support the delivery of essential public services, and manage complex insured liability risks on behalf of government.

We also play an important role in supporting Western Australians recovering from road trauma and public sector employees who sustain injuries in the workplace, helping them achieve the best possible recovery and return-to-work outcomes.

Our centenary provided an opportunity not only to reflect on the Insurance Commission's proud history, but also to consider the role we must play in the decades ahead, with a strong focus on strengthening our capability as a contemporary insurer.

The environment in which we operate continues to evolve, shaped by changing community expectations, emerging technologies, increasing data responsibilities and a rapidly changing risk landscape. These changes require us to continually adapt while continuing to deliver sustainable outcomes for government and the community.

With a new Chief Executive appointed, the Insurance Commission focused on strengthening the foundations that will support future success. This included reviewing our operations, enhancing governance and information management practices, and exploring opportunities to improve service delivery through innovation and technology. These initiatives are helping to build a more resilient, efficient and customer-focused organisation.

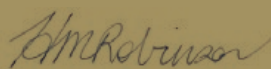
We continued to deliver on our core responsibilities, supporting 111 government agencies and thousands of Western Australians recovering from road and workplace injuries. We also strengthened engagement with our stakeholders and communities, recognising that strong partnerships are essential for the Insurance Commission to continue contributing to improving road safety and workplaces, supporting recovery, and delivering better outcomes for those who rely on our services.

As we begin our second century of service, we do so with a clear sense of purpose and optimism for the future. We remain committed to supporting injured Western Australians, protecting the State's interests and ensuring the Insurance Commission continues to be a trusted and valued insurer for generations to come.

We thank our employees, partners and stakeholders for their commitment throughout the year and for the important role they play in helping us deliver on our purpose.



Rob Bransby
Chair



Helen Robinson
CEO

About Us

We are a government trading enterprise and statutory corporation owned by the Government of Western Australia. Our enabling legislation is the *Insurance Commission of Western Australia Act 1986*.

We administer the *Motor Vehicle (Third Party Insurance) Act 1943* and the *Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Act 2016*.

The responsible Minister is the Hon. Rita Saffioti MLA, Deputy Premier; Treasurer; Minister for Transport and Major Infrastructure; Sport and Recreation.

Our core responsibilities include:

- managing motor injury insurance;
- managing the self-insurance arrangements of Government agencies;
- investing and managing funds to provide assets to meet insurance liabilities; and
- advising the Government on matters relating to insurance and risk management.

We manage and underwrite:

- Third Party Insurance Fund;
- Motor Vehicle and Workplace Accidents (Catastrophic Injuries) Fund;
- Compensation (Industrial Diseases) Fund; and

- Insurance Commission General Fund.

We also manage but do not underwrite:

- RiskCover Fund;
- Government Insurance Fund;
- Default Insurance Fund (for WorkCover WA);
- Former Police Officers' Medical Benefit Scheme (for WA Police Force); and
- Indian Ocean Territories Motor Injury Insurance Scheme (for the Commonwealth).

The Board provides strategic oversight and governance.

Our Purpose

We're here to help WA protect against loss and recover from personal injury.

Services We Provide

The Insurance Commission manages a portfolio of insurance and support schemes that help protect Western Australians, support recovery from injury, and safeguard government services and assets. We deliver compensation, treatment, care, support and insurance protection for individuals, employers, government agencies and the broader community.

Our responsibilities span motor injury insurance, catastrophic injury support, government self-insurance arrangements and a range of specialist and legacy schemes. While each scheme serves a distinct purpose, together they help Western Australians protect against loss and recover from personal injury while supporting the long-term sustainability of government services.

Motor Injury Insurance

We manage Western Australia's compulsory motor injury insurance scheme, providing protection for motorists who become legally liable for causing injury to another person and supporting people injured in motor vehicle crashes.

The scheme operates on an at-fault basis, providing access to compensation for treatment and care, loss of income and other damages where negligence can be established. In 2026, we provided compulsory motor injury insurance cover for more than 3.5 million registered vehicles and received more than 19,000 new claims.

Catastrophic Injury Support Scheme

We manage the Catastrophic Injury Support Scheme, which provides lifetime treatment, care and support for people who sustain the most severe and life-changing injuries. The scheme supports eligible people catastrophically injured in motor vehicle crashes in Western Australia, regardless of fault.

Since 1 July 2024, it has also provided support for eligible workers catastrophically injured in workplace accidents covered by a Western Australian workers' compensation scheme.

In 2026, the scheme marked ten years of operation and continued to support more than 400 participants and their families.

Government Insurance

Through the RiskCover Fund, we manage the Western Australian Government's self-insurance arrangements. RiskCover provides cover and insurance advice across workers compensation, liability, property, motor vehicle, cyber and other risks for government agencies. In 2026, the fund provided cover for 111 agencies, more than 150,000 government employees and approximately \$93 billion in public assets.

Specialist and Legacy Schemes

We also administer a range of specialist and legacy schemes, including the Government Insurance Fund, the Default Insurance Fund on behalf of WorkCover WA, the Compensation (Industrial Diseases) Fund, the Former Police Officers' Medical Benefit Scheme and the Indian Ocean Territories Motor Injury Insurance Scheme. These arrangements ensure ongoing support for people with existing entitlements and claims while managing the State's long-term insurance obligations.

Highlights



2026 has been a year of innovation and progress:

Our Impact



111

Government agencies covered



3.5m

WA insured vehicles



150,858

Government employees covered



43,979

total new claims received

Highlights



LEADING WITH PURPOSE

100-year anniversary

Celebrating a century of providing insurance services for Western Australia.

Five-year plan

Setting direction and identifying our priorities to help transform the way we support our clients and the community.



INNOVATE FOR THE FUTURE

AI innovation

Developing a strategy to guide how we will responsibly use, manage and innovate with AI tools to enhance our services.

Clinical Care Pilot

Trialling a new way of working, aiming to improve client recovery outcomes.



SUPPORT & STRENGTHEN

Three new values

choosing care, courage and collaboration to reflect what's important to best deliver services.

Client satisfaction

Maintaining an average client satisfaction rating of greater than 70%.



Employees supporting the community by volunteering at Good Sammy.



Employees spreading road safety awareness at Leavers 2025 through our Belt Up campaign.

Performance



Measuring Our Performance

Government Goals	Strategic Objectives	Desired Outcomes	KPIs
Strong and sustainable finances. Responsible, achievable, affordable budget management		Sustainable financial resources to meet our objectives.	Effectiveness measure Solvency Level (page 12) Investment Rolling 7 year Return – Main Fund and CIF (page 12) Annual Investment Rate of Return – Main Fund and CIF (page 12) Efficiency measure Investment Management Expense Ratio – Main Fund and CIF (page 12)
	Best injury recovery outcomes. Partner in navigating risk and minimising loss.	Fully funded Third Party Insurance Fund (TPIF), Catastrophic Injuries Fund (CIF) and RiskCover Fund.	Effectiveness measure Solvency Level (pages 13, 14, 17) Efficiency measure Net Loss Ratio (pages 13, 14, 17) Net Expense Ratio (pages 13, 15, 17) Net Combined Ratio (pages 14, 15, 17)
	Customer confidence in service delivery.	Provide efficient, timely and affordable insurance services that deliver care and compensation to claimants and agencies.	Effectiveness measure Affordability Index (pages 15, 18) Proportion of Claim Payments made for the Direct Benefit of Clients (pages 16, 18) Timeliness of Liability Determination (pages 16, 18) Client Satisfaction (pages 16, 18) Efficiency measure Median Claim Duration (pages 16, 19) Claims Administration Costs as a Ratio of Gross Claims Paid (pages 16, 19)

Key Performance Indicators

General

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Investment Rolling 7-Year Return (%) - Main Fund	This KPI measures the long term investment performance and is calculated by annualising gross investment returns over a rolling 7 year period.	6.5	5.9	6.0	6.3	6.6	The Main Fund has delivered a rolling 7-year return of 6.3% p.a., below its 7-year CPI+3% p.a. target of 6.6% p.a. This outcome is modestly below performance objectives but is consistent with expectations, given the measurement period includes the COVID-19 pandemic, the associated global recession, and the subsequent surge in Australian inflation which peaked at 7.8%. We expect the Fund's long-term target of CPI+3% p.a. to remain achievable provided inflation remains within the RBA's 2-3% target range. Similarly, the CIF delivered a rolling 7-year return of 6.6% p.a., below its 7-year CPI+3.25% p.a. target of 6.8% p.a. In addition to the market and inflationary conditions outlined above, relative performance was affected by the CIF's conservative phased investment approach during its early years. Encouragingly, both funds outperformed their respective CPI+ targets over the past 12 months.
Investment Rolling 7-Year Return (%) - CIF	The CPI used in quantifying the objectives/targets are based on latest available inflation data published by the Australian Bureau of Statistics.	4.8	5.5	6.3	6.6	6.8	
Annual Investment Rate of Return (%) - Main Fund	This KPI measures annual investment performance, calculated as the rate of change in gross investment values over a financial year.	8.2	6.8	9.6	8.6	6.4	The Main Fund and CIF delivered positive net investment returns of 8.6% and 9.7% (net of investment fees) respectively, and exceeded their targets of 6.4% and 6.6%. The higher than budgeted investment income was largely driven by strong performance in our growth orientated strategies focused on international equities, emerging market equities, property and infrastructure.
Annual Investment Rate of Return (%) - CIF	The forecast performance targets are based on forecasts provided by the Asset Consultant.	8.2	6.9	9.8	9.7	6.6	
Solvency Level (%)	This KPI calculates Total Assets as a percentage of Total Liabilities. This KPI measures the ability of the Insurance Commission to meet its long-term financial obligations as they fall due.	139.8	138.6	143.5	149.2	137.8	The solvency level of 149.2% is above the target of 137.8% for the financial year. The outcome was the result of significant investment returns and the strong underwriting performance of the motor injury insurance funds for the financial year.
Investment Management Expense Ratio (%) - Main Fund	Cost of investments expressed as a percentage of average gross investment value. Management costs include investment manager fees, custodian fees, investment advisor fees and the Investment Division administration expenses.	0.53	0.55	0.57	0.28	0.58	The investment management expense ratios (MERs) for the Main Fund and CIF were 0.28% and 0.53%, respectively. Both outcomes were below budget. This was primarily due to the appointment of lower cost equity managers, with the Main Fund also benefiting from the reversal of performance fee provisions.
Investment Management Expense Ratio (%) - CIF		0.55	0.59	0.64	0.53	0.66	

Motor Injury Insurance Funds

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Solvency Level (%) - TPIF	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. TPIF outstanding claims liabilities are calculated based on a 75% Probability of Sufficiency (PoS). The PoS takes into account potential uncertainties relating to various actuarial assumptions and statistical modelling techniques.	151.5	144.4	146.8	153.1	139.8	The solvency level of 153.1% is better than the annual target of 139.8%. The healthy solvency position reflects the TPIF's better than forecast underwriting performance and strong investment returns for the financial year.
Net Loss Ratio (%) - TPIF	This KPI calculates net claims incurred (claims payments and movement in outstanding claims provisions) 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.	81.4	81.0	95.0	76.8	108.0	The net loss ratio of 76.8% is better than target. This result is mainly attributable to lower than forecast increase in future claims costs, reflecting favourable movements in actuarial and economic assumptions along with updated claims experience within the Fund.
Net Expense Ratio (%) - TPIF	This KPI calculates underwriting and administration expenses as a percentage of net premium revenue, and measures operational efficiency. A lower expense ratio would contribute to higher profits or lower losses being generated.	7.5	8.1	9.6	8.7	8.5	The net expense ratio of 8.7% is higher than target but improved on the prior year result, due to underwriting and administration expenses being slightly higher (5.1%) than expected.

Motor Injury Insurance Funds (continued)

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Net Combined Ratio (%) - TPIF	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 and 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.	88.9	89.1	104.6	85.5	116.5	The 2026 result of 85.5% is better than target and prior years. The result reflects an underwriting profit of \$125.4 million compared to a budgeted loss of \$139.3 million. This better than forecast performance is driven by lower than expected claims expense, reflecting updated claims experience and favourable changes in actuarial and economic assumptions.
Solvency Level (%) - CIF	This KPI calculates Total Assets as a percentage of Total Liabilities in the Catastrophic Injuries Fund (CIF). This KPI measures the ability of the CIF to meet its long-term financial obligations as they fall due. CIF outstanding claims liabilities are calculated based on a 75% Probability of Sufficiency (PoS). The PoS takes into account potential uncertainties relating to various actuarial assumptions and statistical modelling techniques.	143.4	159.8	174.9	191.7	158.7	The solvency level of 191.7% for the CIF is better than target, reflecting the Fund's strong investment and underwriting performances in 2026.
Net Loss Ratio (%) - CIF	This KPI calculates net claims incurred (claims payments and movement in outstanding claims provisions) 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 Fund received sufficient net premium revenue to meet the net cost of claims incurred.	28.8	13.2	34.2	30.2	95.5	The net loss ratio of 30.2% is significantly better than target and consistent with the prior years. This outcome was primarily due to changes in actuarial and economic assumptions, along with a lower than expected number of new participants with catastrophic motor injuries, resulting in a favourable movement in outstanding claims provisions.

Motor Injury Insurance Funds (continued)

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Net Expense Ratio (%) – CIF	This KPI calculates underwriting and administration expenses as a percentage of net premium revenue, and measures operational efficiency. A lower expense ratio indicates increased scheme efficiency.	5.4	6.1	6.0	7.3	6.4	The net expense ratio of 7.3% is higher than target and prior years, reflecting higher than forecast underwriting and administration expenses (6.6%). Excluding premium collection costs, administration expenses are 4.2% of premium revenue.
Net Combined Ratio (%) – CIF	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 and 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.	34.2	19.3	40.2	37.5	101.9	The 2026 result of 37.5% is significantly better than target, reflecting a strong underwriting profit of \$160.9 million compared to the budgeted loss of \$5.1 million. The favourable result is predominantly due to a lower than forecast increase in expected future claims costs reflecting changes in actuarial and economic assumptions that reduced valuations previously provided for, and a lower than expected number of new participants with catastrophic motor injuries.
Affordability Index (%) – MII	The Affordability Index calculates the Motor Injury Insurance (MII) premium (including GST and insurance duty) for the average family vehicle as a percentage of one week's worth of WA's average weekly earnings. The target is to have the MII premium for the average family vehicle at or below 25% of one week's worth of WA's average weekly earnings.	23.0	22.9	22.8	22.7	25.0	WA's motor injury insurance premium price remained affordable for Western Australian vehicle owners, when measured as a proportion of one week's average weekly earnings.

Motor Injury Insurance Funds (continued)

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Proportion of Claims Payments made for the Direct Benefit of Clients (%) - MII	This KPI calculates claims payments made for the direct benefit of clients as a percentage of the total claim payments made in a financial year. Claims payments that do not go to the direct benefit of clients include the Insurance Commission's claims management, legal and investigation costs incurred. This KPI measures the Insurance Commission's effectiveness in minimising the financial hardship of clients and delivering equitable compensation.	94.4	94.3	94.4	94.5	95.0	The 2026 result is lower than target but consistent with the prior years. Payments to clients were \$42.2 million higher than last year, largely due to higher payments for hospital and care costs and compensation for loss of capacity to earn income.
Timeliness of Liability Determination (%)	This KPI calculates the timeliness of liability decisions for Compulsory Third Party compensation claims. The target requires that a decision be made on claims within 25 business days from the date of lodgement of the claim to ensure clients are treated fairly.	86.4	89.1	90.0	86.6	80.0	The 2026 result is better than target and broadly in line with prior years, reflecting the Insurance Commission's ongoing focus in making timely claim liability decisions.
Client Satisfaction (%)	This KPI measures the satisfaction of motor injury insurance clients with the service delivered by the Insurance Commission. The level of satisfaction is determined by a survey conducted by an independent third party.	60.5	70.0	68.0	68.0	65.0	The result is above target and consistent with the previous year, with 68% of respondents indicating that they were satisfied with the level of services provided by the Insurance Commission. Improving quality and frequency of communications, timeliness of decisions, and responsiveness to customer needs continue to be areas of focus for the Insurance Commission.
Median Claim Duration (months)	This KPI measures effectiveness of claims management in supporting client recovery and calculates the median duration between claim lodgement and claim settlement/close dates.	18.7	18.5	19.2	18.6	17.5	The 2026 result is higher than target reflecting the mix of claims finalised during the financial year. The higher median claim duration indicates a greater proportion of longer-duration claims were resolved in 2026.
Claim Administration Costs as a Ratio of Gross Claims Paid (%) - MII	This KPI calculates claims administration costs as a percentage of the gross claims paid. This KPI measures the efficiency of claims administration.	7.1	8.1	8.7	9.7	8.1	The 2026 result is above target and the previous years. Claims administration costs were higher than forecast due to increased operational expenses while claims payments were lower than expected due to fewer claims being finalised during the year, resulting in a higher ratio.

RiskCover Fund

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Solvency Level (%)	This KPI measures the ability of the RiskCover Fund to meet its long-term financial obligations as they fall due. It calculates Total Assets as a percentage of Total Liabilities in the RiskCover Fund.	105.3	107.6	107.9	115.0	112.7	The RiskCover Fund's solvency level of 115% at 30 June 2026 was above the target of 112.7%. The better than target outcome reflects a material improvement in the claims experience of the Liability class and strong investment returns for the financial year.
Net Loss Ratio (%)	This KPI measures the sufficiency of premium revenue compared to the cost of claims incurred. A ratio below 100% indicates the RiskCover Fund received sufficient net premium revenue to meet the net cost of claims incurred. This KPI calculates net claims incurred (claims payments and movement in outstanding claims provisions) as a percentage of net premium revenue.	113.2	105.6	107.4	92.2	98.4	The net loss ratio of 92.2% is better than both target and prior years. Despite the continued growth of Workers Compensation claims (volume and cost) there has been a strong improvement in the Liability class, while the performance of the other classes is aligned to premium setting expectations.
Net Expense Ratio (%)	This KPI measures operational efficiency by calculating the RiskCover Fund's underwriting and administration expenses as a percentage of net premium revenue. A lower expense ratio would contribute to a positive underwriting result or lower losses being generated.	10.1	7.5	8.2	7.3	9.1	The net expense ratio of 7.3% is better than both target and prior years. The favourable result was primarily driven by net premium revenue being above budget, driven by higher workers compensation premiums to meet higher claims costs. This was further aided by underwriting and administration expenses being lower than target.
Net Combined Ratio (%)	This KPI measures underwriting profitability and indicates how well the RiskCover Fund's performing. The measure is the combined result of the Net Loss Ratio and the Net Expense Ratio. The KPI calculates the RiskCover Fund's underwriting and administration expenses and net claims incurred as a percentage of net premium revenue. A ratio below 100% indicates an underwriting profit, whereas a ratio above 100% indicates an underwriting loss.	123.3	113.1	115.6	99.5	107.5	The net combined ratio of 99.5% is better than target and prior years. The result reflects an underwriting profit of \$3.9 million compared to a budgeted loss of \$47.1 million. This favourable outcome was primarily attributable to lower claims costs in the Liability class resulting from improved claims experience, partially offset by higher Workers Compensation claims expenses and premium.

RiskCover Fund (continued)

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Affordability Index (%)	This KPI measures the affordability of the workers compensation cover provided through the RiskCover Fund and is calculated as total workers compensation agencies' premiums as a % of total agencies' wages.	1.64	1.72	1.79	2.05	2.25	The result is favourable to target but remains higher than in prior years. The elevated target reflects ongoing growth in claim volumes and injury severity and legislative change. The favourable variance to target is primarily attributable to higher-than-anticipated wages growth.
Proportion of Claims Payments made for the Direct Benefit of Clients (%)	This KPI measures the Insurance Commission's effectiveness in minimising the financial hardship of clients and delivering equitable compensation. This KPI is calculated as workers compensation claims payments made for the direct benefit of clients as a percentage of total workers compensation claims payments made during the financial year. Claims payments that do not directly benefit clients include claims management, legal and investigation costs.	90.6	91.6	92.9	92.8	90.0	The result exceeded the target and was marginally lower than the prior year, with 92.8% of payments made for the direct benefit of clients. This reflects the Insurance Commission's continued focus on claims management practices that provide fair and equitable compensation.
Timeliness of Liability Determination (%)	This KPI measures the percentage of workers compensation claims with a liability decision (accept or decline) within 14 days of the insurer receiving the claim. Timely decisions provide clarity to workers and support claim progress.	82.0	83.0	86.3	84.0	90.0	The 2026 target was set under the prior legislative definition. The result is within expectation and slightly lower than the prior year.
Client Satisfaction (%)	This KPI measures the satisfaction of workers compensation clients with the service delivered by the Insurance Commission. The level of satisfaction is determined by a survey conducted by an independent third party.	68.0	78.0	83.0	79.0	80.0	The result is lower than target and the prior year. Pleasingly nearly four out of five clients are satisfied or very satisfied with the services they received from the Insurance Commission.

RiskCover Fund (continued)

KPI	DEFINITION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET	COMMENT
		2023	2024	2025	2026	2026	
Median Claim Duration (months)	This KPI measures effectiveness of claims management in supporting client recovery and calculates the median duration between claim lodgement and claim settlement/close dates.	6.0	5.5	5.1	5.1	5.2	The median claim duration is better than target and consistent with the prior year. This result is reflective of the continued focus on timely decisions and resolving claims at the earliest opportunity supported by an improvement in claim officers' caseloads in response to the increased complexity and severity of workplace injuries.
Claims Administration Costs as a Ratio of Gross Claims Paid (%)	This KPI calculates RiskCover Fund claims administration costs as a percentage of the gross claims paid. This KPI measures the efficiency of claims administration.	12.0	9.9	10.1	9.8	10.0	The 2026 result is better than target and prior years due to claims administration costs being 2.8% below target and claims payments being 0.8% lower than expected.

Our People



Workforce Inclusiveness

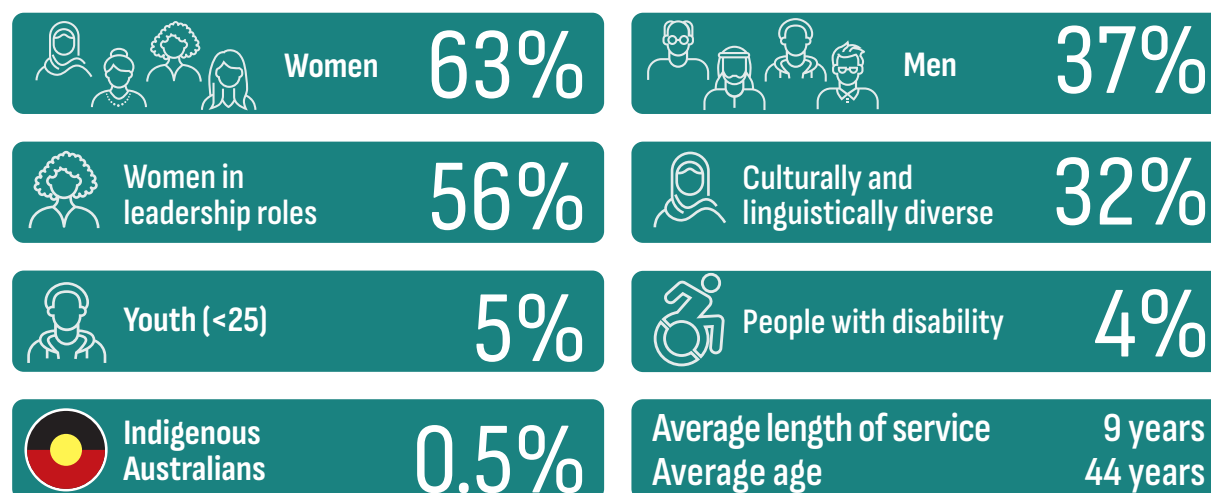
Our people are central to our ability to deliver outcomes for the community, sharing their diverse experience, expertise, ability, background and perspectives. During 2026, we continued to focus on capability development, leadership, diversity and employee wellbeing.

We employ people from over 40 countries who reflect the community we serve. This year, we continued to build a diverse workforce.

Multicultural Policy Framework

We exceeded our Culturally and Linguistically Diverse (CaLD) target, with 32.2% of our workforce identifying as CaLD at 30 June 2026.

Diversity



Occupational Safety, Health and Injury Management

Measures	2023	2024	2025	2026	Target	Results Against Target
Number of Fatalities	0	0	0	0	0	Achieved
Incidence Rate	4.59	6.79	10.64	7.80	Reduce by 2% per year and 15% by 2033 compared with 2023	Achieved
Serious Incidence Rate	0.00	0.00	4.26	1.95	Reduce by 2.5% per year and 20% by 2033 compared with 2023	Achieved
Permanent Impairment Incidence Rate	2.29	2.26	2.13	0.00	Reduce by 2% per year and 15% by 2033 compared with 2023	Achieved
Respiratory Disease Incidence Rate	0.00	0.00	0.00	0.00	Reduce by 2.5% per year and 20% by 2033 compared with 2023	Achieved
Managers and supervisors trained in Work Health and Safety as relevant to the PCBU's risk profile *Combined training data	99%*	91%*	86.57%*	100%	Greater than or equal to 80% of cohort trained within last five years	Achieved
Managers and supervisors trained in Injury Management *Combined training data	99%*	91%*	86.57%*	86%	Greater than or equal to 80% of cohort trained within last five years	Achieved
Percentage of workers returned on full duties and hours (calendar year) (i) within 13 weeks	25%	0%	0%	75%	No target	N/A
Percentage of workers returned on full duties and hours (calendar year) (ii) within 26 weeks	25%	0%	0%	100%	Greater than or equal to 70% returned to work within 26 weeks	Achieved
Agency has a WHS management system that has been independently assessed in last five years	Yes	Yes	Yes	Yes	Yes	Achieved
Consultative systems: 1. Number of health and safety representatives in total who have attended HSR training; shown as a percentage of workers; shown as a ratio to the number of workplaces occupied by the Agency; and 2. Name/s of health and safety committees and sub-committees	6 1.3% 6:1 WHS Committee	3 0.67% 3:1 WHS Committee	4 0.85% 4:1 WHS Committee	4 4:1 WHS Committee	No target - intended for agency trend information 0.73%	N/A

Disability Access and Inclusion

This year, we introduced our 2025-29 Disability Access and Inclusion Plan (DAIP), reaffirming our commitment to improving access, inclusion and participation for people with disability.

Key achievements include:

- Our events and training venues ensure accessibility to people with disability
- Maintained accessible facilities in the building
- Offered DAIP and other information in alternative formats and languages
- Achieved 98% staff completion of disability awareness training
- Assessed workplace adjustment requirements for new employees with disability
- Strengthened inclusive recruitment through panel training and adjustment support
- Implemented a collaborative governance model for restrictive practices, strengthening participant safeguards, rights-based decision-making and disability inclusion

DAIP Actions 2026

Outcome 1

People with disability have the same opportunities as other people to access the services of, and any events organised by the Insurance Commission

Outcome 2

People with disability have the same opportunity as other people to access the buildings and facilities of the Insurance Commission

Outcome 3

People with disability receive information from the Insurance Commission in a format that will enable them to access the information as readily as other people are able to access it

Outcome 4

People with disability receive the same level and quality of service as other people from Insurance Commission employees

Outcome 5

People with disability have the same opportunities as other people to make complaints to the Insurance Commission

Outcome 6

People with disability have the same opportunities as other people to participate in any public consultation undertaken by the Insurance Commission

Outcome 7

People with disability have the same opportunities as other people to obtain and maintain employment with the Insurance Commission

Outcome 8

Improve disability outcomes for claimants and clients of the organisation injured in motor vehicle crashes, and at work

Governance, Disclosures and Legal Compliance



The Insurance Commission maintained governance, risk and compliance arrangements that support accountability, integrity and informed decision-making, enabling us to manage uncertainty, meet our obligations and achieve our strategic objectives. The Board had overall oversight of governance, risk and compliance, supported by the Audit and Risk Committee. The Executive Committee was responsible for implementing these practices across the organisation, while Internal Audit provided independent assurance on the effectiveness of key controls and governance processes.

See Note 5 of the Financial Statements for further information on risk management.

Compliance Matters and Ministerial Directions

Existing controls provided assurance of compliance with applicable legislation, public sector standards and code of ethics.

One breach of the recruitment standard was received during the year which was resolved.

No written ministerial directions were received during the year.

Significant Issues Impacting the Insurance Commission

eRideables and eBikes

The rapid growth in the use of electric-powered mobility devices, including eBikes and eScooters, has continued to raise complex policy questions regarding safety, regulation and insurance coverage.

eRideables are not currently captured within the Compulsory Third Party (CTP) scheme, as they are not classified as motor vehicles. Future consideration of CTP insurance arrangements for high-powered eBikes would be subject to re-classification, registration and licensing decisions, and contingent on the development of national standards and classification frameworks for eBikes, and eScooters.

Automated Vehicles and Insurance-Related Matters

Regulatory frameworks for the introduction of automated vehicles (AVs) on Australian roads continue to evolve nationally as higher levels of automation move closer to deployment.

This reform work is being led by the Infrastructure and Transport Ministers' Meeting (ITMM), which has agreed to a coordinated national approach to enable the conditional rollout of AVs from 2027.

Current motor accident injury insurance (MAII) schemes are structured around human driver fault and are not designed to respond to incidents involving AVs, where liability may rest with manufacturers, software developers or system operators.

The Insurance Commission conditionally supports a nationally consistent approach under which existing MAII schemes provide upfront compensation for injuries caused by Automated Driving Systems, with effective mechanisms to recover costs from the responsible manufacturer or supplier. This approach prioritises timely access to treatment and compensation and supports national consistency.

The Insurance Commission continues to collaborate with other jurisdictions to support this national approach and progress key issues, including rights of recovery and access to vehicle data.

There is no current impact on Western Australia's CTP scheme, with future implications dependent on national reform and the deployment of AV technology.

Board Disclosures

Board of Commissioners (Board) 2026				
Name	Position	Board attendance at 8 meetings	Audit and risk Committee attendance at 7 meetings	Gross annual remuneration **
Rob Bransby *	Chair	8	N/A	151,516
Julie Keene	Deputy Chair, Chair of Audit and Risk Committee	8	7	90,908
Alan Rees	Commissioner, Member of Audit and Risk Committee	7	7	75,758
Emma Scotney	Commissioner, Member of Audit and Risk Committee	7	7	75,758
Ben Morton	Commissioner	7	N/A	75,758
Jennifer Lawrence*	Commissioner	8	N/A	75,758
Helen Robinson	Chief Executive, Commissioner	8	7	486,512

Note: Helen Robinson commenced as Acting Chief Executive Officer in July 2025

**Attended one special ARC meeting*

*** Includes superannuation and Fringe Benefits Tax where relevant.*

Advertising, Market Research and Consultants

Type	Organisation	Total
Advertising Agencies	Wildings Creative	20,000
Media Advertising	Thryv Australia, Meta, LinkedIn, Initiative Media, SEEK Limited	44,495
Market Research	Painted Dog Research	33,450
Total*		97,945

**No costs for polling or direct mail organisations.*

No consultants were engaged for strategic advice to government.

Recordkeeping

We completed the review of the Insurance Commission's specific Retention and Disposal Authority, which has been submitted to the State Records Commission for approval. As part of this process, off-site records were reviewed and those meeting the criteria outlined in the Retention and Disposal Schedules were securely disposed of.

The Recordkeeping Plan and support policies and procedures were made available on our intranet. We are committed to maintaining recordkeeping practices that align with the principles and standards established under the State Records Act 2000 (WA).

Financial Statements



Statement of Compliance

STATEMENT OF COMPLIANCE

Hon Rita Saffioti MLA Treasurer

In accordance with section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to the Parliament of Western Australia, the Annual Report of the Insurance Commission of Western Australia for the financial year ended 30 June 2026.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006, the Insurance Commission of Western Australia Act 1986 and applicable Treasurer's Instructions.



Rob Bransby
Chair

Date: 9 September 2026



Helen Robinson
Chief Executive

Date: 9 September 2026

FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2026 and the financial positions as at 30 June 2026.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



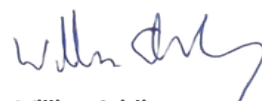
Rob Bransby
Chair

Date: 9 September 2026



Helen Robinson
Chief Executive

Date: 9 September 2026



William Stirling
Acting Chief Finance Officer

Date: 9 September 2026

KEY PERFORMANCE INDICATORS

We hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the Insurance Commission of Western Australia's performance, and fairly represent the performance of the Insurance Commission for the financial year ended 30 June 2026.



Rob Bransby
Chair

Date: 9 September 2026



Helen Robinson
Chief Executive

Date: 9 September 2026



Auditor General

INDEPENDENT AUDITOR'S REPORT

2026

Insurance Commission of Western Australia

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Insurance Commission of Western Australia (Commission) which comprise:

- the balance sheet as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Commission for the year ended 30 June 2026 and the financial position as at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Commissioners for the financial statements

The Board of Commissioners is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Commissioners is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Commission. The controls exercised by the Commission are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Commission are sufficiently adequate to provide reasonable assurance that the controls within the system were suitably designed to achieve the overall control objectives identified as at 30 June 2026, and the controls were implemented as designed as at 30 June 2026.

The Board of Commissioners' responsibilities

The Board of Commissioners is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements *ASAE 3150 Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Commission for the year ended 30 June 2026 reported in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions (legislative requirements). The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators report of the Commission for the year ended 30 June 2026 is in accordance with the legislative requirements, and the key performance indicators are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2026.

The Board of Commissioners' responsibilities for the key performance indicators

The Board of Commissioners is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Board of Commissioners

determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board of Commissioners is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 3 Financial Sustainability – Requirement 5 Key Performance Indicators.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the Commission's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements *ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 3 - Requirement 5 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Commissioners is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2026, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Commission for the year ended 30 June 2026 included in the annual report on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the Commission to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
10 September 2026

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STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Premium Revenue	2.1	1,131,128	1,089,285
Reinsurance Premium Expense	2.2	(10,789)	(12,313)
Reinsurance Commission Revenue	2.1	1,079	1,231
Net Premium Revenue		1,121,418	1,078,203
Claims Expense	2.2	(754,750)	(895,896)
Reinsurance and Other Recoveries	2.1	3,718	29,024
Net Claims Incurred	2.3	(751,032)	(866,872)
Net Movement in Unexpired Risk	3.1.3(f)	975	(975)
Premium Collection Costs	2.2	(30,245)	(41,076)
RiskCover Fund Administration Cost Reimbursement	2.1	53,659	50,179
Other Underwriting and Administration Expenses	2.2	(121,428)	(105,426)
Underwriting Profit		273,347	114,033
Investment Income	4.1	799,180	791,087
Investment Expenses	4.2	(25,032)	(32,046)
RiskCover Fund Investment Return	4.2	(120,091)	(120,693)
Other Income	8.8	4,080	3,395
Other Expenses	8.8	(1,763)	(1,645)
Profit Before Tax Equivalent		929,721	754,131
Income Tax Equivalent Expense	6.1	(267,891)	(210,975)
Profit After Tax Equivalent		661,830	543,156
Items that will not be reclassified to Profit/(Loss):			
Re-measurement Gain/(Loss) on Defined Benefit Plans		595	(48)
Related Income Tax Equivalent Effect	6.1	(179)	15
Other Comprehensive Income/(Expense) After Tax Equivalent		416	(33)
Total Comprehensive Income After Tax Equivalent		662,246	543,123

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

BALANCE SHEET

As at 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Assets			
Cash and Cash Equivalents	8.7	20,555	47,314
Receivables	2.7	339,807	341,863
Investments	4.3	9,572,578	8,538,197
Derivative Financial Instruments	4.3, 4.6	66,369	56,785
Deferred Premium Collection Costs	2.6	9,291	1,549
Other Assets		6,220	3,793
Right of Use Lease Assets	8.3.1	29,564	32,745
Plant and Equipment	8.2	4,053	5,959
Intangibles	8.4	16,983	20,583
Total Assets		10,065,420	9,048,788
Liabilities			
Payables	2.8	94,806	66,247
Financial Liabilities - RiskCover Fund Investments	4.4	1,372,700	1,186,609
Derivative Financial Instruments	4.6	69,453	45,787
Current Tax Payable		340,600	56,290
Outstanding Claims	2.4	4,270,260	4,209,482
Unearned Premium	2.5	429,190	405,267
Unexpired Risk Liability	3.1.3(f)	-	975
Provisions	8.6	21,666	23,794
Lease Liabilities	8.3.2	40,463	42,694
Deferred Tax Liabilities	6.2	108,195	282,822
Total Liabilities		6,747,333	6,319,967
Net Assets		3,318,087	2,728,821
Equity			
Compensation (Industrial Diseases) Fund Reserve		30,664	29,081
Retained Earnings		3,287,423	2,699,740
Total Equity		3,318,087	2,728,821

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Summary of Changes in Equity			
Balance of Equity at Start of the Year		2,728,821	2,249,285
Profit after Tax Equivalent		661,830	543,156
Re-measurement on Defined Benefit Plans after Tax Equivalent		416	(33)
Total Comprehensive Income after Tax Equivalent		662,246	543,123
Dividends	8.11	(72,980)	(63,587)
Balance of Equity at End of the Year		3,318,087	2,728,821
Reserves			
Compensation (Industrial Diseases) Fund Reserve			
Balance at Start of the Year		29,081	26,976
Transfer from Retained Earnings		1,583	2,105
Balance at End of the Year		30,664	29,081
Retained Earnings			
Balance at Start of the Year		2,699,740	2,222,309
Profit after Income Tax Equivalent Expense		661,830	543,156
Re-measurement on Defined Benefit Plans after Income Tax Equivalent		416	(33)
Dividends	8.11	(72,980)	(63,587)
Transfer to Compensation (Industrial Diseases) Fund Reserve		(1,583)	(2,105)
Balance at End of the Year		3,287,423	2,699,740

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 30 June 2026

	Notes	2026 \$'000	2025 \$'000
Cash Flow from Operating Activities			
Premium Revenue Received		1,269,815	1,219,861
Insurance Duty Received		113,501	117,344
Right of Indemnity Receipts - Government Insurance Fund		2,561	1,624
Receipts from WorkCover WA		452	1,308
Interest Received		97,692	83,477
Dividends Received		149,157	182,282
Reinsurance and Other Recoveries Received		2,972	8,803
Management Fees Received		53,659	50,179
Outwards Reinsurance Commission Received		1,187	1,354
Other Receipts		2,694	4,216
Claims Paid		(739,321)	(679,144)
RiskCover Fund Investment Return		(120,091)	(120,693)
Outwards Reinsurance Paid		(11,821)	(13,454)
Premium Collection Costs Paid		(41,012)	(38,834)
Underwriting and Administration Expenses Paid		(91,144)	(90,633)
Goods and Services Tax Paid		(64,442)	(57,235)
Insurance Duty Paid		(113,171)	(115,883)
Other Payments		(31,496)	(35,300)
Net Cash Flow from Operating Activities	8.7	481,192	519,272
Cash Flow from Investing Activities			
RiskCover Investment Funds Received		186,091	102,693
Payments for Purchase of Investments		(8,086,653)	(6,670,460)
Proceeds from Sale of Investments		7,583,627	6,110,171
Payments for Purchase of Plant and Equipment		(1,913)	(13,249)
Proceeds from Sale of Plant and Equipment		229	414
Net Cash Flow from Investing Activities		(318,619)	(470,431)
Cash Flow from Financing Activities			
Payments for Principal of Lease Liabilities		(2,247)	(1,791)
Net Cash Flow from Financing Activities		(2,247)	(1,791)
Cash Flow to State Government			
Dividends Paid		(72,980)	(63,587)
Income Tax Equivalent Paid		(158,387)	(135,344)
Net Cash Flow to State Government		(231,367)	(198,931)
Net (Decrease)/Increase in Cash and Cash Equivalents		(71,041)	(151,881)
Cash and Cash Equivalents at Start of the Year		324,901	476,782
Cash and Cash Equivalents at End of the Year	8.7	253,860	324,901

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

1.1 Statement of Compliance

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by Treasurer's instructions.

Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. Such modifications are intended to provide certainty and ensure consistency of reporting across the public sector.

Where modification is required and has a material or significant effect upon the reported results, details of that modification and the resulting financial effect are disclosed in individual notes to the financial statements.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

1.2 Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, or are measured at fair value.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements made in the process of applying the Insurance Commission's accounting policies, that have the most significant effect on the amounts recognised in the financial statements, are disclosed in the applicable notes.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of outstanding claims liabilities, are disclosed at Note 2.4, 'Actuarial Assumptions and Methods'.

The financial statements were authorised for issue by the Board of the Insurance Commission on 9 September 2026.

1.3 Disclosure of Prior Period Restatement, Changes in Presentation and Changes in Accounting Policy or Estimates

There are no mandatory or voluntary prior period adjustments, changes in presentation or changes in accounting policies which impact on the financial statements.

1.4 Basis of Consolidation

The financial statements at 30 June 2026 relate to the Insurance Commission.

The RiskCover Fund is administered by the Insurance Commission on behalf of the Government of Western Australia. As the Fund's assets, liabilities, revenues and expenses are not controlled by the Insurance Commission, they are not recognised in these financial statements and the Fund is not consolidated.

NOTES TO THE FINANCIAL STATEMENTS

2. INSURANCE ACTIVITIES

2.1 Revenue

	Notes	2026 \$'000	2025 \$'000
Premium Revenue	(i)		
Premium Collected		1,155,051	1,111,416
Movement in Unearned Premium		(23,923)	(22,131)
		1,131,128	1,089,285
Reinsurance Commission Revenue		1,079	1,231
Reinsurance and Other Recoveries Revenue	(ii)		
Reinsurance and Other Recoveries Received		6,625	8,233
Movement in Reinsurance and Other Recoveries Receivable		(2,830)	17,500
Right of Indemnity - Government Insurance Fund	(iii)	(77)	3,291
		3,718	29,024
RiskCover Fund Administration Cost Reimbursement	(iv)	53,659	50,179
Total Revenue		1,189,584	1,169,719

- (i) Premium revenue, including unclosed business, is recognised in the Statement of Comprehensive Income when it has been earned and is calculated from the attachment date over the period of the policy. The pattern of recognition over the policy period is based on time, which closely approximates the pattern of risks underwritten.
- (ii) Reinsurance and other recoveries revenue on paid claims, claims reported but not paid, claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) are recognised as revenue. Recoveries receivable for long-tail classes of insurance are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.
- (iii) The Insurance Commission has the right of reimbursement from certain Government entities for expenses and payments in the Government Insurance Fund.
- (iv) RiskCover Fund administration cost reimbursement relates to the costs of administering the RiskCover Fund. It is calculated in proportion to the usage of the Insurance Commission's services. A profit element is not included in the cost.

2.2 Expenses

	Notes	2026 \$'000	2025 \$'000
Claims Expenses			
Claims Paid		693,966	637,050
Movement in Outstanding Claims		60,784	258,846
		754,750	895,896
Reinsurance Premium Expense	(i)	10,789	12,313
Net Movement in Unexpired Risk Liability	3.1.3(f)	(975)	975
Premium Collection Costs	(ii)	30,245	41,076
Other Underwriting and Administration Expenses			
Accident Prevention and Research		2,520	2,315
Remuneration Payable to the Auditor General		747	667
Board of Commissioners' Fees		489	432
Contractors and Consultants		16,164	11,250
Amortisation Intangible Assets		4,523	2,648
Depreciation		5,497	8,512
Employee Benefits		74,225	63,680
IT Hardware and Software		8,020	7,830
Occupancy		1,666	1,659
Interest Expense for Lease Liabilities		2,396	2,452
Other		5,181	3,981
		121,428	105,426
Total Expenses		916,237	1,055,686

- (i) Premium paid to reinsurers is recognised as an expense over the period to which the cover relates.
- (ii) Premium collection costs are amounts paid to the Department of Transport and Major Infrastructure (DTMI) for administering the collection of motor injury insurance premiums. These costs are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to revenue that will be recognised in the Statement of Comprehensive Income in subsequent reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

2.3 Net Claims Incurred

	2026		
	Current Year	Prior Years	Total
	(i) \$'000	(ii) \$'000	\$'000
Current Year			
Gross Claims - Undiscounted	1,624,214	(116,737)	1,507,477
Discount and Discount Movement	(634,943)	(117,784)	(752,727)
Gross Claims - Discounted	989,271	(234,521)	754,750
Reinsurance and Other Recoveries - Undiscounted	(59,659)	(8,211)	(67,870)
Discount and Discount Movement	27,686	36,466	64,152
Reinsurance and Other Recoveries - Discounted	(31,973)	28,255	(3,718)
Net Claims Incurred	957,298	(206,266)	751,032

	2025		
	Current Year	Prior Years	Total
	(i) \$'000	(ii) \$'000	\$'000
Previous Year			
Gross Claims - Undiscounted	1,353,805	(378,445)	975,360
Discount and Discount Movement	(429,024)	349,560	(79,464)
Gross Claims - Discounted	924,781	(28,885)	895,896
Reinsurance and Other Recoveries - Undiscounted	(35,790)	7,365	(28,425)
Discount and Discount Movement	16,602	(17,201)	(599)
Reinsurance and Other Recoveries - Discounted	(19,188)	(9,836)	(29,024)
Net Claims Incurred	905,593	(38,721)	866,872

(i) Current Year's claims relate to risks incurred in the current year.

(ii) Prior Years' claims relate to a re-assessment of the risks incurred in all previous years.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Outstanding Claims

	2026 \$'000	2025 \$'000
Central Estimate	6,307,223	5,954,358
Discount to Present Value	(2,662,343)	(2,267,582)
	3,644,880	3,686,776
Claims Management Expenses (discounted)	236,526	172,503
	3,881,406	3,859,279
Risk Margin	388,854	350,203
Gross Outstanding Claims	4,270,260	4,209,482
Current	782,125	726,348
Non-Current	3,488,135	3,483,134
	4,270,260	4,209,482

Critical Accounting Judgements and Estimates

The liability for outstanding claims is measured as the central estimate of the present value of expected future claims payments plus a risk margin.

The expected future payments include the cost of claims incurred but not settled at the end of the reporting period, including the cost of claims incurred but not yet reported (IBNR) and claims incurred but not enough reported (IBNER). Outstanding claims and recoveries take into account factors such as allowances for future wage increases, superimposed inflation, risk-free investment return, claims administration expenses and a risk margin.

Whilst all reasonable steps are taken to ensure that adequate information is obtained on outstanding claims exposures, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability. In particular, the estimation of IBNR claims is generally subject to a greater degree of uncertainty than the estimation of claims already notified, where more information about the claim is usually available. IBNR claims may not be lodged until many years after the events giving rise to the claims.

The estimate of liability for outstanding claims is based upon an independent actuarial valuation which utilises statistical analysis of historical experience and assumes the development pattern of current claims will be consistent with past experience.

Actuarial Assumptions and Methods

The Insurance Commission underwrites a number of insurance classes through its funds. The ultimate liability for outstanding claims is estimated by:

- projecting future claim payments in current values using a variety of actuarial models;
- adjusting the projected claim payments to allow for the effect of future inflation from current values to the date of payment;
- discounting inflated claim payments to allow for an investment return at a risk-free rate;
- deducting the estimated effect of tax credits;
- adding an amount to provide for associated claims management expenses;
- reducing the amount by an allowance for reinsurance and other recoveries; and
- adding an allowance for a risk margin.

Processes Used to Determine Assumptions

A description of the factors used to determine these assumptions is provided below:

Inflation Rates: Short and long-term inflation rates are based on independent actuarial advice.

Discount Rates: risk-free rates derived from the market yields on traded Commonwealth Treasury Bonds at 30 June 2026. Long-term discount rates are based on independent actuarial advice.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Outstanding Claims (continued)

Claims Management Expenses: derived from past experience and breakdown of expenses.

Reinsurance Recoveries: based on expected recoveries from claims that exceed, or are estimated to exceed, reinsurance retention levels.

Superimposed Inflation: derived from actuarial modelling based on the long-term average of past experience.

Risk Margin: a risk margin is applied to the outstanding claims liability to reflect the inherent uncertainty in the central estimate of the outstanding claims liability. The risk margin increases the probability that the claims liability is adequately provided for to a 75% probability of sufficiency. The RiskCover Fund does not apply a risk margin.

Although not subject to the Australian Prudential Regulation Authority (APRA) regulatory framework, the Insurance Commission has calculated its risk margin in accordance with APRA guidelines. Under this regime the central estimate is derived using risk-free rates based on yields from Commonwealth Government fixed interest securities. The total provision is required to achieve a 75% probability of sufficiency based solely on liability risk (including inflation risk), but with no allowance for asset risk or asset returns above risk-free rates.

The 75% probability of sufficiency is estimated taking into account potential uncertainties relating to various actuarial assumptions, statistical modelling techniques, the underlying data quality, the general insurance and legal environments and changes in social attitudes.

Other Factors: Third Party Recoveries, Number of Claims, Average Claim Size, Average Term to Settlement/Claim Finalisation, IBNR, Development of Case Estimates and Projected Case Estimates Payment Factors are based on past experience.

2.5 Unearned Premium

The proportion of premium received or receivable relating to risks for periods of insurance subsequent to the end of the reporting period and not earned in the Statement of Comprehensive Income, is recognised on a pro-rata basis.

	2026 \$'000	2025 \$'000
Unearned Premium at Start of the Year	(405,267)	(383,136)
Earning of Premiums Collected in Previous Periods	405,267	383,136
Premium Collected in the Period	(1,155,051)	(1,111,416)
Earning of Premiums Collected in the Period	725,861	706,149
Unearned Premium at End of the Year	(429,190)	(405,267)

2.6 Deferred Premium Collection Costs

At the end of the reporting period, a portion of premium collection costs (refer Note 2.2(ii)) is deferred in recognition that it represents an expense that will give rise to premium revenue that will be recognised in future reporting periods. Deferred premium collection costs are expensed in the following financial year.

	2026 \$'000	2025 \$'000
Balance at Start of the Year	1,549	7,899
Premium Collection Costs paid to Department of Transport and Major Infrastructure (DTMI)	37,987	34,726
Amount recognised as Expense	(30,245)	(34,130)
Write Down for Premium Deficiency	-	(6,946)
Balance at End of the Year	9,291	1,549

NOTES TO THE FINANCIAL STATEMENTS

2.7 Receivables

Receivables are initially recognised at fair value and are subsequently measured at amortised cost less a provision for impairment losses.

	Notes	2026 \$'000	2025 \$'000
Current			
Premiums Receivable		8,263	8,439
Discounted Value of Expected Future Reinsurance and Other Recoveries		49,075	47,388
Right of Indemnity			
Government Insurance Fund	(i)	1,774	2,702
Other Receivables		5,576	2,104
Total Current		64,688	60,633
Non-Current			
Discounted Value of Expected Future Reinsurance and Other Recoveries		256,156	260,557
Right of Indemnity			
Government Insurance Fund	(i)	18,963	20,673
Total Non-Current		275,119	281,230
Total Receivables		339,807	341,863

- (i) The Government of Western Australia assumed liability for any accumulated deficit existing in the Government Insurance Fund after Cabinet's decision in June 1996.

Critical Accounting Judgements and Estimates

Estimations are made of all recoveries, including reinsurance recoveries and tax credits. Assets arising from reinsurance contracts are calculated taking into account factors such as allowances for future wage increases, superimposed inflation, risk-free investment return, claim administration expense and a prudential risk margin. In addition, the recoverability of these assets are assessed on a periodic basis to ensure the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Under AASB 9, the 12-month's expected credit loss model has been used to determine any potential impairment of financial assets. Under this model an allowance for impairment is considered regardless of whether a credit event has occurred.

NOTES TO THE FINANCIAL STATEMENTS

2.8 Payables

Payables, including accruals not yet billed, are carried at cost and recognised when the Insurance Commission becomes obliged to make future payments as a result of a purchase of assets or services.

	Notes	2026 \$'000	2025 \$'000
Current			
Trade Creditors		44,285	20,641
Reinsurance Creditors		1,195	1,148
Accrued Employee Benefits		2,257	1,632
Investment Payables		44,121	36,252
Goods and Services Tax Liability	(i)	2,948	6,574
Total Payables		94,806	66,247

- (i) Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on the purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of GST. The net amount of GST payable to, or recoverable from, the ATO is included as part of receivables or payables in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS

3. INSURANCE ACTIVITIES - FUND LEVEL

3.1 Third Party Insurance Fund

3.1.1 Overview

The Third Party Insurance Fund (TPIF) is associated with the Compulsory Third Party (CTP) scheme. This Fund caters for any injured third party or the dependants of a person fatally injured as a consequence of the negligent driving of a Western Australian registered motor vehicle. Eligible claimants are entitled to damages for personal injury, as long as negligence can be established against the owner or driver of a Western Australian registered motor vehicle.

3.1.2 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	2026	2025
	\$'000	\$'000
Premium Revenue	871,794	820,579
Reinsurance Premium Expense	(8,658)	(8,082)
Reinsurance Commission Revenue	866	808
Net Premium Revenue	864,002	813,305
Claims Expense		
Claims Paid	(619,285)	(580,352)
Movement in Outstanding Claims	(60,743)	(214,048)
Other Recoveries Revenue	15,541	22,702
Net Claims Incurred	(664,487)	(771,698)
Net Movement in Unexpired Risk	975	(975)
Premium Collection Costs	(22,510)	(34,236)
Other Underwriting and Administration Expenses	(52,620)	(43,625)
Underwriting Profit/(Loss)	125,360	(37,229)
Investment Income	443,240	447,108
Investment Expenses	(20,563)	(19,688)
Other Income	116	113
Other Expenses	(35)	(109)
Profit Before Tax Equivalent	548,118	390,195
Income Tax Equivalent Expense	(157,023)	(108,225)
Profit After Tax Equivalent	391,095	281,970

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.2 Financial Statements (continued)

BALANCE SHEET AS AT 30 JUNE 2026

	2026 \$'000	2025 \$'000
Assets		
Receivables	242,863	227,749
Current Tax Receivable	-	6,387
Investments	5,392,435	4,907,935
Deferred Premium Collection Costs	7,500	-
Right of Use Lease Assets	5,598	6,184
Total Assets	5,648,396	5,148,255
Liabilities		
Payables	32,654	25,166
Current Tax Payable	221,453	-
Outstanding Claims	2,990,876	2,930,141
Unearned Premium	335,170	314,157
Unexpired Risk Liability	-	975
Lease Liabilities	6,743	6,775
Deferred Tax Liabilities	101,737	229,393
Total Liabilities	3,688,633	3,506,607
Net Assets / Equity	1,959,763	1,641,648

3.1.3 Financial Disclosures

(a) Outstanding Claims

	2026 \$'000	2025 \$'000
Central Estimate	3,285,069	3,081,043
Discount to Present Value	(585,044)	(417,086)
	2,700,025	2,663,957
Claims Management Expenses (discounted)	108,001	86,579
	2,808,026	2,750,536
Risk Margin	182,850	179,605
Gross Outstanding Claims	2,990,876	2,930,141

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2025	2,930,141	220,889	2,709,252
Effect of Changes in Assumptions/Experience	(106,976)	6,890	(113,866)
Expected Claims Incurred/Recoveries during Year	837,935	49,140	788,795
Incurred Claims Recognised in the Statement of Comprehensive Income	730,959	56,030	674,929
Claim Payments/Recoveries during Year	(670,224)	(44,240)	(625,984)
Total Outstanding Claims at 30 June 2026	2,990,876	232,679	2,758,197

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(c) Claims Development Tables

The following tables show the development of gross and net undiscounted outstanding claims relative to the ultimate expected claims for the ten most recent years.

Gross Claims Development Table

Accident Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Gross Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	547,862	566,085	567,270	586,503	633,909	662,514	748,898	817,795	855,632	939,352	
One Year Later	563,010	539,749	531,335	556,385	662,546	663,025	711,625	791,938	849,095		
Two Years Later	556,612	519,770	539,286	557,698	651,011	650,081	737,110	758,882			
Three Years Later	542,615	511,567	554,618	575,435	631,736	642,187	737,968				
Four Years Later	541,318	493,047	530,758	562,214	614,760	612,485					
Five Years Later	530,629	469,332	503,563	522,570	609,257						
Six Years Later	515,859	437,372	493,124	503,452							
Seven Years Later	512,533	428,877	480,182								
Eight Years Later	504,960	426,199									
Nine Years Later	517,964										
Current Estimate of Net Ultimate Claims Costs	517,964	426,199	480,182	503,452	609,257	612,485	737,968	758,882	849,095	939,352	6,434,836
Cumulative Payments	(473,325)	(388,031)	(427,273)	(425,567)	(480,678)	(421,654)	(410,290)	(273,554)	(146,461)	(75,667)	(3,522,500)
Outstanding Claims Undiscounted	44,639	38,168	52,909	77,885	128,579	190,831	327,678	485,328	702,634	863,685	2,912,336
Discount (on Accident Years 2017 and Later)											(458,056)
Claims Handling Expenses (on Accident Years 2017 and Later)											98,172
Claims 2016 and Prior											255,574
Risk Margin											182,850
Gross Outstanding Claims											2,990,876

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(c) Claims Development Tables (continued)

Net Claims Development Table

Accident Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Net Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	514,207	531,121	532,246	550,381	595,225	622,016	702,871	767,629	802,514	866,804	
One Year Later	528,348	506,452	498,594	522,205	622,028	622,503	668,043	743,447	795,576		
Two Years Later	522,344	487,736	506,024	523,396	611,218	610,389	691,865	712,082			
Three Years Later	509,270	480,057	520,357	540,001	593,208	603,013	692,646				
Four Years Later	508,100	462,743	498,044	527,667	577,358	575,232					
Five Years Later	498,143	440,580	472,629	490,612	572,255						
Six Years Later	484,332	410,694	462,867	472,735							
Seven Years Later	481,230	402,749	450,767								
Eight Years Later	474,148	400,250									
Nine Years Later	486,336										
Current Estimate of Net Ultimate Claims Costs	486,336	400,250	450,767	472,735	572,255	575,232	692,646	712,082	795,576	866,804	6,024,683
Cumulative Payments	(444,580)	(364,547)	(401,275)	(399,880)	(451,979)	(396,725)	(386,203)	(258,487)	(139,147)	(73,525)	(3,316,348)
Outstanding Claims Undiscounted	41,756	35,703	49,492	72,855	120,276	178,507	306,443	453,595	656,429	793,279	2,708,335
Discount (on Accident Years 2017 and Later)											(418,326)
Claims Handling Expenses (on Accident Years 2017 and Later)											98,171
Claims 2016 and Prior											187,167
Risk Margin											182,850
Total Outstanding Claims Net of Reinsurance and Other Recoveries											2,758,197

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following table provides key actuarial assumptions made in determining the outstanding claims liability:

	2026	2025
Inflation Rate	Varies from 3.3% for 2027 to 2029, 3.0% for 2030, then increasing to 4.1% for 2032 before decreasing to 3.8% for 2075 and later	Varies from 3.5% for 2026, 3% for 2027, 3% for 2028, 3.4% for 2029, then gradually decreasing to 3.3% by 2055
Discount Rate	Decreasing from 4.6% for 2027 to 4.2% for 2029, then increasing to 5.9% for 2045, then decreasing to 5.8% for 2077 and later	Varies from 3.3% for 2026, 3.1% for 2027, 3.4% for 2028, then gradually increases to the long-term rate of 5%. Note that the last cash flow occurs in 2056
Claims Management Expenses	4.0% of gross claim payments	3.25% of gross claim payments
Reinsurance Recoveries	2.2% of gross claim payments	1.8% of gross claim payments
Superimposed Inflation	A baseline superimposed inflation rate of 2.8% p.a. has been assumed, although this varies depending on the actuarial model adopted	2.8% per annum assumed, although this varies depending on the actuarial model adopted
Superimposed Inflation (above Treasury forecast)	Additional superimposed inflation allowances of 1.0% p.a. applied in the short term up until 2031	Nil
Risk Margin	7.1% of central estimated liability for 75% probability of sufficiency	7.1% of central estimated liability for 75% probability of sufficiency
Third Party Recoveries	0.05% of gross claim payments	0.05% of gross claim payments
Number of Claims	Approximately 4,040 for accident year	Approximately 4,060 for accident year
Average Claim Size	Approximately \$177,000 per claim for accident year	Approximately \$164,000 per claim for accident year
Average Term to Settlement	3.4 years	3.5 years

(e) Sensitivity Analysis

The following table is an illustration in how changes in key assumptions would impact equity and profit after tax (assumed at a tax rate of 30%). The impact of change in the variables upon outstanding claim liabilities moves opposite to the impact upon profits.

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	(54,426)	(63,876)
Inflation	-1%	52,152	60,542
Discount	+1%	63,048	72,190
Discount	-1%	(66,211)	(76,351)
Superimposed Inflation	+1%	(37,451)	(39,930)
Superimposed Inflation	-1%	36,063	38,451
Claims Incurred But Not Reported (IBNR)	+10%	(23,326)	(24,870)
Claims Incurred But Not Reported (IBNR)	-10%	23,338	24,883
Small Claims Average Size	+10%	(146,323)	(156,010)
Small Claims Average Size	-10%	146,323	156,010
Higher Large Case Estimate Savings (+1,000 basis points)	+1,000	17,214	18,354
Lower Large Case Estimate Savings (-1,000 basis points)	-1,000	(17,214)	(18,354)
1 Extra Claim per Accident Half-Year from Dec-20	+1	(24,515)	(26,138)
1 Fewer Claim per Accident Half-Year from Dec-20	-1	24,515	26,138

NOTES TO THE FINANCIAL STATEMENTS

3.1 Third Party Insurance Fund (continued)

3.1.3 Financial Disclosures (continued)

(f) Unexpired Risk Liability

At the end of the reporting period, unearned premium is assessed to determine whether it is sufficient to pay related future claims. If the present value of the expected future claims exceeds the unearned premium liability (less any related deferred premium collection costs), then the unearned premium liability is deemed to be deficient. The Insurance Commission applies a risk margin to achieve the same probability of sufficiency (75%) for future claims as is achieved by the estimate of the outstanding claims liability.

	2026 \$'000	2025 \$'000
Unexpired Risk Liability		
Unexpired Risk Liability at Start of the Year	975	-
Recognition of Additional Unexpired Risk Liability in the Period	-	975
Release of Unexpired Risk Liability Recorded in Previous Periods	(975)	-
Unexpired Risk Liability at End of the Year	-	975
Movement in Deficiency Recognised in the Statement of Comprehensive Income		
Gross Movement in Unexpired Risk Liability	(17,011)	17,011
Increase in Reinsurance and Other Recoveries on Unexpired Risk Liability	16,036	(16,036)
Net Movement in Unexpired Risk	(975)	975
Write-down of Deferred Premium Collection Costs	-	6,946
Total Recognised in the Statement of Comprehensive Income	(975)	7,921
Unearned Premium Liability Adequacy Test		
Unearned Premium Liability	335,170	314,157
Related Deferred Premium Collection Costs	(7,500)	(6,946)
	327,670	307,211
Central Estimate of Present Value of Expected Future Cash Flows arising from Future Claims	311,426	305,931
Risk Margin	25,704	25,237
Present Value of Expected Future Cash Inflows Arising from Reinsurance and Other Recoveries on Future Claims	(16,487)	(16,036)
	320,643	315,132
Net Surplus/(Deficiency)	7,027	(7,921)
Less: Reinsurance Element of Present Value of Expected Future Cash Flows for Future Claims	(16,487)	(16,036)
Gross Deficiency	(9,460)	(23,957)

NOTES TO THE FINANCIAL STATEMENTS

3.2 Catastrophic Injuries Fund

3.2.1 Overview

The Catastrophic Injuries Fund (CIF) is associated with the Catastrophic Injuries Support (CIS) Scheme. This Fund caters for catastrophically injured motorists involving a registered motor vehicle in Western Australia where fault cannot be attributed to a third party. From 1 July 2024 the *Workers Compensation and Injury Management Act 2023* has expanded the Catastrophic Injuries Fund (formerly known as the Motor Vehicle (Catastrophic Injuries) Fund) to cover catastrophically injured workers in the workplace.

3.2.2 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	2026	2025
	\$'000	\$'000
Premium Revenue	259,334	268,705
Reinsurance Premium Expense	(2,131)	(4,231)
Reinsurance Commission Revenue	213	423
Net Premium Revenue	257,416	264,897
Claims Expense		
Claims Paid	(35,576)	(27,693)
Movement in Outstanding Claims	(35,653)	(66,159)
Other Recoveries Revenue	(6,488)	3,383
Net Claims Incurred	(77,717)	(90,469)
Premium Collection Costs	(7,735)	(6,840)
Other Underwriting and Administration Expenses	(11,112)	(9,091)
Underwriting Profit	160,852	158,497
Investment Income	198,460	178,711
Investment Expenses	(1,623)	(6,116)
Other Income	36	33
Profit Before Tax Equivalent	357,725	331,125
Income Tax Equivalent Expense	(105,423)	(96,498)
Profit After Tax Equivalent	252,302	234,627

NOTES TO THE FINANCIAL STATEMENTS

3.2 Catastrophic Injuries Fund (continued)

3.2.2 Financial Statements (continued)

BALANCE SHEET AS AT 30 JUNE 2026

	2026 \$'000	2025 \$'000
Assets		
Cash and Cash Equivalents	10,982	16,683
Receivables	45,509	56,041
Investments	2,341,380	2,016,542
Deferred Premium Collection Costs	1,791	1,549
Right of Use Lease Assets	1,144	1,251
Total Assets	2,400,806	2,092,066
Liabilities		
Payables	13,046	5,511
Current Tax Payable	109,372	55,654
Outstanding Claims	1,024,617	988,964
Unearned Premium	94,020	91,110
Lease Liabilities	1,362	1,364
Deferred Tax Liabilities	10,033	53,411
Total Liabilities	1,252,450	1,196,014
Net Assets / Equity	1,148,356	896,052

3.2.3 Financial Disclosures

(a) Outstanding Claims

	2026 \$'000	2025 \$'000
Central Estimate	2,760,259	2,588,899
Discount to Present Value	(2,011,454)	(1,786,574)
	748,805	802,325
Claims Management Expenses (discounted)	112,321	64,186
	861,126	866,511
Risk Margin	163,491	122,453
Gross Outstanding Claims	1,024,617	988,964

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2025	988,964	50,157	938,807
Effect of Changes in Assumptions/Experience	(125,635)	(14,927)	(110,708)
Increase in Expected Claims Incurred/Recoveries during Year	199,785	10,133	189,652
Incurred Claims Recognised in the Statement of Comprehensive Income	74,150	(4,794)	78,944
Claim Payments/Recoveries during Year	(38,497)	(1,695)	(36,802)
Total Outstanding Claims at 30 June 2026	1,024,617	43,668	980,949

3.2 Catastrophic Injuries Fund (continued)

3.2.3 Financial Disclosures (continued)

(c) Claims Development Tables

The following tables show the development of gross and net undiscounted outstanding claims since the inception of the fund.

Gross Claims Development Table

Accident Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Gross Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	376,345	402,040	223,838	334,064	346,727	554,796	385,173	424,988	372,803	461,186	
One Year Later	237,598	293,189	167,181	259,818	625,284	511,218	372,290	302,206	301,965		
Two Years Later	157,383	233,823	175,080	284,828	566,582	363,303	355,840	247,436			
Three Years Later	125,381	248,242	219,943	264,423	431,635	345,659	339,543				
Four Years Later	129,431	323,388	228,660	246,208	374,059	340,383					
Five Years Later	152,455	327,034	192,113	234,547	425,026						
Six Years Later	166,936	314,622	267,399	213,407							
Seven Years Later	171,419	316,594	179,428								
Eight Years Later	170,367	274,557									
Nine Years Later	161,383										
Current Estimate of Net Ultimate Claims Costs	161,383	274,557	179,428	213,407	425,026	340,383	339,543	247,436	301,965	461,186	2,944,314
Cumulative Payments	(12,508)	(27,432)	(16,444)	(27,524)	(33,460)	(16,164)	(19,605)	(16,431)	(11,195)	(3,292)	(184,055)
Outstanding Claims Undiscounted	148,875	247,125	162,984	185,883	391,566	324,219	319,938	231,005	290,770	457,894	2,760,259
Discount											(2,011,454)
Claims Handling Expenses											112,321
Risk Margin											163,491
Gross Outstanding Claims											1,024,617

NOTES TO THE FINANCIAL STATEMENTS

3.2 Catastrophic Injuries Fund (continued)

3.2.3 Financial Disclosures (continued)

(c) Claims Development Tables (continued)

Net Claims Development Table

Accident Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Net Ultimate Claims Cost Estimate:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At End of Accident Year	352,921	376,762	209,786	313,142	325,020	520,161	361,047	398,618	349,466	436,006	
One Year Later	222,567	274,727	156,710	243,553	586,395	479,362	348,979	283,383	289,123		
Two Years Later	147,493	219,175	164,119	266,999	531,371	340,551	333,597	231,112			
Three Years Later	117,546	232,705	206,195	247,929	404,744	324,011	317,843				
Four Years Later	121,368	303,340	214,439	230,866	350,718	318,540					
Five Years Later	142,787	306,744	180,235	219,936	398,276						
Six Years Later	156,364	295,111	250,838	197,857							
Seven Years Later	160,595	296,976	168,171								
Eight Years Later	159,619	257,291									
Nine Years Later	151,012										
Current Estimate of Net Ultimate Claims Costs	151,012	257,291	168,171	197,857	398,276	318,540	317,843	231,112	289,123	436,006	2,765,231
Cumulative Payments	(11,516)	(25,735)	(15,455)	(25,917)	(31,503)	(15,057)	(18,533)	(15,167)	(10,980)	(3,247)	(173,110)
Outstanding Claims Undiscounted	139,496	231,556	152,716	171,940	366,773	303,483	299,310	215,945	278,143	432,759	2,592,121
Discount											(1,886,984)
Claims Handling Expenses											112,321
Risk Margin											163,491
Total Outstanding Claims Net of Reinsurance and Other Recoveries											980,949

NOTES TO THE FINANCIAL STATEMENTS

3.2 Catastrophic Injuries Fund (continued)

3.2.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following table provides key actuarial assumptions made in determining the outstanding claims liability:

	2026	2025
Inflation Rate	Varies from 3.3% for 2027 to 2029, 3.0% for 2030, then increasing to 4.1% for 2032 before decreasing to 3.8% for 2075 and later	Varies from 3.5% for 2026, 3% for 2027, 3% for 2028, 3.4% for 2029, then gradually decreasing to 3.3% by 2055
Discount Rate	Decreasing from 4.6% for 2027 to 4.2% for 2029, then increasing to 5.9% for 2045, then decreasing to 5.8% for 2077 and later	Varies from 3.3% for 2026, 3.1% for 2027, 3.4% for 2028, then gradually increases to the long-term rate of 5%
Claims Management Expenses	15% of gross claim payments	8% of gross claim payments
Reinsurance Recoveries	0.1% of gross claim payments (MV only)	Nil
Superimposed Inflation	0.75% per annum assumed. An additional 0.5% per annum for Medical and Hospital for Brain Injuries, 1.75% per annum for attended care	0.75% per annum assumed and an additional 0.5% per annum for Medical, Hospital and Rehabilitation costs for Brain Injuries, 1.71% per annum for attendant care
Superimposed Inflation (Above Treasury forecasts)	Additional superimposed inflation allowances of up to 1.0% p.a. applied in the short term up until 2031.	Nil
Risk Margin	20% of central estimated liability for 75% probability	15% of central estimated liability for 75% probability
Average Claim Size	\$3.1 million per claim for motor vehicle injuries, \$5.4 million for workplace injuries	\$4.6 million per claim for motor vehicle injuries, \$7.4 million for workplace injuries
Average Term to Claim Finalisation	18.3 years for motor vehicle injuries, 13.4 years for workplace injuries	18 years for motor vehicle injuries, 13 years for workplace injuries

(e) Sensitivity Analysis

The following table is an illustration in how changes in key assumptions would impact equity and profit after tax (assumed at a tax rate of 30%). The impact of change in the variables upon outstanding claim liabilities moves opposite to the impact upon profits.

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	(117,807)	(123,204)
Inflation	-1%	89,836	93,927
Discount	+1%	100,407	104,984
Discount	-1%	(132,095)	(138,147)
Attendant Care Costs	+10%	(57,090)	(59,631)
Attendant Care Costs	-10%	57,090	59,631
No mortality improvement ¹		20,750	21,600
1.5% mortality improvement ¹		(47,378)	(49,568)
One Additional IBNR Claim each Across MV and WC	+1	(5,737)	(5,856)
One Fewer IBNR Claim each Across MV and WC	-1	5,737	5,856
No CANS transition allowance for currently interim participants		(17,068)	(17,793)
No CANS transition allowance for currently lifetime participants		23,392	24,543

¹ Base mortality improvement is 0.5%

(f) Unexpired Risk Liability

A Liability Adequacy Test was performed for the Catastrophic Injuries Fund and resulted in a net surplus (2025: net surplus) and therefore a Nil Unexpired Risk Liability (2025: Nil)

NOTES TO THE FINANCIAL STATEMENTS

3.3 Compensation (Industrial Diseases) Fund

3.3.1 Overview

Industrial diseases insurance was compulsory for employers engaged in mining until 30 June 2024. The *Workers Compensation and Injury Management Act 2023* provided for the discontinuation of industrial disease insurance and the Compensation (Industrial Diseases) Fund (CIDF) will no longer issue policies from 1 July 2024. Liability was limited to workers compensation payments for the respiratory diseases of pneumoconiosis, lung cancer, mesothelioma and diffuse pleural fibrosis, all of which may arise from exposure to harmful mineral dust in the course of employment. These claims are paid from the CIDF. Under the *Insurance Commission of Western Australia Act 1986*, transfers from the CIDF Reserves may only be used to meet, or assist in meeting, any amounts required to be expended for research into the prevention and treatment of industrial diseases.

3.3.2 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	2026 \$'000	2025 \$'000
Net Premium Revenue	-	1
Claims Expense		
Claims Paid	(344)	(84)
Movement in Outstanding Claims	(301)	(37)
Other Recoveries Revenue	18	(20)
Net Claims Incurred	(627)	(141)
Other Underwriting and Administration Expenses	(141)	(46)
Underwriting Loss	(768)	(186)
Investment Income	3,096	3,258
Investment Expenses	(143)	(143)
Profit Before Tax Equivalent	2,185	2,929
Income Tax Equivalent Expense	(601)	(824)
Profit After Tax Equivalent	1,584	2,105

BALANCE SHEET AS AT 30 JUNE 2026

	2026 \$'000	2025 \$'000
Assets		
Receivables	352	41
Investments	37,109	35,295
Total Assets	37,461	35,336
Liabilities		
Payables	-	220
Current Tax Payable	1,499	402
Outstanding Claims	4,606	4,305
Deferred Tax Liabilities	692	1,328
Total Liabilities	6,797	6,255
Net Assets / Equity	30,664	29,081

NOTES TO THE FINANCIAL STATEMENTS

3.3 Compensation (Industrial Diseases) Fund (continued)

3.3.3 Financial Disclosures

(a) Outstanding Claims

	2026 \$'000	2025 \$'000
Central Estimate	4,438	3,894
Discount to Present Value	(1,564)	(1,207)
	2,874	2,687
Claims Management Expenses (discounted)	1,006	940
	3,880	3,627
Risk Margin	726	678
Gross Outstanding Claims	4,606	4,305

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2025	4,305	41	4,264
Effect of Changes in Assumptions/Experience	645	18	627
Incurred Claims Recognised in the Statement of Comprehensive Income	645	18	627
Claim Payments/Recoveries during Year	(344)	-	(344)
Total Outstanding Claims at 30 June 2026	4,606	59	4,547

(c) Actuarial Assumptions

The following table provides the key actuarial assumptions made in determining the outstanding claims liability:

	2026	2025
Inflation Rate	Varies from 3.3% for 2027 to 2029, 3.0% for 2030, then increasing to 4.1% for 2032 before decreasing to 3.8% for 2075 and later	Varies from 3.5% for 2026, 3% for 2027, 3% for 2028, 3.4% for 2029 and decreasing to 3.3% by 2055
Discount Rate	Decreasing from 4.6% for 2027 to 4.2% for 2029, then increasing to 5.9% for 2045, then decreasing to 5.8% for 2077 and later	Varies from 3.3% for 2026, 3.1% for 2027, 3.4% for 2028 and increasing to 5% by 2055
Claims Management Expenses	35% of gross claim payments	35% of gross claim payments
Risk Margin	18.7% of net outstanding claims for 75% probability of sufficiency	18.7% of net outstanding claims for 75% probability of sufficiency
Third Party Recoveries	1.3% of gross claim payments	1.0% of gross claim payments
Average Term to Settlement	7.8 years	7.5 years

NOTES TO THE FINANCIAL STATEMENTS

3.4 Government Insurance Fund

3.4.1 Overview

The Government Insurance Fund (GIF) is a consolidation of the Western Australian Government's superseded self-insurance arrangements that preceded the RiskCover Fund. The liabilities assumed by the GIF relate to claims arising from policies issued to State Government Agencies by the old State Government Insurance Office (SGIO). The GIF is in run-off and no new policies have been issued since 30 June 1997. The GIF's outstanding claims liabilities include historic public sector workers' asbestos exposure and historic child sexual abuse claims. The Government of Western Australia has the liability for any deficit existing in the Fund. The GIF is exempt from National Tax Equivalent Regime.

3.4.2 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	2026	2025
	\$'000	\$'000
Claims Expense		
Claims Paid	(34,686)	(25,808)
Movement in Outstanding Claims	22,345	11,898
Reinsurance and Other Recoveries Revenue	599	4,445
Net Claims Incurred	(11,742)	(9,465)
Other Underwriting and Administration Expenses	(2,715)	(1,910)
Underwriting Loss	(14,457)	(11,375)
Investment Income	20,254	23,500
Investment Expenses	(942)	(1,034)
Profit	4,855	11,091

BALANCE SHEET AS AT 30 JUNE 2026

	2026	2025
	\$'000	\$'000
Assets		
Receivables	31,684	35,267
Investments	229,098	243,005
Total Assets	260,782	278,272
Liabilities		
Outstanding Claims	185,465	207,809
Total Liabilities	185,465	207,809
Net Assets / Equity	75,317	70,463

NOTES TO THE FINANCIAL STATEMENTS

3.4 Government Insurance Fund (continued)

3.4.3 Financial Disclosures

(a) Outstanding Claims

	2026 \$'000	2025 \$'000
Central Estimate	190,491	202,598
Discount to Present Value	(41,097)	(37,729)
	149,394	164,869
Claims Management Expenses (discounted)	8,217	12,353
	157,611	177,222
Risk Margin	27,854	30,587
Gross Outstanding Claims	185,465	207,809

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Outstanding Claims at 1 July 2025	207,809	10,624	197,185
Effect of Changes in Assumptions/Experience	13,848	541	13,307
Incurred Claims Recognised in the Statement of Comprehensive Income	13,848	541	13,307
Claim Payments/Recoveries during Year	(36,192)	(1,729)	(34,463)
Outstanding Claims at 30 June 2026	185,465	9,436	176,029

(c) Claims Development Tables

This Fund is closed and has been in run-off since 1 July 1997. The long-term nature of the expected term to settlement of these claims is also due to the latency period associated with asbestos-related diseases and the nature of liability insurance. In view of this it is considered that the inclusion of a table referenced to accident years is not required. Consequently, the tables below list developing claim costs over the past five years. Claims that remain against the fund are only for workers compensation and liability (including abuse claims) insurance.

	Gross \$'000	Net \$'000
Estimated Ultimate Claims Cost at 30 June:		
2022	1,308,013	1,205,654
2023	1,291,308	1,191,111
2024	1,304,240	1,204,334
2025	1,310,868	1,210,699
2026	1,335,104	1,229,816
Current Estimate of Cumulative Claims Costs	1,335,104	1,229,816
Cumulative Payments	(1,144,613)	(1,049,511)
Outstanding Claims Undiscounted	190,491	180,305
Discount	(41,096)	(38,961)
Claims Management Expenses	8,217	8,217
Risk Margin	27,853	26,468
Outstanding Claims	185,465	176,029

NOTES TO THE FINANCIAL STATEMENTS

3.4 Government Insurance Fund (continued)

3.4.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following table provides the key actuarial assumptions made in determining the outstanding claims liabilities:

	2026	2025
Inflation Rate	Varies from 3.3% for 2027 to 2029, 3.0% for 2030, then increasing to 4.1% for 2032 before decreasing to 3.8% for 2075 and later	Varies from 3.5% for 2026, 3% for 2027, 3% for 2028, 3.4% for 2029 and decreasing to 3.3% by 2055
Discount Rate	Decreasing from 4.6% for 2027 to 4.2% for 2029, then increasing to 5.9% for 2045, then decreasing to 5.8% for 2077 and later	Varies from 3.3% for 2026, 3.1% for 2027, 3.4% for 2028, 3.7% for 2029, and increasing to 5% by 2055
Claims Management Expenses	5.5% of net claim payments for non asbestos. 5.5% of gross claim payments for asbestos workers compensation, public liability and abuse claims	7.5% of net claim payments for Non-Asbestos and public liabilities, 7.5% of gross claim payments for Asbestos liabilities and abuse claims
Risk Margin	24.3% of outstanding claims, for a 75% probability of sufficiency for workers compensation, 26.5% of outstanding claims for a 75% probability of sufficiency for public liability, 14.4% for abuse claims	24.3% of net outstanding claims for a 75% probability of sufficiency for workers compensation, 26.5% of net outstanding claims for a 75% probability of sufficiency for public liability and 14.2% for abuse claims
Third Party Recoveries	0.7% of net outstanding claims for Non-Asbestos liabilities, 4.8% of gross claim payments for Asbestos liabilities, 1.5% of net outstanding claims estimate for public liability and 4.5% of gross outstanding claims for abuse claims.	0.7% of net outstanding claims for Non-Asbestos liabilities, 4.7% of gross claim payments for Asbestos liabilities, 1.5% of net outstanding claims estimate for public liability and 5% of gross outstanding claims for abuse claims.
Average Term to Settlement	4.5 years for non asbestos workers compensation, 7.5 years for asbestos workers compensation, 5.5 years for public liability and 3.1 years for abuse claims	4.9 years for Non-Asbestos liabilities, 7.7 years for Asbestos liabilities, 5.4 years for public liability, 3 years for abuse claims

(e) Sensitivity Analysis

The following table is an illustration in how changes in key assumptions would impact equity and profit.

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1%	(7,343)	(7,722)
Inflation	-1%	6,812	7,164
Future Interest Rate (Non-Asbestos claims)	+1%	77	78
Future Interest Rate (Non-Asbestos claims)	-1%	(85)	(86)
Future Real Discount Rate (Asbestos claims)	+1%	3,422	3,594
Future Real Discount Rate (Asbestos claims)	-1%	(3,888)	(4,083)
Interest Rate (Public Liability claims)	+1%	382	393
Interest Rate (Public Liability claims)	-1%	(423)	(436)
Interest Rate (Abuse claims)	+1%	2,814	2,975
Interest Rate (Abuse claims)	-1%	(2,956)	(3,125)
Slowing decay rates in annual number of future mesothelioma cases reported to 1 before decreasing to 0.95 after 10 years	+0.05	(30,523)	(32,043)
Speeding up decay rates in annual number of future mesothelioma cases reported to 0.90 before decreasing to 0.85 after 10 years	+0.05	10,465	10,987

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund

3.5.1 Overview

The Insurance Commission General Fund (ICGF) is the operating fund of the Insurance Commission bearing most of the administration costs and then reallocating the costs to other funds. The ICGF also caters for the lengthy run-off of liabilities of the former SGIO. Investment assets are held within the ICGF and then allocated to other Funds. ICGF, up until 30 June 2024, recorded liabilities made under the *Employers' Indemnity Supplementation Fund Act* (EISF). The EISF was repealed and no longer applies from 1 July 2024. The *Workers Compensation and Injury Management Act 2023* (WCIM Act) replaced the EISF. Under the WCIM Act, there is no statutory requirement for ICGF to continue to report liabilities from the EISF.

3.5.2 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	2026 \$'000	2025 \$'000
Claims Expense		
Claims Paid	(4,075)	(3,113)
Movement in Outstanding Claims	13,568	9,500
Reinsurance and Other Recoveries Revenue	(5,952)	(1,486)
Net Claims Incurred	3,541	4,901
RiskCover Fund Administration Cost Reimbursement	57,855	52,840
Administration Expenses (including RiskCover Fund expenses)	(59,036)	(53,415)
Underwriting Profit	2,360	4,326
Investment Income	134,130	138,510
Investment Expenses	(1,761)	(5,065)
Finance Costs - RiskCover Fund Investment Return	(120,091)	(120,693)
Other Income	3,928	3,249
Other Expenses	(1,728)	(1,536)
Profit Before Tax Equivalent	16,838	18,791
Income Tax Equivalent Expense	(4,844)	(5,428)
Profit After Tax Equivalent	11,994	13,363
Items that will not be reclassified to Profit/(Loss):		
Re-measurement Profit/(Loss) on Defined Benefit Plans	595	(48)
Related Income Tax Equivalent Effect	(179)	15
Other Comprehensive Income/(Expense) After Tax Equivalent	416	(33)
Total Comprehensive Income After Tax Equivalent	12,410	13,330

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.2 Financial Statements (continued)

BALANCE SHEET AS AT 30 JUNE 2026

	2026 \$'000	2025 \$'000
Assets		
Cash and Cash Equivalents	9,573	30,631
Receivables	24,408	27,271
Investments	1,569,472	1,346,418
Deferred Tax Assets	4,267	1,310
Other Assets	6,220	3,793
Right of Use Lease Assets	22,822	25,310
Plant and Equipment	4,053	5,959
Intangibles	16,983	20,583
Total Assets	1,657,798	1,461,275
Liabilities		
Payables	54,113	39,856
Current Tax Payable	8,276	6,621
Financial Liabilities - RiskCover Fund Investments	1,372,700	1,186,609
Outstanding Claims	64,696	78,263
Provisions	21,666	23,794
Lease Liabilities	32,358	34,555
Total Liabilities	1,553,809	1,369,698
Net Assets / Equity	103,989	91,577

3.5.3 Financial Disclosures

(a) Outstanding Claims

	2026 \$'000	2025 \$'000
Central Estimate	66,966	77,924
Discount to Present Value	(23,184)	(24,986)
	43,782	52,938
Claims Management Expenses (discounted)	6,981	8,445
	50,763	61,383
Risk Margin	13,933	16,880
Gross Outstanding Claims	64,696	78,263

(b) Reconciliation of Movement in Discounted Outstanding Claims

	Gross \$'000	Recoveries \$'000	Net \$'000
Insurance Commission General Fund			
Outstanding Claims at 1 July 2025	78,263	25,915	52,348
Effect of Changes in Assumptions/Experience	(9,572)	(6,455)	(3,117)
Incurred Claims Recognised in the Statement of Comprehensive Income	(9,572)	(6,455)	(3,117)
Claim Payments/Recoveries During Year	(3,995)	(518)	(3,477)
Outstanding Claims at 30 June 2026	64,696	18,942	45,754

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.3 Financial Disclosures (continued)

(c) Claims Development Tables

This fund is responsible for the administration of the run-off claims for Workers Compensation and Public Liability claims prior to 1 January 1986.

Run-off Claims

The long-term nature of the expected term to settlement of these claims is due to the latency period associated with asbestos-related diseases and the nature of public liability insurance. In view of this, it is considered that the inclusion of a table referenced to accident years is not appropriate. Consequently, the tables list developing claim costs over the past five years. The claims in run-off include an immaterial number of, and values for, potential public liability claims reported as a single class of insurance.

	Gross	Net
	\$'000	\$'000
Estimated Ultimate Claims Cost at 30 June:		
2022	635,890	496,237
2023	642,177	502,028
2024	643,188	503,090
2025	629,255	491,743
2026	622,295	490,933
Current Estimate of Cumulative Claims Costs	622,295	490,933
Cumulative Payments	(555,329)	(447,230)
Outstanding Claims Undiscounted	66,966	43,703
Discount	(23,184)	(14,778)
Claims Management Expenses	6,981	6,981
Risk Margin	13,933	9,848
Outstanding Claims	64,696	45,754

NOTES TO THE FINANCIAL STATEMENTS

3.5 Insurance Commission General Fund (continued)

3.5.3 Financial Disclosures (continued)

(d) Actuarial Assumptions

The following tables provide key actuarial assumptions made in determining the outstanding claims liabilities:

Insurance Commission General Fund

	2026	2025
Inflation Rate	Varies from 3.3% for 2027 to 2029, 3.0% for 2030, then increasing to 4.1% for 2032 before decreasing to 3.8% for 2075 and later	Varies from 3.5% for 2026, 3% for 2027, 3% for 2028, 3.4% for 2029 and decreasing to 3.3% by 2055
Discount Rate	Decreasing from 4.6% for 2027 to 4.2% for 2029, then increasing to 5.9% for 2045, then decreasing to 5.8% for 2077 and later	Varies from 3.3% for 2026, 3.1% for 2027, 3.4% for 2028 and increasing to 5% by 2055
Claims Management Expenses	16.0% of gross claim payments for non-Abuse claims, 5.5% of gross claim payments for Abuse	16% of gross claim payments for workers compensation and 7.5% of gross claim payments for abuse claims
Risk Margin	27.5% of net outstanding claims for 75% probability of sufficiency for non-abuse claims, 16.4% for abuse	27.5% of net outstanding claims for 75% probability of sufficiency for non-abuse claims and 16.1% for abuse claims
Third Party Recoveries	29.9% of gross claim payments for workers compensation claims, 2.4% of gross claim payments for non-abuse claims, 1.3% for abuse	33.7% of gross claim payments for workers compensation claims, 2.4% of gross claim payments for non-abuse claims and 0.9% for abuse claims
Average Term to Settlement	7.5 years for workers compensation claims, 2.8 years for non-abuse claims, 3.1 years for abuse	7.9 years for workers compensation claims, 3.8 years for public liability claims and 3 years for abuse claims

(e) Sensitivity Analysis

The following tables illustrate how changes in key assumptions would impact equity and profit after tax (assumed at a tax rate of 30%).

Note that the impact of change in the variables upon outstanding claim liabilities moves in a direction opposite to the impact upon profits.

Insurance Commission General Fund

Variable	Change in Variable	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Discount rate	+1%	3,071	4,440
Discount rate	-1%	(3,430)	(4,985)
Superimposed inflation	+2%	(7,254)	(10,565)
Increasing base numbers of mesothelioma claims by 2	+2	(7,434)	(14,748)
Slowing decay rates in annual number of future CSR Mesothelioma cases reported to 1 before decreasing to 0.95 after 10 years	+0.05	(12,831)	(25,454)
Speeding up decay rates in annual number of future CSR Mesothelioma cases reported to 0.90 before decreasing to 0.85 after 10 years	+0.05	4,399	8,727
Increasing base numbers of EI Lung claims reported by 2	+2	(3,611)	(3,728)
Slowing decay rates in annual number of future EI Lung cases reported to 1 before decreasing to 0.95 after 10 years	+0.05	(16,806)	(17,350)
Speeding up decay rates in annual number of future EI Lung cases reported to 0.90 before decreasing to 0.85 after 10 years	+0.05	5,762	5,949

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund

3.6.1 Overview

The RiskCover Fund is the Government of Western Australia's self-insurance scheme which is administered by the Insurance Commission. The RiskCover Fund provides cover to the Government of Western Australia's agencies. Workers compensation, property and liability are the major classes of cover provided to agencies and covers approximately 150,858 full-time equivalent Government employees.

3.6.2 Financial Statements

The RiskCover Fund is administered by the Insurance Commission on behalf of the Government of Western Australia and is not consolidated in the Insurance Commission's financial statements. Refer Note 1.4 Basis of Consolidation.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 \$'000	2025 \$'000
Premium Revenue	3.6.3(a)	688,617	570,661
Premium Adjustment	3.6.3(b)	119,360	135,917
Reinsurance Premium Expense		(52,430)	(51,549)
Reinsurance Commission Revenue		1,516	1,488
Net Premium Revenue		757,063	656,517
Claims Expense			
Claims Paid		(565,735)	(535,871)
Movement in Outstanding Claims		(154,215)	(170,696)
Reinsurance and Other Recoveries Revenue		22,022	1,317
Net Claims Incurred		(697,928)	(705,250)
Other Underwriting and Administration Expenses		(55,239)	(54,077)
Underwriting Profit/(Loss)		3,896	(102,810)
Investment Income		120,091	120,693
Profit		123,987	17,883

BALANCE SHEET AS AT 30 JUNE 2026

	Notes	2026 \$'000	2025 \$'000
Assets			
Cash and Cash Equivalents		2,118	40,381
Receivables		505,112	423,342
Investments	3.6.3(c)	1,372,700	1,186,609
Total Assets		1,879,930	1,650,332
Liabilities			
Payables		2,702	51,307
Provision for Outstanding Claims Liability	3.6.3(d)	1,631,924	1,477,709
Total Liabilities		1,634,626	1,529,016
Net Assets		245,304	121,316
Equity			
Retained Earnings		67,948	-
Prudential Reserve		177,356	121,316
Total Equity		245,304	121,316

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund (continued)

3.6.3 Financial Disclosures

Except as stated below, the significant accounting policies adopted in preparing the RiskCover Fund's financial statements are consistent with those used in preparing the Insurance Commission's financial statements.

As the RiskCover Fund is a State Government self-insurance vehicle, it is not bound by AASB 1023, 'General Insurance Contracts' or by the requirements of the Australian Prudential Regulation Authority (APRA).

In determining the outstanding claims liability the RiskCover Fund follows the requirements of AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. Like AASB 1023, this standard also requires the use of a risk-free discount factor when determining the outstanding claims liability however it differs significantly in that it does not require the inclusion of a prudential margin.

The RiskCover Fund assesses a Prudential Reserve benchmarked to an APRA-style prudential margin corresponding to a 75% probability of sufficiency for outstanding claims. This measure is indicative only and does not represent a funding target for the Fund. At 30 June 2026, the prudential reserve was at \$177.4 million (2025: \$163.2 million).

The Fund's capital management framework is instead based on a solvency range of 115% to 135%. In 2017, the State Government Expenditure Review Committee authorised the transfer of surplus capital above the targeted reserve ceiling to the Government of Western Australia, with 135% representing that ceiling. As at 30 June 2026, the fund solvency ratio was 115.0% (2025 : 107.9%), which is below the reserve ceiling. Accordingly, no surplus capital was available for return (2025: Nil).

The investment assets of the RiskCover Fund are included in the investment pool of the Insurance Commission, represented by a Floating Rate Promissory Note (refer Note 4.4). The RiskCover Fund earns an investment return or shares investment losses in proportion to its share of the Main Fund's investment pool. Any retained earnings or losses in the RiskCover Fund represent an asset or liability of the Government of Western Australia and not of the Insurance Commission.

This Fund is not liable to pay income tax equivalents under current arrangements with the Department of Treasury and Finance.

(a) Premium Revenue

When determining the premiums for the Workers Compensation, Property, Motor Vehicle and Liability classes, the RiskCover Fund relies on claims costs that have been actuarially assessed at the net central estimate.

Premiums initially charged to client agencies at the beginning of each year for the Workers Compensation and Motor Vehicle classes represent premium deposits. These premiums are subject to adjustment at a later date (two years after the close of the risk period for Workers Compensation and at the end of the risk period for Motor Vehicle) to take into account the forecast ultimate claims costs, claims administration expenses, reinsurance expenses and net investment income. This adjustment enables rewards and sanctions to be applied to agency performance. The performance adjustment received from agencies during the 2026 year was \$49.2 million (2025: payment of \$69.9 million).

(b) Premium Adjustment

Total outstanding premiums are recalculated periodically based on new actuarial data. The updated data allows for a re-estimation of the outstanding premium receivable from or payable to client agencies for all unadjusted years. Premium adjustments reflect the movement in this premium receivable or payable. In 2026, outstanding premium receivable from agencies increased by \$119.4 million (2025: increase of \$135.9 million). This represents a deterioration of claims experience in the workers compensation class.

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund (continued)

3.6.3 Financial Disclosures (continued)

The table below shows opening and closing balance for premium adjustment for Workers Compensation and Motor Vehicle Classes.

	2026 \$'000	2025 \$'000
Opening Balance to be received from Agencies	317,354	251,292
Prior Year performance obligation received	(49,165)	(69,855)
Current Year performance obligation	119,360	135,917
Closing Balance to be received from Agencies	387,549	317,354

(c) Investments

Represented by a Floating Rate Promissory Note owed to the RiskCover Fund by the Insurance Commission (refer Note 4.4).

(d) Provision for Outstanding Claims Liability

	2026 \$'000	2025 \$'000
Central Estimate	1,849,012	1,621,540
Discount to Present Value	(306,976)	(230,900)
	1,542,036	1,390,640
Claims Management Expenses (discounted)	89,888	87,069
Gross Outstanding Claims	1,631,924	1,477,709
Current	596,095	547,073
Non-Current	1,035,829	930,636
	1,631,924	1,477,709

(e) Reconciliation of Movement in Discounted Provision for Outstanding Claims Liability

	Gross \$'000	Recoveries \$'000	Net \$'000
Provision for Outstanding Claims Liability at 1 July 2025	1,477,709	104,546	1,373,163
Effect of Changes in Assumptions/Experience	40,353	13,798	26,555
Increase in Expected Claims Incurred/Recoveries during Year	577,384	15,449	561,935
Incurred Claims Recognised in the Statement of Comprehensive Income	617,737	29,247	588,490
Claim Payments/Recoveries during Year	(463,522)	(17,311)	(446,211)
Provision for Outstanding Claims Liability at 30 June 2026	1,631,924	116,482	1,515,442

NOTES TO THE FINANCIAL STATEMENTS

3.6 RiskCover Fund (continued)

3.6.3 Financial Disclosures (continued)

(f) Actuarial Assumptions

The following table provides the key actuarial assumptions made in determining the outstanding claims liabilities:

	2026	2025
Inflation Rate	Varies from 3.3% for 2027 to 2029, 3.0% for 2030, then increasing to 4.1% for 2032 before decreasing to 3.8% for 2075 and later	Varies from 3.5% for 2026, 3% for 2027, 3% for 2028, 3.4% for 2029 and decreasing to 3.3% by 2055
Discount Rate	Decreasing from 4.6% for 2027 to 4.2% for 2029, then increasing to 5.9% for 2045, then decreasing to 5.8% for 2077 and later	Varies from 3.3% for 2026, 3.1% for 2027, 3.4% for 2028, 3.7% for 2029 and increasing to 5% by 2055
Superimposed Inflation	Varies by segment and method for workers compensation, 4% for treatment risk and professional indemnity	Varies by segment and method for workers compensation. Small claims 3.5% for General Liability and Professional Indemnity, 4% for Treatment Risk
Claims Management Expenses	8.0% of net claim payments workers compensation, 5.5% of gross claim payments for General liability, 6.0% of gross claim payments for professional indemnity and Abuse claims, 3.1 % of gross claim payments for treatment risk, 10.0% of gross claims payments for short tail claims	8% of net claim payments for workers compensation, 10.5% of gross claim payments for General Liability and Professional Indemnity, 7.5% of gross claim payments for abuse claims, 3.1% of gross claim payments for Treatment Risk, 11.5% of gross claim payments for short tail claims
Average Term to Settlement	1.8 years for workers compensation, 5.5 years for General Liability, 6.1 years for treatment risk, 3.9 years for professional indemnity, 3.1 years for abuse claims, 0.44 years for short tail claims	1.8 years for workers compensation, 3.7 years for Professional Indemnity, 6.3 years for General Liability, 6 years for Treatment Risk, 0.4 year for short tail claims and 3 years for abuse claims

(g) Sensitivity Analysis

The table below illustrates how changes in key assumptions would impact equity and profit.

Note that the impact of change in the variables on outstanding claim liabilities moves in a direction opposite to the impact on profits.

Variable	Change in Variable %	Profit/(Loss) Increase/(Decrease)	
		Net of Recoveries \$'000	Gross of Recoveries \$'000
Inflation	+1	(53,035)	(55,064)
Inflation	-1	49,515	51,463
Discount	+1	48,201	50,372
Discount	-1	(52,589)	(54,884)

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENTS

4.1 Investment Income

Interest revenue is recognised as the interest accrues, based on the effective interest method. Dividends received are recognised when the right to receive payment is established. Realised and unrealised gains and losses are recognised in profit or loss as they arise from changes in the fair value of investments. Foreign exchange gain/(loss) is the difference between the exchange rate at the transaction and reporting date.

	2026 \$'000	2025 \$'000
Dividends	149,089	181,535
Interest	95,255	78,201
Changes in Fair Values: Unrealised Gain	421,471	404,340
Changes in Fair Values: Realised Gain	143,499	111,111
Foreign Exchange: Unrealised (Loss)/Gain	(93,013)	70,361
Foreign Exchange: Realised Gain/(Loss)	81,987	(56,545)
Other	892	2,084
Investment Income	799,180	791,087

4.2 Investment Expenses

	Notes	2026 \$'000	2025 \$'000
Investment Management Costs and Custodian Fees		21,513	28,815
Administration		3,519	3,231
		25,032	32,046
RiskCover Fund Investment Return	(i)	120,091	120,693
Investment Expenses		145,123	152,739

(i) Represents the RiskCover Fund's share of the gain/(loss) of the Main Fund's investment pool.

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets

Investment assets are considered to back the insurance liabilities of the Insurance Commission. The management of financial assets is closely monitored to ensure that there is sufficient liquidity in investments to meet cash flows arising from insurance liabilities.

	Notes	2026 \$'000	2025 \$'000
Current Investments			
Fixed and Floating Rate Bonds		1,812,708	1,498,633
Fixed Interest Unit Trusts		-	401,348
Indexed Bonds		450,501	414,866
Equities - Listed		3,692,262	3,438,417
Equity Unit Trusts		413,185	285,595
Alternative Assets		586,044	593,436
Margin Account		168,827	1,084
Cash Investments		233,305	277,587
Term Deposits		250,000	20,000
Receivables		179,955	56,382
		7,786,787	6,987,348
Non-Current Investments			
Alternative Assets - Infrastructure Funds		449,089	426,543
Alternative Assets - Private Equity Trust		490,040	398,332
Alternative Assets - Private Credit		107,514	-
Property Trust - Unlisted		739,148	725,974
		1,785,791	1,550,849
Total Investment Assets		9,572,578	8,538,197

(a) Valuation of Investments

Investment assets are initially recognised at cost and subsequently measured at fair value, and are measured as follows:

Fixed, Floating Rate Bonds and Indexed Bonds

Bonds are priced using brokers' quotes, comparable prices for similar instruments or pricing techniques set by local regulators or exchanges.

Fixed Interest, Equity, Alternative Assets (Infrastructure Funds, Private Equity Trusts, Private Credits) and Property Trusts

Trusts are valued using the current unit price as advised by the responsible entity, trustee or equivalent. A combination of observable market prices, comparable prices for similar instruments where available or other valuation techniques may be used in determining the current unit price.

Precious Metals - Alternative Assets

Precious metals traded in active markets are valued by reference to quoted spot prices.

Equities-Listed

Listed equities traded in active markets are valued by reference to quoted bid prices.

Margin Account

Cash deposits held by brokers for margins are recorded at face value of the amount deposited or drawn. The carrying amount of these deposits equates to fair value.

Cash Investments

Cash and Cash Equivalent Assets are held at cost plus accrued interest which equates to fair value.

Term Deposits

Term deposits are classified based on their original term at the date of investment. Deposits with an original term exceeding three months are classified as investment assets and are excluded from cash and cash equivalents, regardless of their remaining term to maturity at the reporting date. These investments are measured at amortised cost, which approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets (continued)

Investment Receivables

Due to the nature of these receivables, their carrying value is assumed to approximate their fair value.

Critical Accounting Judgement and Estimates

The Insurance Commission's investment portfolio includes unlisted items. The valuations of these are subject to estimation. Fair values of units in Fixed Interest, Unlisted Equity and Alternative Assets Trusts are determined using the Net Asset Value (NAV) per unit applicable for redemption on the last day of the financial year. Unit values denominated in foreign currency are converted to Australian dollars at rates of exchange current at the end of the reporting period. Unlisted Property Trusts are valued by their trustees at market values based upon independent valuations of the properties held.

(b) Fair Value Hierarchy

The Fair Value Hierarchy assigns rankings to the level of judgement which is applied in deriving inputs for valuation techniques used to measure fair value. The three levels of the Fair Value Hierarchy are as follows:

Level 1 is the preferred input for valuation and reflects unadjusted quoted prices in active markets for identical assets or liabilities which the economic entity can access at the end of the reporting period. A financial instrument is quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 is the valuation of assets and liabilities either directly or indirectly based upon market observables other than quoted prices. For example: Investments with fair values based on broker quotes or investments in unlisted trusts with fair values obtained via fund managers.

Level 3 relates to inputs that are unobservable. Unobservable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following tables detail the valuation of the Insurance Commission's Investments using the Fair Value Hierarchy:

		2026			
	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Current Investments					
Fixed and Floating Rate Bonds		-	1,812,708	-	1,812,708
Indexed Bonds		-	450,501	-	450,501
Equities - Listed		3,692,262	-	-	3,692,262
Equity Unit Trusts			413,185	-	413,185
Alternative Assets		99,753	486,291	-	586,044
Margin Account		-	168,827	-	168,827
Cash Investments		151,452	81,853	-	233,305
Term Deposits			250,000	-	250,000
Receivables		-	179,955	-	179,955
Derivative Financial Instruments	4.6	(257)	(2,827)	-	(3,084)
		3,943,210	3,840,493	-	7,783,703
Non-Current Investments					
Alternative Assets - Infrastructure Funds		-	-	449,089	449,089
Alternative Assets - Private Equity Trust		-	-	490,040	490,040
Alternative Assets - Private Credit		-	-	107,514	107,514
Property Trust - Unlisted		-	-	739,148	739,148
		-	-	1,785,791	1,785,791
		3,943,210	3,840,493	1,785,791	9,569,494

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets (continued)

(b) Fair Value Hierarchy (continued)

		2025			
	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Current Investments					
Fixed and Floating Rate Bonds		679	1,497,955	-	1,498,634
Fixed Interest Unit Trusts		-	401,348	-	401,348
Indexed Bonds		-	414,866	-	414,866
Equities - Listed		3,438,417	-	-	3,438,417
Equity Unit Trusts		-	285,595	-	285,595
Alternative Assets		131,660	461,776	-	593,436
Margin Account		-	1,084	-	1,084
Cash Investments		108,919	168,668	-	277,587
Term Deposits		-	20,000	-	20,000
Receivables		-	56,382	-	56,382
Derivative Financial Instruments	4.6	1,523	9,474	-	10,997
		3,681,198	3,317,148	-	6,998,346
Non-Current Investments					
Alternative Assets - Infrastructure Funds		-	-	426,543	426,543
Alternative Assets - Private Equity Trust		-	-	398,332	398,332
Property Trust - Unlisted		-	-	725,974	725,974
		-	-	1,550,849	1,550,849
		3,681,198	3,317,148	1,550,849	8,549,195

There were no significant transfers between Level 1, 2 or 3 during the year.

The table below provides information about the valuation technique and inputs utilised in fair value measurement (Level 2):

	Valuation Technique	Inputs Utilised
Fixed Interest Bonds	Market Comparison: Quoted prices or comparable prices	Price, Time span, Interest Rates
Fixed Interest Indexed Bonds	Market Comparison: Quoted prices or comparable prices	Price, Time span, Interest Rates
Fixed Interest Unit Trusts	Quoted prices: Unit price quoted by Manager	Unit Price, Quantity
Equity Unit Trusts	Quoted prices: Unit price quoted by Manager	Unit Price, Quantity
Alternative Assets Unit Trusts	Quoted prices: Unit price quoted by Manager	Unit Price, Quantity
Margin Account	Cost: Face value of amounts deposited/drawn	Face Value
Cash Investments	Cost plus Income	Face Value, Interest Rate, Time Span
Term Deposits	Cost plus Income	Face Value, Interest Rate, Time Span
Receivables	Cost	Carrying Value of Receivables
Derivative Financial Instruments	Market Comparison: Comparable contract prices	Foreign exchange rates, interest rates and contract

The following tables detail the change in value associated with Level 3 Investments:

	2026					Closing Balance \$'000
	Opening Balance \$'000	Transfers In/(Out) \$'000	Unrealised Gain/(Loss) \$'000	Realised Gain/(Loss) \$'000	Purchases/ (Sales) \$'000	
Non-Current Investments						
Alternative Assets - Infrastructure Funds	426,543	(1,148)	23,694	-	-	449,089
Alternative Assets - Private Equity Trust	398,332	(31,240)	20,888	23,066	78,994	490,040
Alternative Assets - Private Credit	-	-	3,505	(428)	104,437	107,514
Property Trust - Unlisted	725,974	(21,372)	36,699	(2,153)	-	739,148
	1,550,849	(53,760)	84,786	20,485	183,431	1,785,791

NOTES TO THE FINANCIAL STATEMENTS

4.3 Investment Assets (continued)

(b) Fair Value Hierarchy (continued)

The table below provides information about the valuation technique and inputs utilised in fair value measurement (Level 3):

	Valuation Technique	Inputs Utilised	Range of Unobservable Inputs (Weighted Average)	Relationship of Unobservable Inputs to Fair Value
Alternative Assets (Infrastructure Funds and Private Credit) / Property Trust - Unlisted	Quoted prices: Unit Price quoted by Manager	Unit Price	Unit Price +/- 20%	The fair value would increase/(decrease) if the unit price was higher/(lower)
Alternative Assets (Private Equity Trusts)	Latest valuation provided by the investment manager, adjusted where appropriate for reporting lags using MSCI World Index movements and subsequent cash flows	Net asset value (NAV), MSCI World Index performance, capital calls and distributions	Unit Price +/- 20%	The fair value would increase/(decrease) if the unit price was higher/(lower)

The table below illustrates the sensitivity of Level 3 fair value to change:

	Fair Value		Change %	Fair Value Increase/(Decrease)	
	2026 \$'000	2025 \$'000		2026 \$'000	2025 \$'000
Non-Current Investments					
Alternative Assets - Infrastructure Funds	449,089	426,543	+20 -20	89,818 (89,818)	85,309 (85,309)
Alternative Assets - Private Equity Trust	490,040	398,332	+20 -20	98,008 (98,008)	79,666 (79,666)
Alternative Assets - Private Credit	107,514	-	+20 -20	21,503 (21,503)	- -
Property Trust - Unlisted	739,148	725,974	+20 -20	147,829 (147,829)	145,195 (145,195)

4.4 Financial Liabilities - RiskCover Fund Investments

	2026 \$'000	2025 \$'000
Current		
Floating Rate Promissory Note	1,372,700	1,186,609
	1,372,700	1,186,609

Valuation of the Floating Rate Promissory Note

The Floating Rate Promissory Note represents the RiskCover Fund's share of the Main Fund investment pool. The RiskCover Fund is allocated its share of the monthly movements in the Main Fund investment pool through the Floating Rate Promissory Note by means of a valuation model which primarily apportions an amount equal to the Main Fund earning rate multiplied by the daily balance of the RiskCover Fund.

Fair Value Hierarchy

The fair value of the Floating Rate Promissory Note has been categorised as a Level 2 fair value based on the inputs to the valuation technique used. The hierarchy is explained in more detail in Note 4.3(b).

There were no significant transfers between Level 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

4.5 Investment Commitments

In 2022, the Board approved investments in three unlisted private equity funds. The current expected value of this deployment is USD 74 million in each fund. At 30 June 2026, the remaining uncalled capital in these funds was USD 55.8 million.

In 2024, the Board approved investments in four unlisted private equity funds. The current expected total value of this deployment is USD 195 million. At 30 June 2026, the remaining commitment to invest in these funds was USD 99.5 million.

In 2025, the Board approved an investment in an unlisted private equity fund. The current expected total value of this deployment is USD 33 million. At 30 June 2026, the remaining commitment to invest in this fund was USD 32.9 million.

In 2026, the Board approved investments in three unlisted private credit funds. The current expected total value of this deployment is approximately USD 339 million. At 30 June 2026, the remaining commitment to invest in these funds was approximately USD 264 million.

In 2026, the Board approved investments in two unlisted infrastructure funds. The current expected total value of this deployment is AUD 445 million. At 30 June 2026, these commitments had yet to be called.

NOTES TO THE FINANCIAL STATEMENTS

4.6 Derivative Instruments

A derivative financial instrument is a contract whose existence is derived from the value of, or changes in the value of, an underlying investment security.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to fair value at the reporting date. For derivatives traded in an active market, the fair value of derivatives is determined by reference to quoted market prices. For derivatives that are not traded or which are traded in a market that is not sufficiently active, fair value is determined using generally accepted valuation techniques.

The Insurance Commission's external Investment Managers may use derivatives to gain access to new securities, or hedge the investment portfolio in line with the Insurance Commission's investment strategy. Derivative instruments entered into include futures, forwards, swaps, options and TBA securities in the interest rate, foreign exchange, credit and equity markets.

Derivatives are not used in a speculative manner and Investment Managers are not permitted to leverage the investment portfolio. Derivative instruments are used to economically hedge or minimise risk incurred. Therefore, whenever derivative positions are created, cash or the underlying physical security is held to cover any potential liability. The face value of the underlying security, valued at current market values, is used to determine the equivalent dollar value of the derivative product. At the end of the reporting period, all of the Insurance Commission's derivative positions were matched by cash or the underlying security.

The Insurance Commission has appointed a Currency Overlay Manager to hedge the currency risk associated with Developed Markets Equities, Private Equity, Private Credit, Global Listed Infrastructure and Global Listed Property exposures. Forward foreign exchange contracts are used to manage and hedge this currency risk. At 30 June 2026, the level of the currency hedge was 75%.

	2026			2025		
	Fair Value	Fair Value	Notional	Fair Value	Fair Value	Notional
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Forward Foreign Exchange Contracts	52,651	(55,861)	(4,778,669)	45,035	(39,274)	(3,839,648)
To Be Announced (TBA) Securities	442	(272)	60,114	865	(77)	46,169
Futures	4,905	(3,460)	737,851	4,420	(519)	574,897
Options	201	(1,967)	(354,067)	1,088	(660)	45,120
Swaps	8,170	(7,893)	(31,026)	5,377	(5,257)	(6,764)
Total	66,369	(69,453)	(4,365,797)	56,785	(45,787)	(3,180,226)

The Notional Amounts (effective exposure) of the above derivative instruments are backed by an equal amount of cash or securities.

The Forward Foreign Exchange Contracts are marked to market by comparing the contractual rate to the current market rate for a contract with the same remaining period to maturity. Any unrealised gain or loss is recognised in the Statement of Comprehensive Income immediately.

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT

5.1 Overview

(a) Governance Framework

The Insurance Commission strives to achieve best practice, appropriate to the Insurance Commission's size, function and culture in the management of risks that impact on its operations and stakeholders.

The risks the Insurance Commission manages include strategic, insurance, counterparty, operational, compliance, financial and reputational risks. Financial risks include market, foreign exchange, interest rate, credit and liquidity risks.

Please refer to the Governance, Disclosures and Legal Compliance section for further information on the Insurance Commission's governance practices.

(b) External Regulatory Frameworks and Capital Management

Unlike private insurers, the Insurance Commission is not subject to regulation by the Australian Prudential Regulation Authority (APRA) due to the *Insurance Act 1973* not being applicable to the Insurance Commission and equivalent state insurers.

Reporting by the Insurance Commission is subject to AASB Standards as amended by Treasurer's Instructions (refer Note 1.1). Many of the AASB standards mirror best practice requirements such as those incorporated in APRA guidelines. Where matters relevant to the Insurance Commission relate to APRA guidelines which are not covered by AASB Standards (such as APRA Prudential Capital Requirements), the Board considers what risk mitigation practices may be required. Retained earnings are considered the Insurance Commission's primary source of capital. A review of movements in capital is undertaken periodically and submitted to the Board for consideration.

5.2 Insurance Risk Management

(a) Objectives in Managing Risks arising from General Insurance Contracts and Policies for Mitigating those Risks

The Insurance Commission's activities primarily involve the issuing of insurance policies and managing claims. In doing this, the Insurance Commission seeks to minimise the cost of risk to the insured and to efficiently manage claims.

The Insurance Commission has a framework for the identification, assessment and management of risks. Key processes for the mitigation of risks faced in the business operations of the Insurance Commission include:

- Use of information systems to provide up-to-date, reliable data on the risks the Insurance Commission is exposed to.
- Independent actuarial assessments to monitor claims trends and develop statistical models to predict the outstanding claims liabilities for the various Funds.
- The mix of assets and investment managers in which the Insurance Commission invests is driven by the nature and term of insurance liabilities. Management monitors assets and liabilities to ensure claim payments can be met when required.

(b) Concentration Risk

Third Party Insurance Fund (TPIF) and Catastrophic Injuries Fund (CIF)

The motor injury insurance policy provides an unlimited indemnity to the owner or driver of a Western Australian registered vehicle in respect of the death or bodily injury to any other person directly caused by, or by the driving of that vehicle within Australia. The policy also provides cover on a no-fault basis to any person catastrophically injured by a registrable motor vehicle in a Western Australian crash, who cannot establish a liability for negligence on any other party. Most of the risk is concentrated within Western Australia.

Compensation (Industrial Diseases) Fund (CIDF)

The CIDF has an exposure to concentration risk as it is restricted to one class of business and operates solely within Western Australia. This risk is mitigated by the surplus held by the Fund and the decreased exposure to harmful mineral dust in modern mining operations, resulting in lower incidence rates.

NOTES TO THE FINANCIAL STATEMENTS

5.2 Insurance Risk Management (continued)

Government Insurance Fund (GIF)

During the years that GIF contracts of insurance were issued, exposure to significant concentration risk was mitigated by having a diversified portfolio across a number of classes of insurance and the large geographic area of Western Australia. As this fund has been in run-off for a considerable time, the concentration risk has increased as the majority of outstanding liabilities at the end of the reporting period arise from risks associated with common law liability (including abuse claims) and long-tail workers compensation claims. The Insurance Commission has an indemnification from the Government of Western Australia for Fund deficits from the run-off of the GIF.

Insurance Commission General Fund (ICGF)

During the years ICGF contracts of insurance were issued, exposure to significant concentration risk was mitigated by having a diversified portfolio across a number of classes of insurance and the large geographic area of Western Australia. As this fund has been in run-off for a considerable time, the concentration risk has increased as the majority of outstanding liabilities at the end of the reporting period arise from risks associated with common law liability and long-tail workers compensation claims.

To mitigate the risk contained in the ICGF, the majority of which stems from the common law liability resulting from asbestos mining activities at Wittenoom between 1943 and 1966, a Deed of Agreement exists between the Insurance Commission, CSR Limited and Micalco Pty Ltd providing the Insurance Commission with a reimbursement for a set proportion of losses incurred from these activities.

(c) Development of Outstanding Claims Liability

The majority of insurance contracts under the management of the Insurance Commission deal with classes of insurance where the estimate of liability is subject to material change following the close of the contract period. Claims Development Tables have been provided (refer Note 3) which detail outstanding claims estimates for underwriting years at successive year-ends.

To ensure the adequacy of outstanding claims provisions all active claims have estimates placed by a Claims Officer, and independent actuaries review the outstanding claims provisions at least annually. The Insurance Commission adopts a prudential margin which is sufficient to achieve a 75% level of sufficiency based solely on liability risk (i.e. with no allowance for asset risk or asset returns above risk-free rates). The central claims estimate is first discounted to present value using risk-free rates. The prudential margin is then added to this to arrive at the provision for outstanding claims liability.

The provision for outstanding claims liability is subject to significant uncertainty, related to:

- Future trends in claim frequency;
- Future changes in social and judicial attitudes;
- Changes in legislation; and
- Changes in economic conditions (e.g. inflation, investment returns).

5.3 Financial Risk Management

The Insurance Commission is subject to a number of key financial risks which include market risk, liquidity risk, interest rate risk, foreign exchange risk and credit risk. These risks are managed in line with the Board approved risk appetite statement and implemented in accordance with the Treasurer's Prudential Guidelines for Investments (PGIs) approved by the Treasurer of Western Australia.

The PGIs set out the authorised investments which the Insurance Commission may hold in its investment portfolio along with minimum credit rating requirements for cash, fixed interest and over-the-counter derivative instruments. The PGIs also set out the investment objectives and asset allocation for Main Fund and CIF. The latter have been formulated following asset and liability analysis of each Fund, undertaken by the asset consultant.

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

The Board, in consultation with its independent asset consultant and recommendations from the Investments Division, determines investment strategy, asset allocation mix, investment manager configuration and recommends investment manager appointments to the Treasurer of Western Australia. The allocation of assets between the various types of financial instruments is determined to achieve each Fund's investment objectives. Divergence from target asset allocations and the composition of the portfolios are monitored by the Chief Investment Officer.

The Insurance Commission's investing activities expose it to market risk, credit risk and liquidity risk from its use of financial instruments. The Board has overall responsibility for the establishment and oversight of the Insurance Commission's risks for its investment activities.

The Insurance Commission manages two investment Funds, the Main Fund and the CIF. In order to return the most efficient investment operation possible for all of the Insurance Commission's funds, the Board has approved pooling the investments and calculating the CIF's investment portfolio value on a pro rata basis. The total investment portfolio is managed by a combination of external and internal investment managers. The Investments Division is responsible for managing the Cash, Inflation Linked Bond and Gold portfolios. Managers with discrete portfolios have investment mandates which set out risk parameters restricting their investment activities. Managers of pooled investment vehicles are selected having regard to the risk parameters of each offering document.

Compliance monitoring is undertaken on a daily basis by the external Custodian. The Custodian reports to the Investments Division on compliance of discrete portfolios with respect to each individual investment mandate. This includes compliance with authorised investments, limits on allocations relating to the size of individual investments, issuers or sectors and credit rating requirements as set out in the PGIs. Any findings/breaches are immediately confirmed with the external investment manager and steps are taken to rectify. All material compliance incidents are reported to the Audit and Risk Committee.

External investment managers provide the Investments Division with a risk management document which sets out their processes and procedures for managing derivatives. Derivatives are not used in the internally managed investment portfolios. Each external investment manager is requested on an annual basis to provide the Investments Division with an audit sign-off relating to adherence with its internal policies and procedures. The Insurance Commission's internal auditors review the policies and procedures relating to internally managed investment portfolios.

All investment managers are required to meet performance targets based on market indices (benchmarks) for their respective asset classes. The Investments Division continually monitors the performance of all managers including its own performance.

(a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Insurance Commission's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk (due to fluctuations in foreign exchange rates); interest rate risk (due to fluctuations in market interest rates); and price risk (due to fluctuations in market prices). The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on investments.

Currency Risk

The Insurance Commission is exposed to currency risk arising from transactions and assets denominated in foreign currencies. Foreign currency exposure may be held for portfolio diversification and risk mitigation purposes. Risk mitigation can be provided through the investment portfolios retaining foreign currency exposure in times of Australian dollar weakness.

The Insurance Commission's Developed Markets Equities, Private Equity, Global Listed Infrastructure, and Global Listed Property exposures are 75% hedged through currency overlay strategies, while its Private Credit exposure is 100% hedged. Unit trusts in other asset classes are hedged in accordance with their respective offering documents, with the majority being fully hedged. Emerging Markets Equities are held on an unhedged basis.

The Investments Division is responsible for providing the Currency Overlay Manager with the portfolio values to be hedged. The effectiveness of the currency management processes and the related use of derivatives are actively monitored.

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

The analysis below demonstrates the impact on profit after tax (assumed at a tax rate of 30%) and equity of a movement in foreign currency exchange rates against the Australian dollar on major currency exposures within the investment portfolio at the end of the reporting period. The analysis shows the total currency exposure before the currency hedge overlay (where applicable) has been applied:

	Exposure		Change in Currency Rate		Profit/(Loss) and Equity Increase/(Decrease)	
	2026 \$'000	2025 \$'000	2026 %	2025 %	2026 \$'000	2025 \$'000
United States Dollars	2,419,129	1,866,880	+20	+20	338,678	261,363
			-20	-20	(338,678)	(261,363)
Euros	497,852	448,676	+20	+20	69,699	62,815
			-20	-20	(69,699)	(62,815)
Great British Pounds	218,226	314,994	+20	+20	30,552	44,099
			-20	-20	(30,552)	(44,099)
Japanese Yen	128,226	98,617	+20	+20	17,952	13,806
			-20	-20	(17,952)	(13,806)
Canadian Dollars	144,160	41,040	+20	+20	20,182	5,746
			-20	-20	(20,182)	(5,746)
Swiss Franc	36,250	40,836	+20	+20	2,075	5,717
			-20	-20	(2,075)	(5,717)
Mexican Peso	26,558	-	+20	+20	3,718	-
			-20	-20	(3,718)	-
Swedish Krona	23,968	4,158	+20	+20	3,356	582
			-20	-20	(3,356)	582

These figures are inclusive of the Main Fund (including the RiskCover Fund's share) and the CIF. The RiskCover Fund's share is offset by a liability in the accounts of the Insurance Commission (refer Note 4.4).

Interest Rate Risk

The Insurance Commission invests in short and long term fixed interest securities. Cash and cash equivalents are invested in short-term securities with a maturity of less than one year.

The analysis below demonstrates the impact on profit after tax (assumed at a tax rate of 30%) and equity of movements in interest rates in relation to the base value of interest-bearing investments:

	Exposure		Change in Interest Rate		Profit/(Loss) and Equity Increase/(Decrease)	
	2026 \$'000	2025 \$'000	2026 %	2025 %	2026 \$'000	2025 \$'000
Cash and Cash Equivalents	20,555	47,314	+1	+1	144	331
			-1	-1	(144)	(331)
Investments						
Fixed Interest Bonds	1,812,708	1,498,633	+1	+1	(59,347)	(53,344)
			-1	-1	59,347	53,344
Fixed Interest Indexed Bonds	450,501	414,866	+1	+1	(22,390)	(19,951)
			-1	-1	22,390	19,951
Fixed Interest Unit Trusts	-	401,348	+1	+1	-	2,809
			-1	-1	-	(2,809)
Cash Investments	233,305	277,587	+1	+1	1,668	1,684
			-1	-1	(1,668)	(1,684)
Term Deposits	250,000	20,000	+1	+1	1,715	2,083
			-1	-1	(1,715)	(2,083)

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to the individual investment, its issuer, or factors broadly affecting financial markets. As the majority of investments are reported at fair value, changes in market prices will directly affect net investment income.

The Insurance Commission manages price risk through a diversified investment portfolio. Diversification is achieved across investment types, issuers, asset classes, geographic regions and investment managers.

At 30 June 2026, 39% (2025: 42%) of the Insurance Commission's investment assets were invested in listed equities and 23% (2025: 22%) in unlisted trusts. The sensitivity analysis below demonstrates the estimated impact on profit after tax (assuming a tax rate of 30%) and equity of reasonably possible movements in the value of listed equities and unlisted trusts.

	Exposure		Change in Market Price		Profit/(Loss) and Equity Increase/(Decrease)	
	2026 \$'000	2025 \$'000	2026 %	2025 %	2026 \$'000	2025 \$'000
Australian Equities	1,345,824	1,409,788	+20	+20	188,415	197,370
			-20	-20	(188,415)	(197,370)
Developed Market Equities	1,382,159	1,287,692	+20	+20	193,502	180,277
			-20	-20	(193,502)	(180,277)
Emerging Market Equities	413,185	285,595	+20	+20	57,846	39,983
			-20	-20	(57,846)	(39,983)
Property	1,016,483	987,759	+20	+20	142,308	138,286
			-20	-20	(142,308)	(138,286)
Growth Alternatives	331,091	308,206	+20	+20	46,353	43,149
			-20	-20	(46,353)	(43,149)
Defensive Alternatives	254,953	285,230	+20	+20	35,693	39,932
			-20	-20	(35,693)	(39,932)
Infrastructure	1,135,687	907,218	+20	+20	158,996	127,011
			-20	-20	(158,996)	(127,011)
Private Equity	490,040	398,332	+20	+20	68,606	55,766
			-20	-20	(68,606)	(55,766)
Private Credit	107,514	-	+20	+20	15,052	-
			-20	-20	(15,052)	-

These figures are inclusive of the Main Fund (including the RiskCover Fund's share) and the CIF. The RiskCover Fund's share is offset by a liability in the accounts of the Insurance Commission (refer Note 4.4).

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

(b) Credit Risk

Credit risk refers to the risk that a counterparty to a financial instrument will default on its contractual obligations resulting in financial loss to the Insurance Commission. The Insurance Commission's credit policy is contained in the PGIs and sets out the minimum credit rating requirements for cash, fixed interest and over-the-counter derivatives. Credit risk in these securities is mitigated by predominantly investing in rated instruments issued by rated counterparties with credit ratings of at least 'A2-' or better as determined by Standard and Poor's for securities up to 12 months maturity and 'BBB-' for securities more than 12 months to maturity.

The average credit rating of holdings within the overseas fixed interest unit trusts is monitored quarterly by the Investments Division. Breaches of the credit rating policy are rectified immediately. All credit rating breaches are reported to the Audit and Risk Committee.

Emerging market fixed interest securities are restricted to 20% of the total overseas fixed interest exposure.

Credit risk arising on transactions with brokers is managed by investment managers. The investment managers minimise concentration risk by transacting with numerous brokers.

The Insurance Commission has the following credit risk exposures to single counterparties with similar characteristics: National Australia Bank 1% and Commonwealth Bank 2%.

The carrying amount of the Insurance Commission's investments is the best representation of the maximum credit risk exposure.

The following table relates to the market values of officially rated bonds, short-term discount securities and deposits at call as per Standard and Poor's ratings. AAA is the highest possible rating. Rated assets falling outside the range of AAA to BBB- are classified as below investment grade. The table excludes listed and unlisted equities, non-fixed interest unit trusts and alternative unit trust assets which are assessed as predominantly subject to market risk rather than credit risk. In addition, this table excludes reinsurance and other recoveries which are shown separately later in this Note. Right of Indemnities (refer Note 2.7) with government agencies are also excluded from this analysis.

	2026 \$'000	2025 \$'000
AAA to AAA- rating	863,024	932,764
AA+ to AA- rating	895,383	550,583
A+ to A- ratings	229,315	206,279
BBB+ to BBB- ratings	237,753	580,331
Below Investment Grade	34,980	41,978
A1 to A2 (short-term) rating	483,305	298,683
Credit Risk Exposure	2,743,760	2,610,618

The credit policy does not apply to absolute bond return strategies that can form part of alternative assets. These strategies aim to diversify away from traditional equity and fixed interest market risk factors and exhibit low risk characteristics.

Insurance and Reinsurance Related Credit Risk

The Insurance Commission also has exposure to credit risk for the reinsurance and other recovery arrangements it enters into to offset insurance contract risk. The Insurance Commission reinsures to protect capital and reduce volatility in the event of catastrophic loss. The strategy used for the selection, approval and monitoring of reinsurance arrangements is as follows:

- Reinsurance is approved and placed in accordance with Board delegations and authorisations, which include minimum financial credit ratings for reinsurance counterparties.
- The Department of Treasury and Finance is informed annually of the retention limits and the limit of reinsurance cover purchased for the RiskCover Fund.
- Reinsurance arrangements are reviewed annually to monitor their effectiveness and suitability of coverage, based on changes in risk exposures, historical losses and the potential for future losses. The financial capacity of the Funds to withstand loss and the cost of reinsurance protection are factors taken into account in determining the level of risk retention.
- The credit quality of current and past reinsurance counterparties is actively monitored.

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

The following tables provide information about the quality of the Insurance Commission's and the RiskCover Fund's credit risk exposure for reinsurance and other recoveries on claims already paid and claims which remained outstanding at the end of the reporting period, but not yet 'invoiced' or claimed from the relevant party. The analysis classifies the assets according to Standard and Poor's counterparty credit ratings. AAA is the highest possible rating. Ratings that fall outside the range AAA to BBB and those which cannot be reliably rated, such as estimates of unknown third party recoveries, are classified as speculative grade. Input tax credits recoverable from the Australian Taxation Office have all been classified as AAA rating.

2026 (\$'000)					
	AAA	AA	A	BBB	Speculative Grade
Insurance Commission					
Reinsurance and Other Recoveries					
Third Party Insurance Fund	172,949	49,095	7,588	-	3,047
Catastrophic Injuries Fund	42,914	516	238	-	-
Compensation (Industrial Diseases) Fund	27	-	-	32	-
Government Insurance Fund	2,116	-	-	7,320	-
Insurance Commission General Fund	455	-	-	17,668	819
Total Reinsurance and Other Recoveries	218,461	49,611	7,826	25,020	3,866
					304,784

RiskCover Fund	
Total Reinsurance and Other Recoveries	116,482

2025 (\$'000)					
	AAA	AA	A	BBB	Speculative Grade
Insurance Commission					
Reinsurance and Other Recoveries					
Third Party Insurance Fund	170,627	41,426	5,915	-	2,921
Catastrophic Injuries Fund	50,157	-	-	-	-
Compensation (Industrial Diseases) Fund	26	-	-	15	-
Government Insurance Fund	1,818	-	-	8,806	-
Insurance Commission General Fund	513	-	-	-	25,402
Total Reinsurance and Other Recoveries	223,141	41,426	5,915	8,821	28,323
					307,626

RiskCover Fund	
Total Reinsurance and Other Recoveries	104,546

NOTES TO THE FINANCIAL STATEMENTS

5.3 Financial Risk Management (continued)

(c) Liquidity Risk

Liquidity risk refers to the risk that the Insurance Commission and the RiskCover Fund will not be able to meet their financial obligations as they fall due. The Main Fund and CIF Cash Portfolios are managed to meet the day-to-day liquidity requirements of the insurance business. The target cash allocation is 2% of the Main Fund and 1% of the CIF. Cash flows are monitored daily. Cash requirements are met by redeeming investments with the Insurance Commission's Equity and/or Fixed Interest managers. These securities are considered to be liquid.

At 30 June 2026, the mean term to maturity of the Cash Portfolio was 36 days (2025: 17 days). The following tables detail the maturity profile of the Insurance Commission's and the RiskCover Fund's gross undiscounted outstanding claims liability and certain other key financial liabilities, at the end of the reporting period:

	2026 (\$'000)				
	Maturity in				
Insurance Commission	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years	Total
Outstanding Claims					
Third Party Insurance Fund	701,084	662,901	1,225,416	1,045,875	3,635,276
Catastrophic Injuries Fund	52,388	44,826	133,583	3,544,733	3,775,530
Compensation (Industrial Diseases) Fund	367	411	1,331	5,003	7,111
Government Insurance Fund	48,719	41,957	62,657	84,274	237,606
Insurance Commission General Fund	5,815	6,064	18,679	68,417	98,975
Total Outstanding Claims	853,199	798,475	1,605,649	4,497,176	7,754,499
Other Financial Liabilities					
Payables	94,806	-	-	-	94,806
RiskCover Fund Investments	1,372,700	-	-	-	1,372,700
Total	2,320,705	798,475	1,605,649	4,497,176	9,222,005
RiskCover Fund					
Total	599,304	305,405	457,222	580,638	1,942,569

	2025 (\$'000)				
	Maturity in				
Insurance Commission	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years	Total
Outstanding Claims					
Third Party Insurance Fund	661,044	620,954	1,148,852	956,721	3,387,571
Catastrophic Injuries Fund	42,506	41,577	129,760	2,977,334	3,191,177
Compensation (Industrial Diseases) Fund	452	418	1,186	4,184	6,240
Government Insurance Fund	31,839	21,872	81,599	121,266	256,576
Insurance Commission General Fund	6,256	6,760	21,389	80,808	115,213
Total Outstanding Claims	742,097	691,581	1,382,786	4,140,313	6,956,777
Other Financial Liabilities					
Payables	66,247	-	-	-	66,247
RiskCover Fund Investments	1,186,609	-	-	-	1,186,609
Total	1,994,953	691,581	1,382,786	4,140,313	8,209,633
RiskCover Fund					
Total	547,967	260,903	359,787	543,468	1,712,125

NOTES TO THE FINANCIAL STATEMENTS

6. TAX

The Insurance Commission operates within the National Tax Equivalent Regime (NTER). All Funds of the Insurance Commission are subject to the NTER, except for the Government Insurance Fund. Tax is calculated by reference to the amount of tax equivalent payable or recoverable, to or from the Department of Treasury and Finance as calculated under the rules of the NTER. These rules (with limited exceptions) follow the Income Tax legislation and utilise tax rates effective at the end of the reporting period. As a consequence the Insurance Commission is required to comply with AASB 112, 'Income Taxes'.

6.1 Income Tax Equivalent

The income tax expense or benefit represents the tax payable or receivable on the current year's taxable income based on the prevailing income tax rate adjusted for changes in deferred tax assets and liabilities.

	Notes	2026 \$'000	2025 \$'000
Income Tax Equivalent Expense			
Current Income Tax			
Current Income Tax Equivalent Expense		434,992	134,971
Adjustments for Current Income Tax from Prior Years		7,526	(39,350)
Deferred Income Tax			
Origination and Reversal of Temporary Differences		(174,627)	115,354
Income Tax Equivalent Expense Recognised in the Statement of Comprehensive Income		267,891	210,975
Amount Recognised in Other Comprehensive Income			
Re-measurement of (Loss)/Gain on Defined Benefit Plans		(179)	15
Reconciliation of Income Tax to Prima Facie Tax Payable:			
Profit Before Tax Equivalent		929,721	754,131
Less GIF Tax Exempt Profit	3.4.2	(4,855)	(11,091)
		924,866	743,040
Tax at the Statutory Income Tax Rate of 30%		277,460	222,912
Tax-Free Dividends and Utilisation of Foreign Tax Offsets		(8,191)	(11,317)
Adjustments Recognised in the Current Year in relation to Prior Years		(1,395)	(632)
Miscellaneous Items		17	12
Income Tax Equivalent Expense		267,891	210,975

The effective tax rate of the Insurance Commission for 2026 was 28.8% (2025: 28.4%).

NOTES TO THE FINANCIAL STATEMENTS

6.2 Deferred Tax Equivalent

Deferred tax is accounted for using the balance sheet liability method for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply when the assets and liabilities are realised or settled, based on tax rates that have been enacted or substantially enacted by reporting date.

Deferred tax assets are recognised to the extent it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset as the Insurance Commission settles its current tax assets and liabilities on a net basis.

Deferred Tax Equivalent Expense	Balance Sheet		Statement of Comprehensive Income	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Deferred Income Tax				
Deferred Income Tax at 30 June relates to the following:				
Deferred Tax Liabilities				
Investments	(199,526)	(338,224)	(138,698)	120,777
	(199,526)	(338,224)		
Deferred Tax Assets				
Depreciable Plant and Equipment	2,372	1,849	(523)	(420)
Trust Income	11,479	(5,412)	(16,891)	5,412
Indirect Claims Settlement Costs	68,495	48,023	(20,472)	(5,945)
Provisions - Various	5,714	7,957	2,243	(2,906)
Right of Use Assets	3,271	2,985	(286)	(1,564)
	91,331	55,402		
Net Deferred Income Tax Liability	(108,195)	(282,822)		
Deferred Income Tax Equivalent (Benefit)/Expense			(174,627)	115,354

NOTES TO THE FINANCIAL STATEMENTS

7. EXPLANATORY STATEMENT

	Notes	Profit Increase/(Decrease) From Actual 2026 To					
		Actual 2026		Budget 2026		Actual 2025	
		\$'000	\$'000	\$'000	\$'000	%	%
Premium Revenue	2.1	1,131,128	1,131,349	1,089,285	(221)	(0.0)	3.8
Reinsurance Premium Expense	2.2	(10,789)	(10,199)	(12,313)	(590)	(5.8)	12.4
Reinsurance Commission Revenue	2.1	1,079	927	1,231	152	16.4	(12.3)
Net Premium Revenue		1,121,418	1,122,077	1,078,203	(659)	(0.1)	4.0
Claims Expense	2.2	(754,750)	(1,208,714)	(895,896)	453,964	37.6	15.8
Reinsurance and Other Recoveries (Expense)/Revenue	2.1	3,718	29,053	29,024	(25,335)	(87.2)	(87.2)
Net Claims Incurred	2.3	(751,032)	(1,179,661)	(866,872)	428,629	36.3	13.4
Net Movement in Unexpired Risk	3.1.3(f)	975	-	(975)	975	-	200
Premium Collection Costs	2.2	(30,245)	(33,419)	(41,076)	3,174	9.5	26.4
RiskCover Fund Administration Cost Reimbursement	2.1	53,659	51,862	50,179	1,797	3.5	6.9
Other Underwriting and Administration Expenses	2.2	(121,428)	(112,679)	(105,426)	(8,749)	(7.8)	(15.2)
Underwriting Profit/(Loss)		273,347	(151,820)	114,033	425,167	280.0	139.7
Investment Income	4.1	799,180	562,648	791,087	236,532	42.0	1.0
Investment Expenses	4.2	(25,032)	(29,201)	(32,046)	4,169	14.3	21.9
RiskCover Fund Investment Return	4.2	(120,091)	(110,115)	(120,693)	(9,976)	(9.1)	0.5
Other Income	8.8	4,080	150	3,395	3,930	2,620.0	20.2
Other Expenses	8.8	(1,763)	-	(1,645)	(1,763)	-	(7.2)
Profit Before Tax Equivalent		929,721	271,662	754,131	658,059	242.2	23.3

NOTES TO THE FINANCIAL STATEMENTS

7. EXPLANATORY STATEMENT (CONTINUED)

Explanations are provided below for significant variances between 2026 actual results, 2026 budget and 2025 actual results. Significant variances are considered to be those greater than \$15 million.

Comparison of 2026 Actual Results to 2026 Budget and 2025 Actual

Profit Before Tax Equivalent

The Insurance Commission delivered a profit before tax equivalent of \$929.7 million in 2026, compared to budgeted profit of \$271.7 million and profit of \$754.1 million in the previous year. The 2026 result was driven by significant investment income (net of investment expenses and RiskCover Fund return) of \$654.1 million and a strong underwriting performance of the motor injury insurance funds.

Premium Revenue

Premium revenue exceeded \$1.1 billion in 2026, an increase of \$41.8 million (3.8%) compared with 2025. This was due to the premium rate increase from 1 July 2025, along with growth in the number of registered vehicles in 2026.

Claims Expense

The Insurance Commission recorded \$754.8 million in claims expenses this financial year, which is \$454 million below budget and \$141.1 million lower than the previous year. The lower claims expense was mainly due to favourable actuarial valuation movements across the motor injury insurance funds. These movements reflect updated claims experience and revised actuarial and economic assumptions for future claims expenses.

Reinsurance and Other Recoveries Revenue

Reinsurance and other recoveries revenue was \$3.7 million, \$25.3 million lower than both budget and last year. Recoveries are based on actuarial assessments of future recoveries associated with outstanding claims liabilities. The decrease reflects lower than expected recoveries following the annual actuarial valuation, driven by a reduction in outstanding claims liabilities compared with the increase recorded in the previous year.

Other Underwriting and Administration Expenses

The underwriting and administration expenses of \$121.4 million were \$16 million higher than the previous year. This increase primarily reflects investments in strengthening operational capability, organisational resilience and service delivery capacity. Salary costs increased due to the public sector wage increases, additional resourcing required to manage higher claims volumes and the insourcing of claims processing functions previously provided by an external service provider.

Underwriting Result

The Insurance Commission delivered an underwriting profit of \$273.3 million in 2026, compared to the budgeted loss of \$151.8 million and last year's profit of \$114 million. The result was predominantly driven by lower than anticipated claims costs, reflecting updated claims experience and revised assumptions for future claim costs across the motor injury insurance funds.

Investment Income

The Insurance Commission recorded \$799.2 million of investment income this year, compared to the budgeted income of \$562.6 million and last year's income of \$791.1 million.

The Main Fund and CIF delivered positive net investment returns of 8.6% and 9.7% respectively. The higher than budgeted investment income was largely driven by strong performances in our growth orientated strategies focused on international equities, emerging market equities, property and infrastructure.

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER

8.1 Other Accounting Policies

8.1.1 Initial Application of an Australian Accounting Standard

The Insurance Commission has reviewed all new Australian Accounting Standards and Interpretations for the annual reporting period beginning 1 July 2025. None of these Standards or Interpretations are considered to have a material impact on the Insurance Commission's financial statements.

8.1.2 Future Impact of Australian Accounting Standards not yet Operative

The Insurance Commission cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by Treasurer's Instruction 9. This Treasurer's Instruction has not mandated the early adoption of any Australian Accounting Standards or Interpretations. The following summary outlines the future Standards which will have an impact on the Insurance Commission:

Title	Operative Date
AASB 17 Insurance Contracts (public sector entities)	1 July 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 July 2028

The Insurance Commission will apply the standard and amendment detailed above for the reporting periods beginning on the operative dates set out above. An initial assessment of the financial impact of the standard and amendment has been undertaken.

8.1.3 AASB 17 - Insurance Contracts

AASB 17 Insurance Contracts replaces AASB 1023 General Insurance Contracts and AASB 4 Insurance Contracts. The standard establishes a single framework for the recognition, measurement, presentation and disclosure of insurance contracts.

AASB 17 is effective for the Insurance Commission of Western Australia (Insurance Commission) funds except for the RiskCover Fund. The RiskCover Fund is not controlled by Insurance Commission and therefore is not consolidated. It is disclosed as an administered item in accordance with AASB 1050 Administered Items, consistent with its nature as a self-insurance arrangement of the state. The RiskCover Fund continues to be measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

The Insurance Commission has applied the public sector specific amendments introduced under AASB 2022-9 in determining the accounting treatments described above.

(a) Measurement Models

The Insurance Commission applies the Premium Allocation Approach (PAA) to all insurance contracts issued and reinsurance contracts held. This reflects that all contracts have coverage periods of one year or less, and therefore meet the eligibility criteria for application of the Premium Allocation Approach under AASB 17. Insurance contracts issued and reinsurance contracts held are measured and presented separately. Measurement is performed at a portfolio level.

(b) Insurance Acquisition Costs and Expenses

Insurance acquisition cash flows are recognised as insurance service expenses, consistent with the Insurance Commission's existing approach.

Other directly attributable expenses relating to insurance contracts are also recognised within the insurance service result in accordance with AASB 17. Expenses that are not directly attributable are recognised outside the insurance service result.

NOTES TO THE FINANCIAL STATEMENTS

8.1 Other Accounting Policies (continued)

8.1.3 AASB 17 - Insurance Contracts (continued)

(c) Onerous Contracts

Under AASB 17, insurance contracts are required to be assessed for onerousness at a more granular level than under previous standards. Under the PAA, insurance contracts are assumed not to be onerous at initial recognition unless facts and circumstances indicate otherwise. The Insurance Commission monitors portfolios for indicators of onerous contracts at each reporting date and recognises loss components where required, in accordance with AASB 17.

Based on the current assessments, no material loss components are expected to arise on transition.

(d) Discount Rates

Expected future cash flows are discounted to reflect the time value of money and the characteristics of the insurance liabilities.

Discount rates are determined using a bottom-up approach based on risk-free yield curves derived from Commonwealth Government bond yields. An adjustment is then made to reflect the illiquidity characteristics of the insurance liabilities. The illiquidity premium is estimated using observable market data, including yield spreads between Western Australian State Government bonds and Commonwealth Government bonds, which are considered a proxy for the illiquidity characteristics of the insurance liabilities. Management applies actuarial judgement when assessing the extent to which these observable market inputs reflect the liquidity characteristics of the underlying insurance cash flows.

(e) Risk Adjustment for Non-Financial Risk

Insurance contract liabilities include a risk adjustment for non-financial risk, representing the compensation the Insurance Commission requires for bearing uncertainty in the amount and timing of insurance cash flows. The risk adjustment is determined using a confidence level approach, with a confidence level of 75%, reflecting the compensation required by the Insurance Commission for bearing uncertainty. This is consistent with the Insurance Commission's capital management policy, risk management framework and in accordance with AASB 17 requirements. Separate risk adjustments are determined for insurance contracts issued and reinsurance contracts held.

(f) Presentation and Disclosure

AASB 17 introduces changes to the presentation of insurance contracts in the financial statements. Assets and liabilities arising from insurance contracts issued and reinsurance contracts held are presented separately in the statement of financial position. Insurance revenue and insurance service expenses are presented gross of reinsurance. Reinsurance income and expenses are presented separately. Insurance finance income and expenses are disclosed as a distinct component of the net result.

(g) Transition to AASB 17

Upon transition to AASB 17, the Insurance Commission expects to apply the standard retrospectively, with the cumulative impact recognised in opening equity at 1 July 2025. Comparative information is expected to be prepared as if AASB 17 had always been applied. On transition to AASB 17, Insurance Commission expects an increase in equity of approximately \$113.0 million (after tax) as at 1 July 2025, primarily reflecting the application of an illiquidity premium when discounting insurance liabilities. The impact of the risk adjustment on transition is expected to be limited. This reflects the adoption of a confidence level for the AASB 17 risk adjustment that is broadly consistent with the confidence levels underpinning existing claims liability risk margins and aligns with Insurance Commission's capital management and risk management frameworks.

8.1.4 AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 introduces key changes to the presentation and disclosure of financial statements, including the requirement to present newly defined subtotals in the statement of profit or loss, enhanced disclosure of management-defined performance measures, and strengthened requirements for aggregation and disaggregation of information. The Standard will replace AASB 101 Presentation of Financial Statements.

The Insurance Commission is currently assessing the impact of AASB 18. Based on a preliminary assessment, the Standard is expected to primarily affect the presentation and disclosure of information within the financial statements and is not expected to affect the recognition or measurement of transactions.

8.1.5 Reclassification of Comparative Information

Certain comparative amounts have been reclassified to conform with the current year's presentation and classification. The comparative reclassification relates to an increase of derivative assets by \$57 million, a decrease of investments assets by \$11 million and an increase in derivative liabilities by \$46 million.

NOTES TO THE FINANCIAL STATEMENTS

8.2 Plant and Equipment

Plant and Equipment is carried at cost less accumulated depreciation and any impairment in value. All Plant and Equipment is depreciated using the straight line method over the asset's estimated useful life. The estimated useful life is between three and eight years for all classes. An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Reconciliation of Carrying Amount

Current Year	2026 (\$'000)				
	Plant and Equipment	Furniture and Fittings	Computer Hardware	Motor Vehicles	Leasehold Improvements
Cost					
Balance at Start of the Year	309	131	11,667	1,033	507
Additions	13	8	292	331	38
Disposals	(248)	(34)	(3,678)	(295)	(499)
Balance at End of the Year	74	105	8,281	1,069	46
Accumulated Depreciation					
Balance at Start of the Year	299	95	6,717	125	452
Depreciation Expense for the Year	8	3	2,188	90	15
Disposals	(248)	(8)	(3,673)	(75)	(466)
Balance at End of the Year	59	90	5,232	140	1
Carrying Amount at End of the Year	15	15	3,049	929	45
Prior Year	2025 (\$'000)				
Cost					
Balance at Start of the Year	309	131	7,305	1,048	498
Additions	-	-	4,370	520	9
Disposals	-	-	(8)	(535)	-
Balance at End of the Year	309	131	11,667	1,033	507
Accumulated Depreciation					
Balance at Start of the Year	292	92	5,364	197	397
Depreciation Expense for the Year	7	3	1,361	87	55
Disposals	-	-	(8)	(159)	-
Balance at End of the Year	299	95	6,717	125	452
Carrying Amount at End of the Year	10	36	4,950	908	55

All Plant and Equipment is held within the Insurance Commission General Fund. Non-current assets are not carried at an amount above their recoverable amount. Where the carrying value of an asset exceeds the recoverable amount, the asset is written down. The recoverable amount is the higher of fair value less cost to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS

8.3 Leases

8.3.1 Right-of-Use Lease Assets

Additional information on the right-of-use assets by class of assets is as follows:

Reconciliation of Carrying Amount

		2026 (\$'000)			
	Notes	Office Building	Car Bays	IT Assets	Total
Cost					
Balance at Start of the Year		53,542	3,423	434	57,399
Additions		19	-	-	19
Disposals	(i)	(18,220)	(1,425)	(203)	(19,848)
Balance at End of the Year		35,341	1,998	231	37,570
Accumulated Depreciation					
Balance at Start of the Year		22,832	1,544	278	24,654
Depreciation Expense for the Year		2,943	179	78	3,200
Disposals	(i)	(18,220)	(1,425)	(203)	(19,848)
Balance at End of the Year		7,555	298	153	8,006
Carrying Amount at End of the Year		27,786	1,700	78	29,564

- (i) The Insurance Commission on 21 December 2023 signed a lease to move to Capital Square, 5 Spring Street, Perth. The lease is for ten years ending 20 December 2035. A termination notice was issued to the Forrest Centre landlord on the same day and the existing lease terminated on 21 December 2025. As a result, the related Right of Use for the Forrest Centre office building and car bays were derecognised during the year.

		2025 (\$'000)			
		Office Building	Car Bays	IT Assets	Total
Cost					
Balance at Start of the Year		53,146	1,425	201	54,772
Additions		396	1,998	233	2,627
Balance at End of the Year		53,542	3,423	434	57,399
Accumulated Depreciation					
Balance at Start of the Year		16,311	1,144	197	17,652
Depreciation Expense for the Year		6,521	400	81	7,002
Balance at End of the Year		22,832	1,544	278	24,654
Carrying Amount at End of the Year		30,710	1,879	156	32,745

NOTES TO THE FINANCIAL STATEMENTS

8.3 Leases (continued)

8.3.2 Lease Liabilities

Lease liabilities are presented in the Balance Sheet as follows:

	2026			2025		
	Current	Non-Current	Total	Current	Non-Current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Office Building	2,469	36,085	38,554	1,910	38,553	40,463
Car Bays	121	1,707	1,828	244	1,828	2,072
IT Assets	81	-	81	78	81	159
Other Liabilities	2,671	37,792	40,463	2,232	40,462	42,694

Financial Lease Liabilities:

	2026			2025		
	< 1 Year	1 - 5 Years	> 5 Years	< 1 Year	1 - 5 Years	> 5 Years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities are payable as follows:						
Future minimum lease payments	4,919	21,095	27,246	4,617	20,465	32,795
Interest components	(2,248)	(7,215)	(3,334)	(2,385)	(7,967)	(4,831)
Present value of minimum lease payments	2,671	13,880	23,912	2,232	12,498	27,964

8.3.3 Amount Recognised in the Statement of Comprehensive Income

The following amount relating to leases has been recognised in the Statement of Comprehensive Income:

	2026	2025
	\$'000	\$'000
Depreciation expense of right-of-use assets	3,200	7,003
Interest expense for lease asset	2,396	2,452
Low value lease	88	144
Total amount recognised in the Statement of Comprehensive Income	5,684	9,599

NOTES TO THE FINANCIAL STATEMENTS

8.4 Intangibles

Intangible Assets are non-monetary assets with no physical substance that are separately identifiable, controlled by the Insurance Commission and have future economic benefits. Acquisitions of intangible assets over \$1,000 are capitalised. Internally generated intangible assets that qualify for recognition are capitalised. The intangible assets reported primarily relate to computer software which is not of an essential nature required to operate specific items of hardware. Intangible assets include amounts relating to work in progress on designing and implementing computer software. This software is amortised over four years and tested for impairment whenever there is an indication that the asset may be impaired.

	2026 \$'000	2025 \$'000
Software at Cost	63,126	49,166
Work in Progress	-	13,038
Accumulated Amortisation	(46,143)	(41,621)
Carrying Amount at End of the Year	16,983	20,583
Reconciliation:		
Software at Cost		
Balance at Start of the Year	49,166	45,825
Additions	13,960	3,341
Balance at End of the Year	63,126	49,166
Work in Progress		
Balance at Start of the Year	13,038	9,261
Additions	801	7,146
Completed and Transferred to Software at Cost	(13,699)	(3,341)
Impairment	(140)	(28)
Balance at End of the Year	-	13,038
Accumulated Amortisation		
Balance at Start of the Year	(41,621)	(38,974)
Amortisation Expense for the Year	(4,522)	(2,647)
Balance at End of the Year	(46,143)	(41,621)

NOTES TO THE FINANCIAL STATEMENTS

8.5 Contingencies

The Insurance Commission does not have any contingent liabilities or assets at 30 June 2026.

8.6 Provisions

Provisions are recognised when the Insurance Commission has a present expected obligation as a result of a past event of which a reliable estimate can be made.

	Notes	2026 \$'000	2025 \$'000
Current			
Employee Benefits	(i)	8,739	7,894
On-Costs Relating to Employee Benefits	(ii)	1,531	1,364
Investments		2,530	5,838
Sundry		1,263	907
Total Current		14,063	16,003
Non-Current			
Employee Benefits	(iii)	6,677	6,947
On-Costs Relating to Employee Benefits	(ii)	926	844
Total Non-Current		7,603	7,791
Total Provisions		21,666	23,794

- (i) Liabilities for employee entitlements which are expected to be settled within twelve months of the end of the reporting period, are measured at their nominal amounts using the salary rates expected to be paid when the liability is settled.
- (ii) The provision of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers compensation premiums. The associated expense is included under Employee Benefits (within Other Underwriting and Administration Expenses).
- (iii) Liabilities for employee entitlements (long service leave) which are not expected to be settled within twelve months of the end of the reporting period are measured at the present value of their future estimated cash outflows. In determining the liability, consideration has been given to future increases in salary rates, experience with staff departures and periods of service.

The Insurance Commission has two defined benefit superannuation schemes, the Pension Scheme and the pre-transfer benefits for employees who transferred to the Gold State Superannuation Scheme. The value of any excess of accrued superannuation benefits over the net fair value of assets is recorded as a liability of the Insurance Commission. This liability is brought to account on the basis that there is no pre-funding of the employer's liability for benefits under these schemes.

Critical Accounting Judgements and Estimates

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme are unfunded and the liability for future payments is provided for at the end of the reporting period. The present value of the liabilities is determined following an independent actuarial assessment on behalf of the Government Employees Superannuation Board.

NOTES TO THE FINANCIAL STATEMENTS

8.7 Notes to the Statement of Cash Flows

Cash and cash equivalents are carried at the face value of the amounts deposited or drawn. The carrying amounts of cash assets approximate to their fair value.

For the purpose of the Statement of Cash Flows, cash includes cash assets on hand and in banks, net of any bank account liability, together with short-term discount securities and deposits at call, which are investments integral to the Insurance Commission's general insurance activities (all of which are readily convertible to cash and are subject to an insignificant risk of change in value).

	Notes	2026 \$'000	2025 \$'000
Reconciliation of Profit after Tax Equivalent to Net Cash Flow from Operating Activities:			
Profit after Tax Equivalent		661,830	543,156
Non-Cash Items			
Depreciation and Amortisation		10,020	11,165
Impairment of Receivables		-	(39)
Investments Foreign Exchange Movement		93,013	(70,361)
Increase in Fair Value of Investments		(421,471)	(404,340)
Movement in Income Tax Provisions		(174,627)	115,354
Other		230	28
Tax Payment to State Government			
Income Tax Equivalent Paid		158,387	135,344
Amounts Recognised Directly in Equity		416	(33)
Decrease/(Increase) in Assets			
Current Receivables		(3,756)	3,051
Fair Value of Investments Realised		(225,486)	(54,566)
Deferred Premium Collection Costs		(7,742)	6,350
Other Current Assets		(2,427)	750
Non-Current Receivables		6,179	(6,216)
Increase/(Decrease) in Liabilities			
Current Payables		16,785	4,784
Current Tax Payable		284,310	(39,738)
Current Outstanding Claims		55,777	56,775
Current Unearned Premium		23,923	22,131
Current Unexpired Risk Liability		(975)	975
Current Provisions		1,368	689
Current Other Liabilities		625	465
Non-Current Outstanding Claims Liability		5,001	192,534
Non-Current Provisions		(188)	1,014
Net Cash Flow from Operating Activities		481,192	519,272
Reconciliation of Cash			
Cash and Cash Equivalents at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Cash and Cash Equivalents		20,555	47,314
Investments		233,305	277,587
		253,860	324,901

NOTES TO THE FINANCIAL STATEMENTS

8.8 Other Income and Expenses

	Notes	2026 \$'000	2025 \$'000
Interest		2,278	1,263
Services Received from Other Public Sector Entities Free of Charge		1,640	1,535
Other		162	597
Other Income		4,080	3,395
Net Losses Arising from Disposal of Plant and Equipment		88	-
Other		1,675	1,645
Other Expenses		1,763	1,645

8.9 Compensation of Key Management Personnel

The Insurance Commission has determined that key management personnel include members of the Board of Commissioners and the Executive Team. The Insurance Commission does not incur expenditure for the compensation of Ministers and those disclosures are found in the Annual Report on State Finances.

Income Band (\$)	Key Management Personnel	
	2026	2025
30,001 - 40,000	-	1
60,001 - 70,000	-	4
70,001 - 80,000	5	-
80,001 - 90,000	-	1
90,001 - 100,000	1	-
130,001 - 140,000	-	1
150,001 - 160,000	1	-
160,001 - 170,000	1	-
200,001 - 210,000	2	-
210,001 - 220,000	2	-
280,001 - 290,000	1	-
300,001 - 310,000	2	1
310,001 - 320,000	2	1
320,001 - 330,000	-	3
330,001 - 340,000	-	1
340,001 - 350,000	-	1
380,001 - 390,000	1	-
400,001 - 410,000	1	-
480,001 - 490,000	1	-
490,001 - 500,000	-	1
	\$'000	\$'000
Short-Term Employee Benefits	3,979	2,973
Post Employment Benefits	443	318
Other Long-Term Benefits	(198)	296
Total Compensation	4,224	3,587

At 30 June 2026, no key management personnel (2025: Nil) were members of the State Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS

8.10 Related Parties

The Insurance Commission is a statutory authority of the Government of Western Australia. The RiskCover Fund is underwritten by the Government of Western Australia and is managed by the Insurance Commission on behalf of the Government.

Related parties of the Insurance Commission and the RiskCover Fund include:

- all Ministers, their close family members, and their controlled or jointly controlled entities;
- all key management personnel (refer Note 8.9), their close family members and their controlled or jointly controlled entities;
- other statutory authorities and Government departments, including their related bodies, that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transaction with Government-related entities:

- RiskCover Fund Administration Cost Reimbursement received for its use of Insurance Commission's services (refer Note 2.1);
- Premium collection costs paid to Department of Transport and Major Infrastructure (DTMI) (refer Note 2.2);
- Claims and administration costs reimbursement from WorkCover WA for the Default Insurance Fund (refer Statement of Cash Flows);
- Claims and administration costs reimbursement from Water Corporation and Public Transport Authority for the Government Insurance Fund (refer Statement of Cash Flows);
- Dividend payments made to Department of Treasury and Finance (refer Note 8.11);
- Income Tax Equivalent payments made to Department of Treasury and Finance (refer Statement of Cash Flows);
- Insurance Duty paid to the Office of State Revenue (refer Statement of Cash Flows);
- Premium Income received from Government Agencies for RiskCover Fund services (refer Note 3.6);
- Claims Costs paid on behalf of Government Agencies from the RiskCover Fund (refer Note 3.6);
- Superannuation payments to GESB of \$6.6 million (2025: \$6.1 million);
- RiskCover Fund return of surplus capital made to Department of Treasury and Finance (refer Note 3.6.3); and
- Remuneration payable to the Auditor General (refer Note 2.2).

Material transactions with related parties:

Outside of general citizen type transactions, the Insurance Commission had no other related party transaction with Ministers, key management personnel or their close family members or their controlled or jointly controlled entities.

8.11 Dividends

Dividends are only paid from the Third Party Insurance Fund and are recognised as a liability in the period in which they are declared. The following dividends were declared and paid by the Insurance Commission to the Government of Western Australia during the year ended 30 June:

	2026 \$'000	2025 \$'000
Final Dividend payment for the prior year	35,281	31,936
Interim Dividend payment for current year	37,699	31,651
Total Dividends	72,980	63,587

The final dividend payment for the prior year was recommended by the Board on 10 September 2025, approved by the Treasurer on 23 October 2025 and paid on 29 December 2025.

The interim dividend payment for the current year was recommended by the Board on 25 February 2026, approved by the Treasurer on 01 May 2026 and paid on 29 June 2026.

NOTES TO THE FINANCIAL STATEMENTS

8.12 Loss through Thefts, Default and Other Causes

	2026 \$'000	2025 \$'000
Write-Off of Revenue and Debt	-	-

Potential Claims Recoveries Written-Off

For the Third Party Insurance Fund, the Insurance Commission has a statutory obligation to pay a third party claim. Where the negligent driver of a vehicle was in breach of the warranties of the policy, the vehicle was uninsured or where a third party was at fault, the Insurance Commission seeks to recover the costs of the claim from the driver or the third party.

In accordance with Australian Accounting Standards, potential recoveries are assessed with regard to the ability of the debtors to meet their obligations. These recoveries have not been brought to account as income because the amount to be recovered could not be reliably measured and consequently the write-off of these debts has not been charged as an expense in the Statement of Comprehensive Income.

The Third Party Insurance Fund debt write-offs below for the 2026 financial year are shown net of recoveries received from negligent owners or drivers of \$107,196 (2025: \$68,326). In accordance with Section 48 of the *Financial Management Act 2006*, potential recoveries were submitted for write-off from the following:

	Notes	2026 \$'000	2025 \$'000
Third Party Insurance Fund		25,409	7,947
Amounts Written-Off by the Board		15,462	7,947
Amounts Written-Off by the Minister/Governor		9,947	-
		25,409	7,947
RiskCover Fund - Amounts Written-off by the Board	(i)	-	-

- (i) Recoveries arise where the RiskCover Fund seeks to recover the costs of a claim paid from a third party or the insured.

NOTES TO THE FINANCIAL STATEMENTS

8.13 Tax Contributions

The Insurance Commission adheres to all tax laws and regulations applicable and has an open and constructive relationship with all relevant tax authorities.

The Insurance Commission paid the following direct and flow-through tax amounts to Federal and State Governments:

	2026 \$'000	2025 \$'000
Direct Tax		
Income Tax Equivalent	158,387	135,344
Payroll Tax	3,767	3,241
Fringe Benefits Tax	320	336
	162,474	138,921
Flow-Through Tax		
Insurance Duty	113,171	115,883
Goods and Services Tax	64,442	57,235
	177,613	173,118
Total	340,087	312,039

8.14 Events Occurring after Reporting Period

There were no events that occurred after the reporting period that materially impact the financial statements.





**Insurance Commission
of Western Australia**
Since 1926

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