Workers compensation

The workers compensation landscape in Australia is going through significant changes. And while each jurisdiction has its own benefit design and legislation, there are some clear common themes we're seeing across the industry right now.

Across Australia, workers compensation premiums have broadly seen increases over recent years with worsening public sector funding ratios. One driver of this is a rise in mental injury claims. These are typically more complex, stay off work longer and come with higher medical costs.

Mental and physical injury claims have different pathways to recovery, and earlier identification and treatment can help improve outcomes. Experienced claim managers often achieve better return-to-work results, so retaining talent and leveraging this experience is a focus for schemes.

Across several states and territories, major reforms are already underway or being reviewed, as regulators respond to growing cost. These reforms aim to improve scheme sustainability, and increase the transparency and fairness within the premium-setting process.

But naturally there are trade-offs: while reforms should help with affordability, they can also create new challenges such as more disputes, legal uncertainty and unexpected shifts in behaviour. Schemes are investing more to monitor experience and stay on top of emerging risks while continuing to support injured workers.

At the same time, digital innovation is helping to improve the effectiveness and efficiency of claims management. AI and analytics not only cut down processing time and admin costs, they also give us clearer insights by benchmarking performance and identifying high-value interventions. Tools such as data mining and large language models can help – for example, triage or text mining medical notes to help with early intervention.

Over the past year, investment into AI is continuing at pace. But this opportunity should be treated with caution. Analysis, if not undertaken in the right way, can provide the wrong signals. Over-reliance on automation also risks misclassifying claims and missing vulnerable workers who need human support. Looking ahead, the use of AI is here to stay and will continue to evolve. Digital innovation works best when it frees your claim managers from their admin burden – so they can focus on building genuine connections and supporting recovery.