

**Workers Compensation  
Claims and Policy Services**

**DATE**

**2005**

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**Schedule 11 – Transition Services**

**Nominal Insurer**

**And**

**«CoName»**

# TABLE OF CONTENTS

1	INTRODUCTION .....	3
2	TRANSITION.....	3
3	MINIMUM OPERATIONAL REQUIREMENTS.....	3
4	TRANSITION.....	4
5	TRANSITION MANAGEMENT.....	5
6	TRANSITION PERFORMANCE MANAGEMENT.....	9
7	NOMINAL INSURER SUPPLIED ITEMS .....	10

# Schedule 11 – Transition Services

## 1 INTRODUCTION

- 1.1 **(About this Schedule)** This Schedule describes the Scheme Agent's obligations regarding Transition Services.
- 1.2 **(Remuneration)** During the Transition Period, the Scheme Agent will be remunerated in accordance with Schedule 3 (Remuneration).
- 1.3 **(Glossary)** For the meaning of defined terms used in this Schedule, refer to Schedule 14 (Glossary).
- 1.4 **(Obligations)** The obligations in this Schedule are in addition to other parts of the Deed.
- 1.5 **(Attachment)** The Scheme Agent's Transition Plan is attached to this Schedule (Attachment A).

## 2 TRANSITION

- 2.1 **(Transition Services)** Transition Services are:
- (a) the competencies and capabilities described in Section 3 which are the Nominal Insurer's minimum requirements before granting Approval to the Scheme Agent to commence Scheme Services; and
  - (b) the transition activities described in Section 4, which must be completed by 30 June 2006.
- 2.2 **(Transition Fee)** The Scheme Agent will be paid the Transition Fee for the Transition Services..

## 3 MINIMUM OPERATIONAL REQUIREMENTS

### 3.1 Scheme Agent obligations

In order to commence the provision of Scheme Services, the Scheme Agent must have demonstrated certain minimum competencies and capabilities to conduct the Scheme Services. Each of the Milestones set out in this Section 3.1 must be completed to the standard required by the Nominal Insurer to meet the Minimum Operational Requirements.

#### 3.1.1 Milestones:

- (a) **(Establishment)** The establishment of office infrastructure and real estate holdings sufficient to house their employees and storage;
- (b) **(Personnel)** The employment of Personnel required to provide the Scheme Services, at least 10 Business Days prior to the Minimum Operational Requirements Milestone. These Personnel must have received all necessary training prior to the Minimum Operational Requirements Milestone;
- (c) **(Finance and banking arrangements)** The documented process, Approved by the Nominal Insurer, in relation to all financial reporting requirements, banking arrangements, cash handling processes, other financial and taxation management policies;

## Schedule 11 – Transition Services

- (d) **(Capabilities)** The establishment of minimum capabilities in respect to the following as is deemed necessary by the Nominal Insurer before it will permit the Scheme Agent to commence Scheme Services:
  - (i) a soundly based decision model as defined in the Scheme Agent's Business Model to meet the Minimal Operational Requirements to commence Scheme Services;
  - (ii) the customer service model as defined in the Scheme Agent's Business Model to meet the Minimal Operational Requirements to commence Scheme Services;
  - (iii) the Complaints and dispute management model as defined in the Scheme Agent's Business Model to meet the Minimal Operational Requirements to commence Scheme Services;
  - (iv) The IP Register is set out in Schedule 6.
- (e) **(Operational Document Set)** A familiarisation with the Operational Document Set and requirements of the Deed.
- (f) **(Data exchange)** A demonstration of data exchange, data submissions and the provision of Reports.
- (g) **(Intellectual property register)** The creation of an intellectual property register detailing and designating Intellectual Property Rights in:
  - (i) New Contract Material;
  - (ii) Scheme Material;
  - (iii) Scheme Agent Materials;
  - (iv) Nominal Insurer's Information; and
  - (v) Scheme Agent Information.
- (h) **(Readiness)** Demonstration of the readiness and adequacy of systems, procedures, work practices and Personnel used by the Scheme Agent to perform the Scheme Services in compliance with the Deed.
- (i) **(Information Systems)** The implementation of an appropriate information system to support the Scheme Agent's business relating to Scheme Services.
- (j) **(File Transfer/receipt)** The Scheme Agent must demonstrate its ability to transfer and receive files for Policies and Claims as required by the initial Portfolio allocation, and follow the procedure in the Operational Document Set in relation to file receipt and transfer.
- (k) **(Commencement of Scheme Services)** The Nominal Insurer's general evaluation of the Scheme Agent's overall ability to conduct the Scheme Services.

## 4 TRANSITION

### 4.1 Transition Activities prior to 31 December 2005

## Schedule 11 – Transition Services

4.1.1 **(Annual Services Plan)** The preparation for and obtaining of the Nominal Insurer's Approval for the first year's Annual Services Plan (as described in Schedule 4, Attachment B), and the incorporation of activities required for implementation of components of the Business Model not fully implemented by 31 December 2005.

### 4.1.2 **(Operational Risk Management)**

- (a) Certification that the risk management methodology developed in accordance with AS4360 Risk Management is in use.
- (b) Certification that the policy covering information security risks and controls consistent with AS/NZ, 7799.2:2003, BS7799.2:2002 – Information Security Management is in use.
- (c) Certification that the Business Continuity Plan developed in accordance with HB221:2004 Business Continuity Management and Schedule 2 (Scheme Services) is available for use.

### 4.2 **Transition Activities prior to 30 June 2006**

4.2.1 **(File Preparation / Receipt)** During the Transition Period, the Scheme Agent will be required to transfer Policies and Claims in accordance with the Nominal Insurer's Directions.

- (a) **(Transfer batches)** Claims files will be transferred in batches of up to 1,000 files and Policy files will be transferred in batches of up to 3,000 files. Multiple batches may be transferred simultaneously.
- (b) **(Reporting and tracking)** The Scheme Agent will be required to conduct a self-assessment of their performance in accordance with the File Transfer KPIs described in Schedule 5 (KPIs) for each batch of files that are transferred.
- (c) **(Performance audit)** The Nominal Insurer will audit Scheme Agent performance on the preparation and receipt of transferred files as part of the initial Portfolio allocation. The Nominal Insurer will select batches at its discretion and conduct random sampling of 10% of the batch for review.

## 5 TRANSITION MANAGEMENT

### 5.1 Introduction and overview

5.1.1 As part of the management of the transition, the parties will establish a team known as the Transition Planning Group. The Transition Planning Group will play a key role in overseeing the completion of transition activities and commencement of operation. The Nominal Insurer will establish a transition team to provide support to the Scheme Agent, Employers and Workers during the Transition Period.

### 5.2 Protocols

5.2.1 The following describes the protocols to be adopted for the efficient operation of the Transition Planning Group:

- (a) **(Chairperson)** The chairperson will be the Nominal Insurer's Representative;
- (b) **(Terms of reference)** Terms of reference are specified in the following table;

## Schedule 11 – Transition Services

- (c) (**Agenda**) The agenda described in the terms of reference and supporting papers will be submitted jointly by the Nominal Insurer and Scheme Agent and are to be forwarded to the chairperson two Business Days prior to the meeting. The Scheme Agent will provide administrative support;
- (d) (**Distribution**) The agenda, with attached meeting papers, will be distributed two Business Days prior to the meeting;
- (e) (**Frequency**) Frequency of meetings will initially be weekly, however the Nominal Insurer may amend these times on an as needs basis; and
- (f) (**Minutes**) Minutes of meetings will be recorded, agreed and accepted by the parties and should include a record of those who are in attendance, a record of decisions made and confirm who is responsible for actions to be taken before the next meeting. The minutes will set the business for the next meeting and will be distributed to the members within two Business Days of the meeting. Any variations to the minutes must be provided within two Business Days of receipt of the meeting minutes.

## Schedule 11 – Transition Services

### 5.3 Transition Planning Group

<b>TERMS OF REFERENCE</b>	
<b>Purpose</b>	<p>The Scheme Agent is responsible for conducting their transition project.</p> <p>The Transition Planning Group will review the progress and act as an escalation point for transitional activities.</p> <p>The responsibility of the Transition Planning Group extends to:</p> <ul style="list-style-type: none"> <li>• Monitoring delivery and reviewing performance against the Transition Plan;</li> <li>• Escalation of issues / risks to the Account Management Team; and</li> <li>• Contribution to the development of the first year's Annual Services Plan.</li> </ul>
<b>Attendees/Members</b>	<p><b>Nominal Insurer</b></p> <ul style="list-style-type: none"> <li>• Nominal Insurer Account Manager</li> <li>• Nominal Insurer Transition Manager</li> <li>• Transition Team Member/s</li> </ul> <p><b>Scheme Agent</b></p> <ul style="list-style-type: none"> <li>• Scheme Agent Account Manager</li> <li>• Scheme Agent Transition Manager</li> </ul> <p>Other Nominal Insurer and Scheme Agent Personnel as required. The Nominal Insurer may require Other Scheme Agents to attend.</p>
<b>Chair</b>	Nominal Insurer Representative
<b>Minute Taker</b>	Scheme Agent Representative
<b>Agenda</b>	<ul style="list-style-type: none"> <li>• Review actions from previous meetings;</li> <li>• Monitor delivery &amp; performance of transition in accordance with the Transition Plan;</li> <li>• Review performance against KPIs as appropriate;</li> <li>• Highlight and address issues &amp; risks in relation to transition;</li> <li>• Submit issues concerning the relationship between the parties and identify and refer matters outside the authority of the Transition Planning Group to the Nominal Insurer;</li> <li>• Submit Reports as required;</li> <li>• File Transfer timetable as appropriate;</li> <li>• Review and present recommendations and suggestions made by the Nominal Insurer and Scheme Agent representatives relating to transition and initiate appropriate actions; and</li> <li>• Discuss any relevant issues or changes, general business and new business arising.</li> </ul>
<b>Reports</b>	<ul style="list-style-type: none"> <li>• Transition status reports – outlining status of the transition; and</li> <li>• Transition Plan updates – outlining accepted changes to the Transition Plan and proposing any amendments to the Transition Plan for consideration.</li> </ul>

## Schedule 11 – Transition Services

### 5.4 Key Transition Personnel

In addition to the Key Personnel detailed in Schedule 4 Attachment E (Key Personnel Register), the following list describes the Key Transition Personnel to be available during the Transition Period. The Key Transition Personnel have overall responsibility to ensure the transition objectives are achieved.

The Nominal Insurer Account Manager and the Scheme Agent Account Manager will oversee the relationship of the parties during Transition Period, within the scope of responsibilities described in Schedule 4 (Commercial Management Framework).

### 5.5 Nominal Insurer Transition Manager

The **Nominal Insurer Transition Manager** has overall responsibility for:

- (a) **(Managing)** Managing the Nominal Insurer's obligations under the Transition Plan;
- (b) **(Monitoring)** Monitoring and assessing Scheme Agent performance against Transition Plan Milestones;
- (c) **(Reviewing)** Reviewing transition payment claims, and based on the Nominal Insurer's Approval of Transition Plan Milestones, recommending payment;
- (d) **(Mitigation strategies)** Review of the Scheme Agent's proposed mitigation strategies for identified risks; and
- (e) **(Coordinate)** Coordinate hand-over of operation to the Nominal Insurer Account Manager.

### 5.6 Nominal Insurer Transition Team Member / s

5.6.1 The **Nominal Insurer Transition Team** member is responsible for delivering individual activities that support transition. This function works with the Scheme Agent transition team and the Nominal Insurer to facilitate the completion of transition and hand-over to day-to-day operations. The Nominal Insurer Transition Team Member's primary responsibility is to conduct specific obligations under the Transition Plan on behalf of the Nominal Insurer.

### 5.7 Scheme Agent Transition Manager

The **Scheme Agent Transition Manager** has the overall responsibility for successful transition. The Scheme Agent Transition Manager is to be a dedicated role for the Transition Period. The Scheme Agent Transition Manager's primary responsibilities include:

- (a) **(Developing)** Implementing and managing the Transition Plan;
- (b) **(Manage obligations)** Managing the Scheme Agent's transition obligations under the Transition Plan;
- (c) **(Report progress)** Reporting progress of Milestones against the Transition Plan;
- (d) **(Submit claim)** Submit transition payment claim following Approval for File Transfer/receipt; and
- (e) **(Identification of risks)** Ensuring the prompt identification and analysis and mitigation of risks impacting the transition.



## Schedule 11 – Transition Services

### 5.8 Identification of Key Transition Personnel

The parties will provide the individual's name and role/title for each of the Key Transition Personnel.

Contract Function	Name	Role in Organisation
Nominal Insurer Transition Manager		
Scheme Agent Transition Manager		
Scheme Agent Transition Team Members (based on Transition Plan)		

## 6 TRANSITION PERFORMANCE MANAGEMENT

6.1 Performance through the Transition Period will be managed through the tracking of metrics against:

- (a) The Transition Plan and achievement of Milestones; and
- (b) KPIs as appropriate.

### 6.2 Performance data and information through the Transition Period

6.2.1 The performance data and supporting information will be sourced from:

- (a) the Scheme Agent's performance measurement framework described in this Schedule 11;
- (b) Reports on transition activity;
- (c) Information services, from within the Nominal Insurer and its Personnel and from external sources; and
- (d) the Nominal Insurer's analysis of its own data.

### 6.3 Transition Plan

The Scheme Agent must develop and obtain the Nominal Insurer's Approval for a Transition Plan that:

- (a) has all the obligations set out in Section 3.1 completed and Approved by the date of Minimum Operational Requirements Milestone; and
- (b) has all of the obligations set out in Section 4 complete and Approved by 30 June 2006;
- (c) includes as a minimum, a project plan and corresponding project schedule, describing all activities, a statement of the Milestones for each of the items in Section 3.1 and Section 4, and a description of the dependencies and assumptions.

## Schedule 11 – Transition Services

### 6.4 Transition Plan Milestones

6.4.1 **(Review)** At the Transition Planning Group meeting, the Scheme Agent must provide an updated Transition Plan to reflect the status and any Approved changes since the last update, and provide any proposed updates to the Transition Plan to the Nominal Insurer for review, comment and Approval.

6.4.2 **(Approval)** The Scheme Agent must:

- (a) obtain the Nominal Insurer's Approval of each Milestone; and
- (b) obtain the Nominal Insurer's Approval of all the items set out in Section 3.1 to achieve the overall Minimum Operational Requirements Milestone;

all in accordance with the Transition Plan. The Nominal Insurer will not unreasonably withhold any Approval.

6.4.3 **(Process)** The procedures for obtaining Approval of the Milestones are:

- (a) The Scheme Agent must notify the Nominal Insurer when it considers it has achieved each Milestone described in the Transition Plan and deliver to the Nominal Insurer supporting Documents to enable the Nominal Insurer to review the Scheme Agent's performance.
- (b) The Nominal Insurer will, within five Business Days of receiving such notification and supporting Documents, review and advise the Scheme Agent in writing that it:
  - (i) intends to conduct a site visit to validate/verify the Scheme Agent's notification;
  - (ii) provides its Approval without requiring any further action by the Scheme Agent;
  - (iii) provides its Approval subject to further actions by the Scheme Agent, as specified by the Nominal Insurer in the notice; or
  - (iv) rejects the relevant Milestone, for reasons which it must specify in the notice.
- (c) The Scheme Agent will complete the actions requested by the Nominal Insurer in any notice under (b) above within the specified timeframe.
- (d) The Nominal Insurer may require the Scheme Agent to repeat the process described in (a) and (b) above until the Nominal Insurer provides its Approval of the Transition Milestone.

6.4.4 **(Scheme Services)** The Scheme Agent may only commence Scheme Services after receiving Approval of the Minimum Operational Requirements Milestone.

## 7 NOMINAL INSURER SUPPLIED ITEMS

The following is a list of the items that the Nominal Insurer will provide under this Transition Schedule.

**Note:** List is Scheme Agent specific