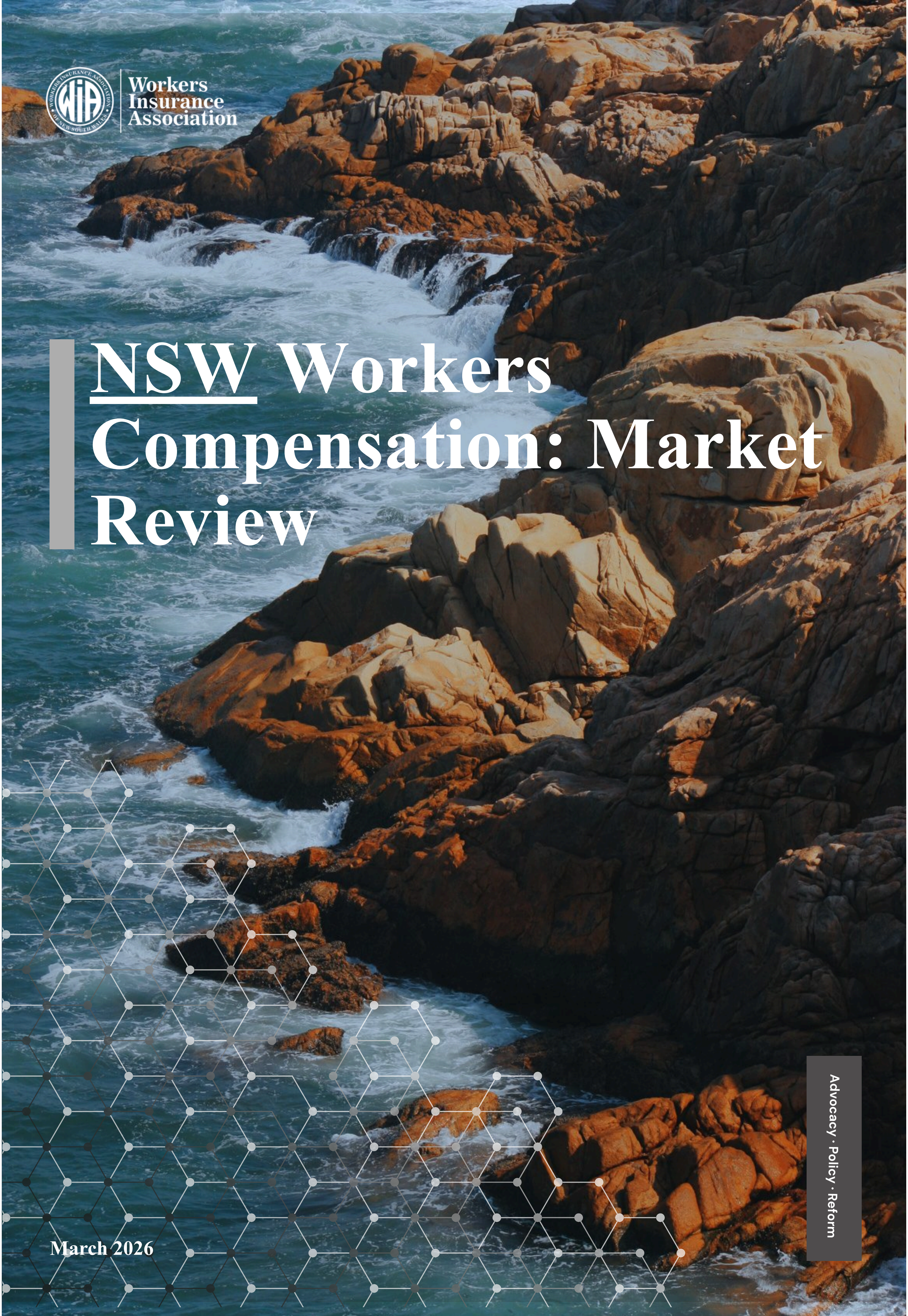
Workers Insurance Association



NSW Workers Compensation: Market Review

Advocacy · Policy · Reform

March 2026

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Introduction

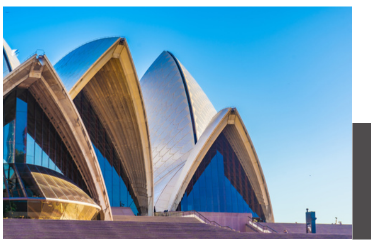
→ Market Review Goals & Challenges

1.0 Overview & Context

The NSW Government has initiated a Market Review of self and specialised insurer licensing arrangements within the workers compensation scheme. The review is being led by the NSW Department of Customer Service (DCS) with support from NSW Treasury and forms part of the Government's broader focus on scheme sustainability, performance and long-term market settings. While positioned as an evaluative exercise, the review sits alongside significant recent legislative reforms and ongoing policy attention on scheme pressures, meaning its findings may carry important implications for employers, insurers and injured workers. The stated purpose of the review is to:

- Assess the current market for workers compensation insurance
- Evaluate the role and impact of self and specialised insurers
- Identify the optimal market design for the scheme, including long-term sustainability

Taken together, the review signals the potential for future changes as to how self-insurers and specialised insurers operate within the NSW scheme. This review is due for an Interim Report by the end of 2026 and could lead to recommendations that materially reshape licensing settings or broader market dynamics.



2.0 About the WIA

The Workers Insurance Association (WIA) is the peak industry body representing licensed self-insurers, specialised insurers, and scheme participants who collectively represent over half a billion dollars in gross underwritten premium and provide coverage for a significant share of the more than five million workers covered in the NSW workers compensation scheme.

For self and specialised insurers, the WIA provides a unique forum that recognises you are not only scheme participants, but large employers in your own right, directly accountable for workforce health, operational continuity, and long-term cost sustainability. Our members share a common focus on early intervention, durable return-to-work (RTW) outcomes, and practical claims management, grounded in real operational experience.

We work closely with regulators, government, and system stakeholders to ensure legislative and regulatory settings are informed by on-the-ground realities faced by self and specialised insurers managing complex workforces and high-risk environments. Through policy leadership, technical training, executive roundtables, and targeted advocacy, the WIA supports members to navigate legislative/regulatory reform and strengthen best practice.

At its core, the WIA exists to advance a system that works better for injured workers, employers, and the broader NSW economy, with our members playing the critical leadership role in that mission.

Industry Concerns

→ Transparency. Engagement. Accountability.

3.0 Market Review or Market Uncertainty

At the time of writing, a central concern for industry is the absence of a clearly articulated scope or terms of reference for the Market Review. The publicly available material does not set out a defined purpose, parameters, or guiding principles for the review, making it difficult for stakeholders to understand its intended remit or likely outcomes. No consultation took place in defining the nature, scope, or goals of the Review. The practical effect is the perception of a potentially wide-ranging review without clear boundaries or policy objectives.

This uncertainty matters. The industry is currently in the critical phase of implementing recently passed legislative reforms, with a shared focus on operational readiness, regulatory compliance, and delivering the best possible outcomes for injured workers. Against this backdrop, an open-ended market review risks creating unnecessary instability at precisely the moment when certainty, focus, and consistency are required.

As the peak industry body, the WIA's starting position is that injured workers' interests are best served by a stable, well-functioning system. Prolonged market uncertainty, particularly where the scope and intent of reform are unclear, risks diverting attention and resources away from implementation, and return-to-work outcomes. That outcome would not be in the interests of the injured workers, whom this scheme should put front and centre.

The risks arising from the Market Review can be characterised as follows:

- **Reform compounding risk:** The review coincides with major system reforms, increasing the risk that significant overlapping change creates instability at a time when industry focus should remain on recovery and return-to-work outcomes.
- **Licensing and eligibility risk:** Changes to self-insurer and specialised insurer licensing conditions or eligibility may be pursued without clear evidence of improved worker or scheme outcomes.
- **Structural reform risk:** Market models, including self-insurance and specialised insurers, may be restricted or removed based on considerations other than performance and return-to-work outcomes.

For the WIA, the key issue is not opposition to the review or reform in principle, but the need for clarity, proportionality, and evidence-based policy-making. A market review that proceeds without a clearly defined scope or problem statement risks undermining confidence, investment, and operational focus at a time when stability is essential to delivering sustainable return-to-work outcomes.

The Advantage of Specialised Insurers

→ Purpose-built for better recovery

4.0 Specialised Workers Compensation Insurers

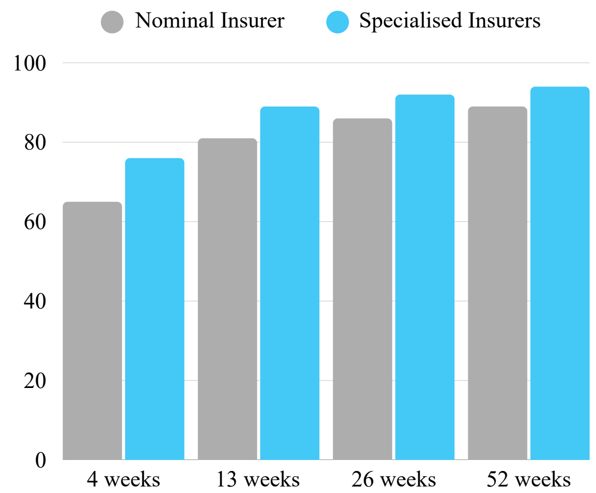
Specialised workers compensation insurers deliver a structural and operational advantages that support stronger outcomes for injured workers and the broader scheme. Their exclusive focus on specific industries and workers' compensation builds deep technical expertise, enabling more consistent, accountable claims management and stronger clinical and vocational capability. Specialist case management models and closer employer engagement support earlier, safer and more durable return-to-work outcomes, while services tailored to specific industry risk profiles avoid one-size-fits-all approaches.

Competition among specialised insurers drives ongoing innovation in early intervention, data analytics and service delivery, contributing to improved performance across key metrics such as return-to-work rates, claim duration and dispute volumes. A mixed market that includes specialised insurers also strengthens system resilience by reducing concentration risk, while aligned incentives encourage investment in prevention and long-term recovery rather than short-term cost control.
Their operational agility allows specialist insurers to respond quickly to changes and emerging workforce risks, supporting a stable and high-performing workers' compensation system.

5.0 Specialised Insurers by the Data

When comparing specialised workers compensation insurers with the nominal insurer (icare) the RTW rates consistently show superior performance across every measurement point. The largest gap is evident in early and mid-stage recovery (4–26 weeks), where early intervention and specialist claims management matter most.

Average Return-to-Work Rates: 2022-25



*SIRA Data

Given the Market Review's stated goal being to examine optimum market arrangements, presumably for injured workers, it is clear that specialised workers compensation insurers lead the way when it comes to the most important metric: supporting workers get back to life and return to their workplace following an injury. The 'effect' of specialised insurers is played out in the numbers, high return to work rates.

THE CASE FOR SPECIALISED

Purpose-built expertise
Exclusive focus on workers' compensation builds deep technical capability aimed at helping injured workers return to work following an injury.

Strong return-to-work outcomes
Specialist case management and employer engagement support earlier and more durable recovery.

Consistent claims management
Deep expertise enables clearer accountability and tailored support depending on the workers' circumstances.

Clinical and vocational strength
Greater investment in vocational rehabilitation capability.

Tailored support
Services aligned to industry risk profiles rather than a one-size-fits-all models.

Innovation through competition
Competitive pressure drives improvements in early intervention, analytics, and service delivery ultimately helping RTW rates.

System resilience
A mixed market reduces concentration risk and strengthens scheme stability.

Aligned incentives
Specialised insurer business models encourage prevention and long-term outcomes over short-term cost control.

Operational agility
Specialist insurers adapt quickly to workforce trends, new treatments and regulatory changes.

Demonstrated performance
SIRA's own data illustrates, please see page 5, a strong track record across return-to-work and claim duration rates.

Data-led insight
Concentrated portfolios support sharper analytics, earlier risk identification, and better prevention.

Next Steps

The WIA welcomes engagement with the DCS and Treasury, standing ready to contribute practical, evidence-based insight to the Market Review.

The Advantage of Self-Insurers

→ Deep expertise. Superior results.

6.0 Self-Insurers

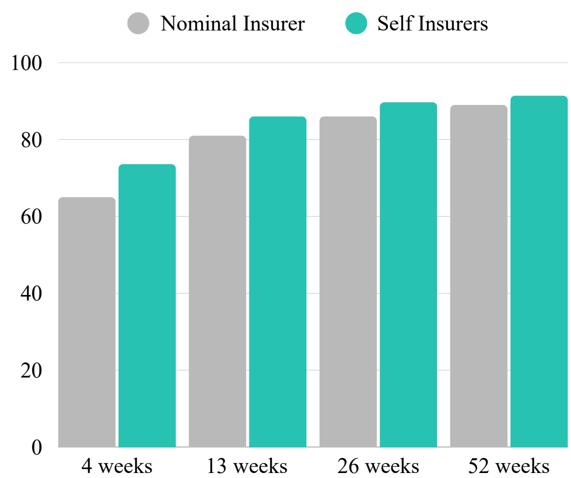
Self-insurers play a critical role in the NSW workers' compensation scheme by retaining direct accountability for prevention, claims management and return-to-work outcomes. This end-to-end responsibility creates strong internal ownership of results and reinforces incentives to invest in workplace safety and risk reduction. Because claims management is embedded within broader safety, HR and operational frameworks, self-insurers are able to intervene earlier, maintain direct relationships with injured workers, and design return-to-work arrangements that reflect the realities of specific roles, duties, and workplace conditions.

From an operational perspective, self-insurance supports more timely and practical decision-making by reducing reliance on intermediaries and streamlining administrative processes. Direct access to claims and injury data enables organisations to learn from experience and continuously improve workforce design and injury management practices, while whole-of-claim financial responsibility encourages long-term stewardship rather than short-term cost shifting. As part of a mixed market, self-insurers also contribute to system diversity and resilience, strengthening the overall stability of the scheme.

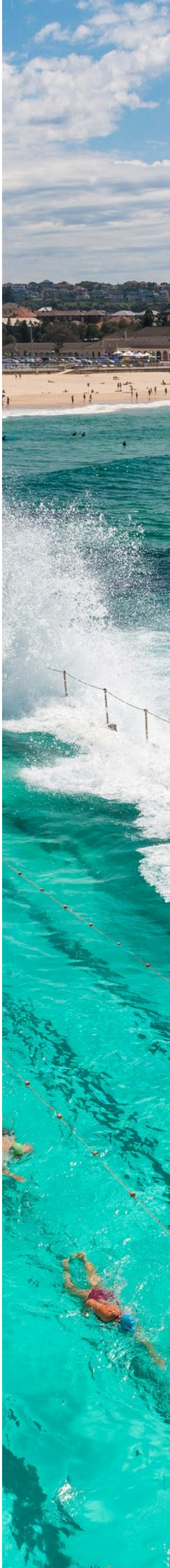
7.0 Self-Insurers By The Numbers

Self-insurers consistently outperform the nominal insurer (icare) at every return-to-work milestone. This performance gap is evident at 4, 13, 26 and 52 weeks, demonstrating more effective recovery pathways and stronger overall outcomes for injured workers.

Average Return-to-Work Rates: 2022-25



The greatest differential occurs in the early stages of recovery, where early intervention and close workplace reintegration are most influential. This reflects the advantage of direct employer involvement in claims management and return-to-work planning, supporting faster, more sustainable recovery outcomes.



THE CASE FOR SELF-INSURERS

Clear accountability for outcomes
End-to-end responsibility for prevention, claims and return-to-work creates strong internal ownership of results.

Embedded workplace integration
Claims management is integrated with safety, HR and operational systems, enabling early, practical intervention.

Prevention-first incentives
Direct exposure to claim costs strengthens investment in workplace safety and risk reduction.

Direct worker relationship
Existing employment relationships support trust, continuity and tailored recovery planning.

Job-specific RTW pathways
Return-to-work plans align closely with actual roles, duties and operational needs.

Timely decision-making
Fewer intermediaries allow faster decisions on liability, treatment and recovery.

Actionable organisational data
Direct access to claims data supports continuous improvement in safety and workforce design.

Streamlined administration
Integrated processes reduce duplication and improve claims efficiency.

Long-term cost stewardship
Whole-of-claim responsibility encourages sustainable, long-term decision-making.

Market diversity and stability
Self-insurance contributes to a diversified market and overall scheme resilience.

Demonstrated Results
Self-insurers record consistently strong recovery results, driven by employer involvement, faster intervention, and practical RTW solutions embedded in the workplace.

Next Steps

The WIA welcomes continued engagement with DCS and Treasury and is ready to provide practical, evidence-based input to inform the Market Review.

WIA's Recommendations

→ A Collaborative Approach

8.0 Advice to Government

The WIA supports a stable, high-performing workers compensation system that delivers strong outcomes for injured workers. Given that, the WIA recommends the following:

1. Work with industry to define the scope and objectives: The NSW Government should publish a clear terms of reference, problem statement and evaluation framework for the Market Review in collaboration with industry. Greater transparency will provide confidence that the process is targeted, proportionate and evidence-led.
2. Anchor the review to worker outcomes: Any proposed changes to licensing or market structure should be explicitly assessed against demonstrated impacts on return-to-work outcomes, recovery durability and worker experience, not solely scheme cost or what is 'optimal'.
3. Maintain a mixed and resilient market: The current diversified market, including self-insurers and specialised insurers, supports competition, innovation and system resilience. Structural changes should only be contemplated where there is clear, published evidence of net system benefit.
4. Sequence reform to support stability: Given the sector is implementing significant legislative reforms, the Government should ensure the Market Review is carefully sequenced to avoid unnecessary disruption or reform fatigue across employers and scheme participants.
5. Undertake genuine stakeholder consultation: The WIA recommends structured engagement with self and specialised insurers, alongside employers to ensure operational experience informs the review and that unintended consequences for any changes are identified early.
6. Use data to inform policy settings: Treasury and DCS should draw on available performance data, including return-to-work outcomes across insurer types, to ensure any policy changes are grounded in measurable scheme performance.

The WIA stands ready to work constructively with Government to support an evidence-based review that strengthens outcomes for injured workers and preserves scheme stability.

9.0 Lessons From The 2021 Review

The 2021 review of the NSW licensing framework reinforced the importance of maintaining a diverse, competitive market structure recognising that the presence of self and specialised insurers contributes to innovation, employer engagement, strong RTW performance, alongside system resilience. The review did not recommend a single-model market and emphasised the value of evidence-based regulation that preserves high-performing delivery models. These findings are a useful reference point for the current Market Review, underscoring the need to assess structural changes against demonstrated impacts on worker outcomes and scheme stability.

WIA's Recommendations

→ Practical Readiness

10.0 Self & Specialised Insurer Preparedness

Several practical signals are emerging from the Market Review that are relevant for self-insurers, specialised workers' compensation insurers, and the broader industry. Given the government's stated purpose that policymakers are examining whether current market settings remain "fit for purpose", self-and specialised insurers should anticipate a renewed focus on licensing expectations, including demonstrated organisational capability, governance maturity, financial resilience and operational performance. Ensuring that internal frameworks are well documented, outcomes-focused and aligned with regulatory expectations will, as always, be critically important.

Performance will remain central to the policy discussion. Insurers and self-insurers should expect closer scrutiny of RTW outcomes, claims timeliness, dispute rates, evidence of early and effective intervention. In this environment, the ability to demonstrate consistent, data-backed performance, particularly in the early stages of recovery, will be a key differentiator. Members may also wish to review their data quality, benchmarking capability and internal performance monitoring to ensure they are well positioned to respond to any calls for increased transparency and comparative analysis.

Importantly, the review also presents a constructive opportunity for the industry to reinforce the system-wide value delivered by self- and specialised insurers. This includes our contribution to:

1. Consistently high RTW outcomes
2. Strong prevention and early intervention
3. Deep technical expertise
4. Long-term accountability and good governance
5. Innovative approaches supporting injured workers
6. Investment in prevention and workplace safety

There is a clear opening for industry to articulate the practical benefits of a mixed and diversified market, supported by operational evidence and case studies. As the Review progresses, the WIA will continue to engage closely with government and regulators and will keep members informed of developments, emerging risks and opportunities to contribute to the policy process.

Concluding Remarks

→ Requirements & Compliance

11.0 Timing of the Review

The Market Review presents an important opportunity to ensure the NSW workers' compensation system remains high performing, sustainable and focused on delivering strong outcomes for injured workers. However, the lack of visible industry engagement in shaping the goals and objectives of the review is concerning and risks undermining stakeholder confidence in the process. As the review progresses, clarity of scope, proportionality of response and a disciplined focus on evidence will be critical to maintaining the trust of injured workers, employers, self and specialised insurers and scheme participants more broadly.

It is also the view of the WIA that the timing of the Market Review is not optimal for industry, which relies on stability to support long-term investment in prevention, claims capability and return-to-work outcomes. With significant legislative changes passed in February this year, the immediate priority should be the effective operationalisation of those reforms, including workforce training, system readiness and a sustained focus on return to work as the central objective of the NSW workers' compensation system. Introducing further structural uncertainty at this juncture risks diverting attention and resources from implementation and from supporting injured workers through recovery.

The current mixed market, including self-insurers and specialised insurers, has supported innovation, employer engagement and strong recovery outcomes over time.

Any consideration of structural change should therefore be carefully tested against objective performance data and the potential for unintended consequences.

12.0 Next Steps

The WIA looks forward to engaging constructively with the Department of Customer Service, NSW Treasury and other stakeholders to help shape an evidence-based Market Review that strengthens outcomes for injured workers.

The WIA will actively represent member experiences and operational insights throughout the process, including through formal submissions and structured engagement opportunities as they arise. In parallel, the WIA will provide targeted updates, member forums and technical guidance to support preparedness across the sector, help members interpret emerging policy signals, and ensure the industry remains focused on sustaining strong, consistent return-to-work performance.

If you would like further information, please reach out to:

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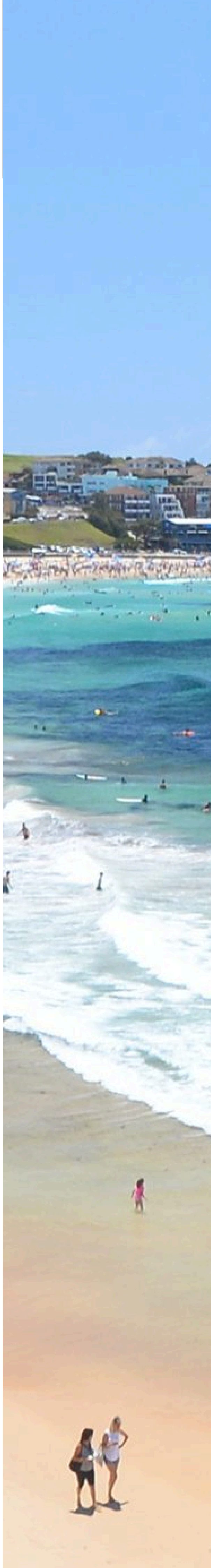
Director of Government Relations

What our Members Say

"Their advocacy gives us greater engagement and influence with key industry stakeholders."

"By bringing together leading voices in workers compensation, WIA drives smarter policy, stronger collaboration, and a more effective scheme for all participants."

"WIA cuts through the noise and gets results that matter across the scheme..."



Workers Insurance Association

5,000,000+

Number of jobs insured under workers compensation in NSW.

We thank you for your ongoing support of the Workers Insurance Association of NSW

Acknowledgements

We recognise the collective efforts of those who contributed to the development of this policy briefing, including those responsible for concept and coordination, research, and design.

This work was further strengthened by the insights and participation of WIA's members at various stages of the consultation process, which were fundamental in shaping a strong policy and advocacy framework.

We also acknowledge the collaboration and support of our partner organisations and contributors, and above all the continued engagement and leadership of our members.

We thank all those across the sector who, every day, are advancing the workers compensation system in New South Wales.

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