

MOTOR ACCIDENT INSURANCE COMMISSION

Annual Report 1994 – 95



“a new beginning”



MOTOR ACCIDENT INSURANCE COMMISSION

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Assistant Insurance
Commissioner John Hand

Principal Policy Adviser Greg Bott

Principal Rehabilitation
Adviser Michael Hancock

Manager, Management
Information Support Lynne McCall-Marshall

Acting Manager
Nominal Defendant Les Kilmarum

The Hon. K E De Lacy
Treasurer
Parliament House
Cnr George & Alice Streets
BRISBANE QLD 4000

Dear Minister

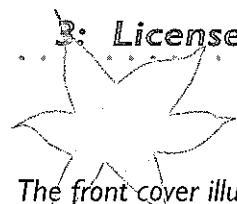
In accordance with the *Motor Accident Insurance Act 1994* Section 19(1), the Motor Accident Insurance Commission is pleased to present the following report on the operation of the statutory insurance scheme established by the Act and on the financial statements of the Commission from commencement of operation on 1 September 1994 to 30 June 1995.

Yours faithfully

Graham Hughes
Insurance Commissioner

CONTENTS

Corporate profile	2
Highlights	3
Overview	4
Performance report	6
Rehabilitation	18
Nominal Defendant	19
Looking to the future	19
People	20
Organisation structure	21
Statistics – Insurance	22
Statistics – Claims	26
Financial summary	33
Financial information	34
Appendices –	
1: Actuarial certificate	54
2: Grants	55
3: Licensed CTP insurers	56



The front cover illustrates the Slender Sun Orchid – native to Queensland, the tubers of the orchid were favoured by the Australian Aboriginal people – it symbolises growth and nurture.

“ The Motor Accident Insurance Commission’s purpose is to provide a compulsory third party motor vehicle insurance system for the benefit of the Queensland community. ”

“ The Nominal Defendant’s purpose is to administer the Nominal Defendant Fund providing for payment of damages for personal injury arising from the liability of uninsured or unidentified motor vehicles or insolvent licensed compulsory third party motor vehicle insurers. ”

CORPORATE PROFILE

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Motor Accident Insurance Commission

The *Motor Accident Insurance Act 1994* was proclaimed to commence on 1 September 1994 and ensures a focus on:

- licensing and supervising compulsory third party motor vehicle insurers;
- rehabilitating injured persons;
- expediting the resolution of claims;
- developing a statistical database for more informed decision making; and
- detecting fraudulent activities against the scheme.

In addition, the Act provides for levies to be deducted from premiums to fund the Motor Accident Insurance Commission's operations and for the immediate provision of funds to public hospitals and public ambulance services, to assist in the provision of treatment to motor vehicle accident victims.

The Motor Accident Insurance Commission was established on 1 September 1994, in accordance with the *Motor Accident Insurance Act 1994*, to put systems in place for the administration of the compulsory third party motor vehicle insurance scheme, for the benefit of the Queensland community. The Commission is responsible for providing recommendations to Government on premiums and independently licenses and supervises insurers in accordance with the Act.

The Commission also administers the Nominal Defendant Fund.

Scott Carter and Gerry Murphy of the Queensland Law Society discussing issues with Graham Hughes.



The first Advisory Committee established.
(from left around table)

Graham Jones, Insurance Council of Australia
Di Campbell, Office of the Ageing
Mark King, Department of Transport
Greg Bott, MAIC
Mike Hancock, MAIC
Paul Williams, RACQ
Greg Gass, Griffith University

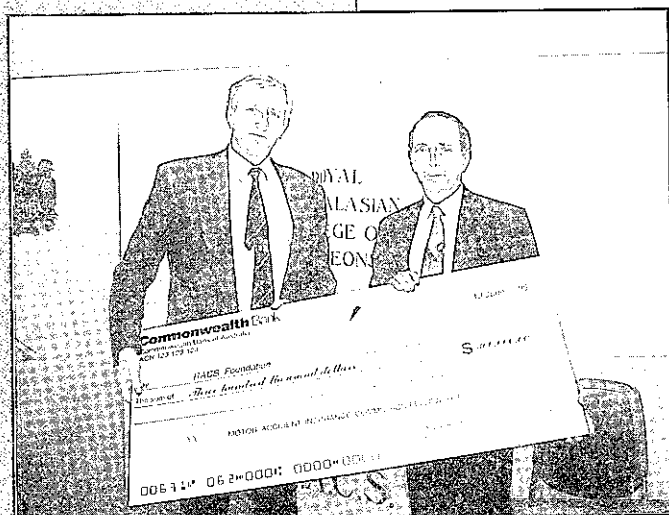


Nominal Defendant

The Nominal Defendant is a body corporate taking on the role of insurer where damages are claimed for personal injury arising from the liability of uninsured or unidentified motor vehicles and insolvent licensed compulsory third party motor vehicle insurers.

HIGHLIGHTS

Dr David Thiele, President, RACS, and Queensland Treasurer, Keith De Lacy, at the MAIC Research Grant presentation.



- Commencement of the *Motor Accident Insurance Act* on 1 September 1994.
- Eleven insurers licensed under the *Motor Accident Insurance Act 1994*.
- Claims register and statistical database installed and operational from 1 September 1994.
- "Notice of Claim" form printed for use by injured persons.
- "Notice of Claim" form produced on computer disk for use by legal profession.
- Rehabilitation guidelines issued to CTP insurers, rehabilitation providers and the legal profession.
- Redesigned motor vehicle registration renewal notices issued by Queensland Transport to coincide with the commencement of the Act.
- CTP insurance coloured brochure issued with each registration renewal notice informing motor vehicle owners of the initiatives introduced by the legislation.
- Extensive media campaign in November/December 1994 focusing on the new legislation and its implications for road users and motor vehicle owners.
- First data download from insurers for entry on claims register and statistical database commenced on 7 November 1994.
- Advisory committee set up to examine and report on a proposal for research support funding from the School of Optometry at the Queensland University of Technology.
- Complete review of work practices and restructure of the Nominal Defendant operation.
- Premium rates, levies and fees for the year commencing 1 July 1995 fixed, based on the actuarial review undertaken by Trowbridge Consulting.
- General presentation on the *Motor Accident Insurance Act 1994* in April 1995 by the Insurance Commissioner as part of the Queensland Law Society's Continuing Legal Education Program.
- Royal Australasian College of Physicians awarded funding of \$300,000 to establish a research fellowship grant in perpetuity.
- Royal Australasian College of Surgeons awarded funding of \$300,000 to establish a research fellowship grant in perpetuity.
- Division of Orthopaedic Surgery, University of Queensland, awarded funding of \$50,000 as an annual grant to undertake undergraduate and postgraduate medical training in orthopaedic injury management and rehabilitation.

OVERVIEW

This report reflects the operations of the Commission since its beginning on 1 September 1994.

The *Motor Vehicles Insurance Act 1936* introduced compulsory third party insurance for owners/drivers of motor vehicles in Queensland. In recent years criticisms were levelled at the scheme and it was apparent that the legislation was not keeping pace with community expectations. Specific problems identified were the lengthy delays in resolution of claims and the lack of rehabilitation services for injured parties.

Following a detailed review of the compulsory third party motor vehicle insurance system, several fundamental issues were identified. These included the need for:

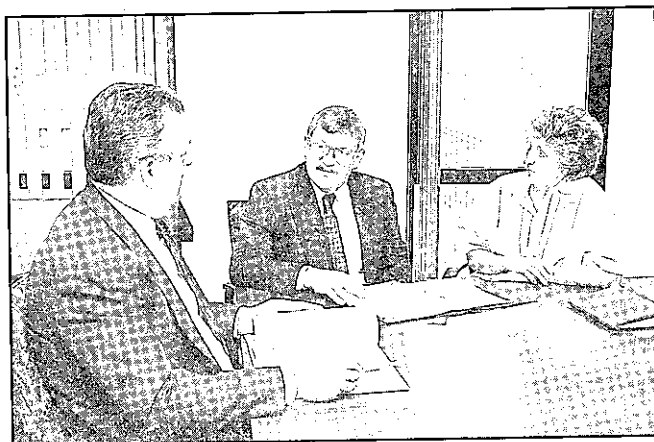
- effective licensing conditions and prudential supervision of insurers;
- an appropriate level of competition and market share;
- a definition of the role and responsibilities of the Insurance Commissioner and the Nominal Defendant;
- opportunities for rehabilitation provision;
- claims management initiatives to expedite claims resolution; and
- measures to combat fraud.

An extensive consultation was undertaken and each issue was progressively addressed leading to the Queensland Government passing the *Motor Accident Insurance Act* in February 1994. The Act was subsequently proclaimed to commence from 1 September 1994. The period between the passing of the Act and its commencement was to allow sufficient time for Queensland Transport, the licensed insurers and the Commission to make the necessary computer changes for administration of the scheme.

By commencement date, a computer system had been purchased and installed for the Commission to provide a claims register and statistical database. An additional computer system was installed for the Nominal Defendant to assist in the management of claims and to capture data required to be supplied to the Commission.

With regard to the development and implementation of the Commission's computer system, I take this opportunity to thank the executives and staff of the Motor Accidents Authority of New South Wales for their valuable assistance and also for making available to the Commission the associated computer software for the administration of the Queensland scheme. I would also acknowledge the assistance and participation of those members of the Royal Automobile Club of Queensland, the insurance industry, and the legal, medical and allied health professions involved in the consultation process leading to the introduction of the legislation. I commend all of these people for devoting their valuable time and experience to the process.

During the development of the legislation a close relationship was established with the staff of Queensland Transport. This relationship continues to exist through the Department's essential participation in the administration of the scheme. My thanks



Mike Hancock (left) and
Lynne McCall-Marshall (right)
receiving assistance on statistical
issues from Doug Hose,
FAI Insurance Queensland Manager.

are extended to the Queensland Transport staff for their continued support. I look forward to maintaining the close working relationship by our operating together on initiatives aimed at accident prevention and the reduction in the severity of motor vehicle accidents.

In furtherance of the objectives of the legislation, the Commission has been active in establishing processes aimed at reducing the consequences of personal injuries by providing grants to major medical colleges involved in the professional development and training of the medical profession. These grants are directed towards improving the treatment and rehabilitation of motor accident victims.

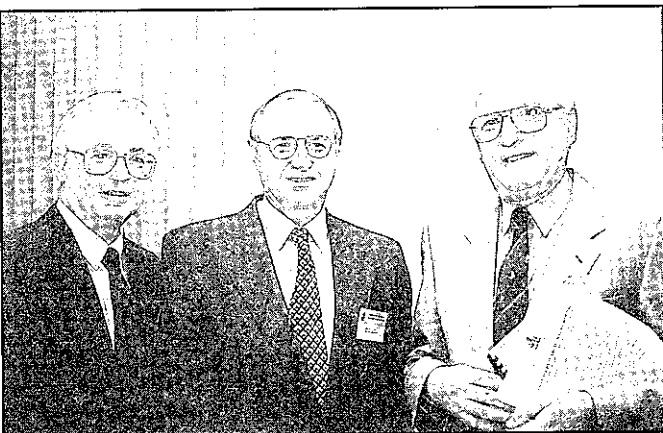
As the year ahead unfolds, I anticipate the co-operation of all licensed CTP insurers in providing timely and accurate data which will enhance the usefulness of the

Commission's claims register and statistical database in determining relevant trends and patterns in claims information. This information will be invaluable for premium rate setting, the benchmarking of insurers' performance and assisting in the detection of fraudulent activities within the scheme. One of the first achievements of the new system is the noticeable improvement in claims management procedures that has occurred within the Nominal Defendant during the year with the implementation of its computerised claims management system.

Finally I express my sincere gratitude to my colleagues in the Commission, in particular the Nominal Defendant operation, for their dedication and persistence over the past year. They have good-naturedly continually met the challenges of a changing environment and have successfully completed many complex tasks within necessarily short timeframes.



Graham Hughes
Insurance Commissioner



Graham Hughes, Terry Towell, General Manager, General Insurance, Suncorp, and Dr Owen Harris, Board Member, RACP Research Foundation, at an MAIC Research Grant presentation.

MOTOR ACCIDENT INSURANCE COMMISSION

GOALS

To administer an effective and efficient CTP system by ensuring adherence to established standards and by monitoring the viability of licensed insurers and the Nominal Defendant Fund.

OBJECTIVES

To establish, implement, review and monitor adherence to standards and compliance with guidelines.

To collect and analyse each insurer's financial and operational data to satisfy the requirements for issuance and continuance of a licence and to ensure continued viability of the CTP system.

To collect and analyse the Nominal Defendant's financial and operational data to ensure the continued viability of the Nominal Defendant Fund.

To ensure the legislation remains appropriate to the community's need.

STRATEGIES

To establish prudential standards and guidelines for CTP licensed insurers.

To conduct regular reviews of the adequacy of standards and guidelines.

To inform CTP insurers of the established standards and guidelines.

To monitor CTP insurers to ensure compliance with standards and guidelines.

To ensure CTP insurers provide information in accordance with the legislative requirements.

To examine the supplied information to satisfy the requirements of the legislation for:

- the issue of a licence;
- the continuance of a licence; and
- the ongoing viability of the total CTP scheme.

To take necessary action in accordance with the legislation in regard to:

- the issue or continuance of a CTP licence; and
- the withdrawal or suspension of a CTP licence.

To take necessary action (administrative or legislative) to ensure the viability of the CTP scheme.

To ensure the Nominal Defendant provides information in accordance with legislative requirements.

To examine the supplied information to satisfy the requirements of the legislation for the ongoing viability of:

- the Nominal Defendant Fund; and
- the total CTP scheme.

To take necessary action (administrative or legislative) to ensure the viability of the Nominal Defendant Fund and the CTP scheme.

To monitor the community's concerns about CTP insurance generally.

To regularly consult stakeholders regarding adequacy of the CTP scheme.

To review the legislation in accordance with the set legislative timeframe.

PERFORMANCE INDICATORS

The timely establishment and review of prudential standards and guidelines with subsequent advice to insurers of any requirements or amendments.

The regular monitoring of CTP insurers to ensure compliance with standards and guidelines.

The timely provision of information by licensed insurers.

The examination of and action on supplied information.

The timely provision of information by the Nominal Defendant.

The examination of and action on supplied information.

The addressing of issues concerning the CTP scheme.

The review of the legislation in accordance with the set timeframe.

BENCHMARKS

The finalisation of the review by 31 July each year with subsequent advice to CTP insurers by 15 August.

The regular monitoring of insurers and specifically requesting from insurers copies of correspondence between the Insurance and Superannuation Commission and insurers each March and September.

The advice to licensed insurers, as necessary, on the occasions on which timely information has not been provided and to release an annual return each 30 June.

The completion of the examination and resultant action within an appropriate timeframe.

The advice to the Nominal Defendant, as necessary, on the occasions on which timely information has not been provided and to release an annual return each 30 June.

The completion of the examination and resultant action within an appropriate timeframe.

The regular monitoring of media outlets and meeting at least twice per year with organisations representing:

- the insurance industry;
- the legal profession; and
- consumers.

The review of the operation of the legislation on 1 September 1999.

OUTCOMES

Compliance with prudential standards and guidelines is a prerequisite to the granting of a licence to an insurer. Eleven licences were granted commencing from 31 December 1994. No amendments have been made to prudential standards and guidelines.

All licensed insurers have satisfactorily complied with the standards and guidelines and the Commission's requests.

All licensed insurers have reasonably complied with legislative requirements.

Eleven licences were granted commencing from 31 December 1994. Satisfactory compliance by all insurers has continued since.

Nominal Defendant has complied with legislative requirements.

The State Actuary has advised that the Nominal Defendant is fully funded at 30 June 1995.

Regular contact in the form of correspondence, presentations and consultations with organisations representing the insurance industry, the legal profession and consumers has been maintained.

Legislation to be reviewed on 1 September 1999.

MOTOR ACCIDENT INSURANCE COMMISSION

GOALS

OBJECTIVES

STRATEGIES

To provide benefits for the community by reducing the incidence, severity and costs of motor vehicle accidents through educational initiatives or other programs and the optimum use of available accident and claims data.

To develop and co-ordinate strategies to identify and combat fraudulent activities.

To collect and analyse accident and claims data.

To promote educational initiatives relevant to CTP motor vehicle insurance.

To engage and/or support research projects relevant to the CTP system.

To utilise advisory committees to examine issues relevant to the CTP system.

To analyse supplied information to establish the existence of any fraudulent activity.

To undertake necessary action where fraud has been detected.

To ensure the community is aware of the severe penalties imposed for fraudulent CTP activities.

To liaise with other authorities and insurers to develop joint strategies for prevention and detection of fraud.

To review the adequacy of legislation in regard to fraudulent activity.

To determine the pertinent and necessary data for collection.

To inform licensed insurers of the data to be collected and supplied and to specify relevant method and timeframes.

To ensure supplied data is recorded in a manner suitable for efficient and effective analysis.

To arrange analyses of recorded data to provide information on specific issues and items.

To identify educational opportunities, highlighted by analyses undertaken, which are relevant to CTP motor vehicle insurance.

To promote/arrange/support educational programs designed to address identified opportunities.

To identify research issues highlighted by analyses undertaken which are relevant to CTP motor vehicle insurance.

To seek and engage relevant organisations/providers to conduct research on specific issues at the behest of the MAIC.

To provide the opportunity for relevant organisations and individuals to access funding from the MAIC for research activities relevant to the CTP system.

To determine issues within the functions of the Commission which the Commission might refer to an advisory committee.

To establish an advisory committee relevant to the issue under consideration.

To make a determination on an issue following receipt of a report from the relevant advisory committee.

CONTINUED

PERFORMANCE INDICATORS

BENCHMARKS

OUTCOMES

The identification of and action taken on fraudulent activity.

1.5.1

The monthly production of relevant matching data.

1.5.1

Relevant matching data has been provided monthly to insurers for action.

1.5.1

The highlighting of penalty provisions for fraudulent activity.

1.5.3

The awareness in the community of penalty provisions for fraudulent activity.

1.5.3

CTP brochure detailing penalty provisions included with each motor vehicle registration renewal notice issued by Queensland Transport.

1.5.3

The liaison on issues surrounding fraudulent activity with other jurisdictions.

1.5.4

The meeting with other jurisdictions at least once per year on fraudulent strategies.

1.5.4

Regular correspondence and meetings with other regulatory authorities and insurers have been maintained.

1.5.4

The review of the legislation's adequacy in addressing fraudulent activity.

1.5.5

The annual review of the adequacy of the legislation in addressing fraudulent activity.

1.5.5

Review to be undertaken before 30 June 1996.

1.5.5

The timely production and analysis of relevant data.

2.1.1

The data to 30 June to be available by 30 September.

2.1.1

Relevant statistics extracted from data supplied by licensed insurers to the claims register and statistical database in compliance with the requirements of the legislation.

2.1.1

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2.1.4

2.1.4

The identification of relevant issues for education or research initiatives.

2.2.1

The issues for attention to be identified by 31 December and resultant activities established within set timeframes.

2.2.1

Research fellowship grants in perpetuity of \$300,000 awarded to both the Royal Australasian College of Physicians and the Royal Australasian College of Surgeons. Annual grant of \$50,000 awarded to Division of Orthopaedic Surgery, University of Queensland. Discussions under way with Royal Australian College of General Practitioners, Q.U.T. and Griffith University regarding further initiatives.

2.2.1

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2.3.3

The effective and efficient operation of appointed advisory committees.

2.4.1

The advisory committees to report and Commission to make resultant recommendations within set timeframes.

2.4.1

An advisory committee was appointed on 20 February 1995 to report its findings to the Insurance Commissioner by 31 March 1995 on the appropriateness of a research grant application by Q.U.T. School of Optometry. The Insurance Commissioner received the reported findings of the committee within the specified timeframe and made his determination on 20 April 1995.

2.4.1

2.4.2

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2.4.3

2.4.3

2.4.3

MOTOR ACCIDENT INSURANCE COMMISSION

GOALS

To recommend to the Government premium rates including levies and fees to ensure a fully funded CTP system is maintained.

OBJECTIVES

To develop, implement and support initiatives to reduce the incidence and severity of motor vehicle accidents.

To undertake an actuarial analysis at least annually of the CTP system and recommend to Government necessary premium rates.

STRATEGIES

To develop and to be aware of initiatives seeking to reduce the incidence and severity of motor vehicle accidents.

To review initiatives being developed or being undertaken to reduce the incidence and severity of motor vehicle accidents to determine whether the MAIC can assist financially in the development, implementation or support of such initiatives.

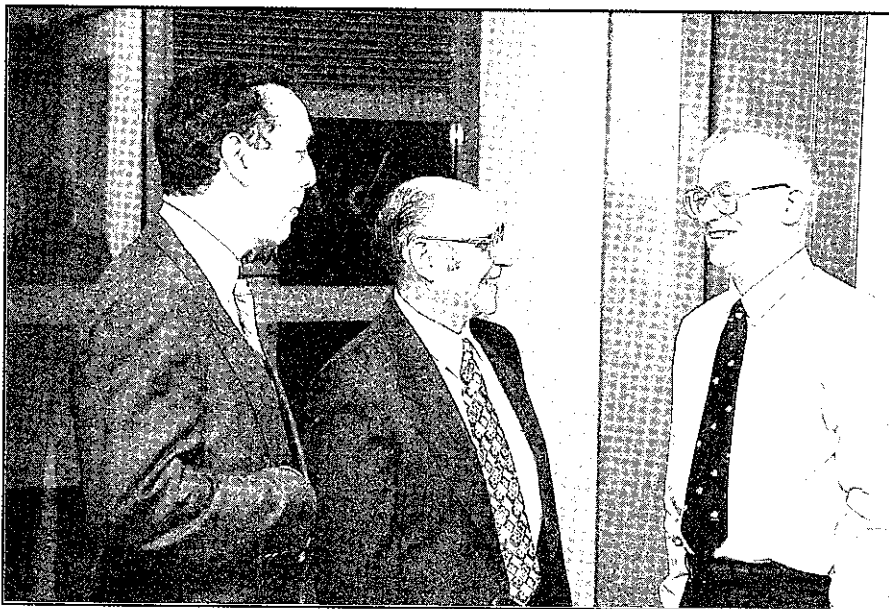
To collect data to enable an actuarial analysis on the Queensland CTP scheme to be conducted.

To arrange an annual actuarial analysis of the Queensland CTP scheme.

To invite written submissions in accordance with the requirements of legislation.

To consider the outcome of the actuarial analysis.

To establish the CTP premium rates for the ensuing year.



The Insurance Council of Australia was a major participator in the design of the legislation.
Alan Mason, Deputy Chief Executive Officer, and
Graham Jones, Regional Manager for Queensland, with Graham Hughes.

CONTINUED...

PERFORMANCE INDICATORS

The effective and efficient consideration of initiatives proposed.

BENCHMARKS

The determination on relevant issues to be made within set timeframes.

OUTCOMES

Refer to outcomes listed in 2.2.1 to 2.3.3.

The timely production of relevant actuarial data.

The data to 30 June to be available by 30 September.

All licensed insurers have reasonably complied with legislative requirements.

The appointment of an actuary to perform the annual actuarial analysis.

The appointment of an actuary to be made by 31 October for analysis completion by 31 January.

The appointment of Trowbridge Consulting made on 20 October 1994 for analysis completion by 24 January 1995.

The issue of requests for submissions relevant to the actuarial analysis.

The request for submissions to be issued by 30 September for response by 14 November.

Requests for submissions issued 17 October 1994 for response by 7 November 1994.

The release of a recommendation on CTP premiums to the Treasurer.

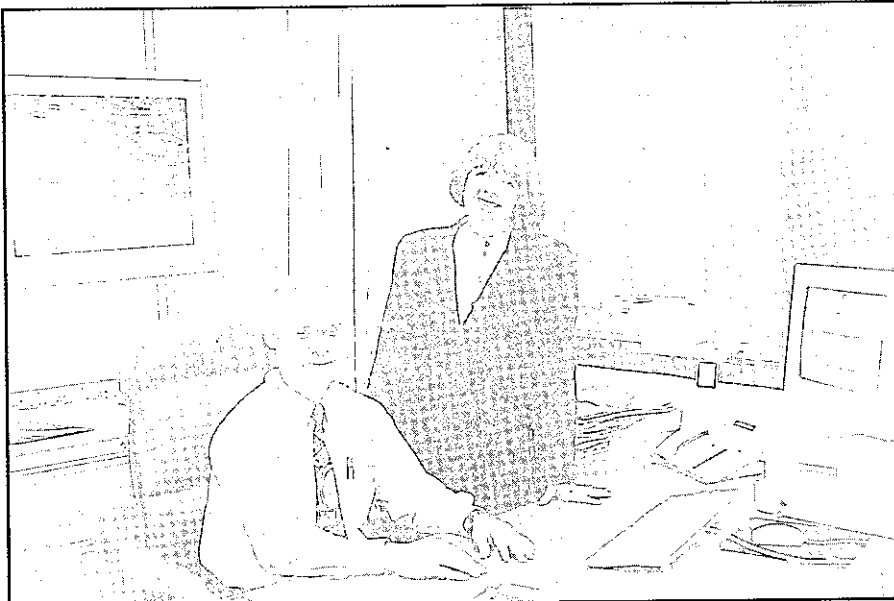
The recommendation on CTP premium rates to be made by 31 March.

Recommendation on CTP premium rates made on 16 March 1995.

The preparation of a regulation setting premium rates.

The regulation for CTP premium rates to be completed by 30 April.

Premium rates, levies and fees for the year commencing 1 July 1995 were fixed, based on the actuarial review undertaken by Trowbridge Consulting. The regulation giving effect to this was approved by Executive Council on 21 April 1995.



Barry Lindemann and Jenny McDonald of Queensland Transport have contributed significantly to the MAIC operation.

NOMINAL DEFENDANT

GOALS

To ensure the effective and efficient operation of the Nominal Defendant Fund.

OBJECTIVES

To maintain an ongoing review of the Motor Accident Insurance Act and provide appropriate technical advice relevant to policy and legislative changes.

STRATEGIES

To be aware of relevant court decisions in regard to liability, quantum, out of time matters and legal costs and make recommendations when necessary.

To generally be aware of changes in any environment which would affect the Nominal Defendant operation.

To ensure cost-effectiveness of the Nominal Defendant's office.

To maintain an ongoing review of office systems and procedures and advise when change is appropriate.

To maintain and monitor cash flow budget to ensure adequate resources are available to pay claims and also maximise investment income.

To gather and analyse all available information relating to claims.

To develop and maintain systems to provide timely and accurate information to facilitate the cost-effectiveness of providers.

To maintain an updated and accurate database of judgments/settlements.

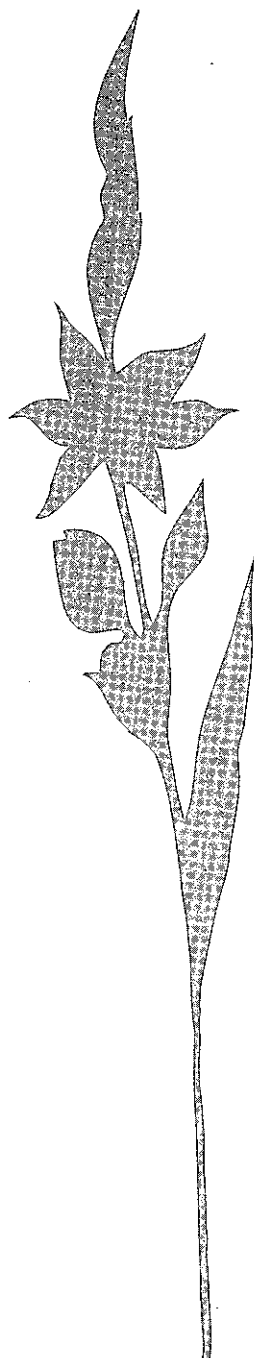
To develop and maintain all available data systems for fraud prevention and detection.

To have an ongoing review of the performance of rehabilitation service providers to ensure both quality and cost-effectiveness.

To maintain a high standard of skilled and experienced staff.

To review the structure of the Nominal Defendant operation and job design.

To record and report major achievements.



To improve the efficiency and effectiveness of the Nominal Defendant operations through increased job satisfaction and greater recognition and appreciation of staff.

PERFORMANCE INDICATORS

The review of court decisions given in which Nominal Defendant operation is involved and making recommendations regarding amendments to legislation, policy and procedures.

The review of legal opinions obtained in relation to the Nominal Defendant operation and making recommendations regarding amendments to legislation, policy and procedures.

The review of Nominal Defendant systems and procedures.

The monitoring of Nominal Defendant cash flow.

The timely provision and analysis of information on the Nominal Defendant operation.

BENCHMARKS

The review and recommendations to be completed within three months of court decision.

The review and recommendations to be completed within six months of opinion.

The review to be completed each April.

Cash flow estimations to be made monthly.

The completion of analysis to 30 June by 30 September.

OUTCOMES

No amendments have been necessary as a result of relevant court decisions.

No amendments have been generated as a result of relevant legal opinion.

Electronic cheque requisition facility to be implemented to commence in the 1995-96 financial year to enhance computerised claims management system.

Cash position reconciled weekly. Available surplus in excess of claims payment requirements invested with Queensland Investment Corporation within 24 hours of reconciliation.

Implementation of computerised claims management system from 1 September 1994 has enhanced the provision of relevant and timely data to the Nominal Defendant operation.

1.2.5

1.2.5

1.2.5

1.2.7

1.2.7

1.2.7

The review of staff skills required and staff skills held and action taken to correct or maximise.

The reviews to be completed annually with resultant action to be completed within set timeframes.

A job redesign of positions within the Nominal Defendant has resulted in the appointment of staff to five claim managers' positions with expanded duties and responsibilities replacing six claim officers' positions.

The review of the Nominal Defendant structure and job design.

The review to be completed each April.

As a result of the restructure of the Nominal Defendant as part of the recommendations of a structural efficiency program undertaken within Queensland Treasury, five claim managers' positions and two assistant claim managers' positions were created with two administrative assistant positions being retained from the previous structure.

The timely provision of information relevant to major achievements.

The production of a report each March, June, September and December.

A quarterly report confirming claims management efficiency has been submitted to the Insurance Commissioner and the Under Treasurer.

NOMINAL DEFENDANT CONTINUED...

GOALS

OBJECTIVES

STRATEGIES

To manage claims against the Nominal Defendant.

To efficiently and effectively investigate claims to determine liability and quantum and settle claims on the best possible terms.

To review internal relationships regularly.

To identify and develop career and opportunity paths for staff within and external to the Nominal Defendant through staff training and interchange.

To undertake investigations and where appropriate engage external providers to obtain expert and technical advice on liability.

To analyse all available information to determine the extent of the Nominal Defendant's liability.

To seek all available evidence pertaining to injuries to assist in the assessment of quantum.

To enter into negotiations with a view to settlement of claims on best possible terms.

To engage legal assistance and/or representation where appropriate.

To prepare and proceed to court in matters which cannot be settled or resolved through negotiation or mediation.

To consider appeal prospects and appeal where appropriate.

To arrange appropriate rehabilitation services.

To assess and determine appropriate rehabilitation programs for injured parties and minimise costs to the Queensland community.

To maintain an ongoing review of each rehabilitation program to ensure the goals of the program are achieved with a view to minimising the extent of damages and assisting the injured party in injury recovery.

PERFORMANCE INDICATORS

BENCHMARKS

OUTCOMES

The opportunity for regular communication between all staff.

A monthly meeting of staff.

A meeting of staff has been held at least monthly resulting in substantial improvement in staff relationships and communication.

The review of staff skills required and staff skills held and action taken to correct or maximise.

The reviews to be completed annually with resultant action to be completed within set timeframes.

All staff have been actively involved in training on computerised claims management system since its implementation on 1 September 1994. Staff are regularly interchanged on positions within the Nominal Defendant and Motor Accident Insurance Commission to enhance multiskilling.

The collection, consideration, investigation and analysis of information relevant to a CTP claim leading to claim finalisation.

The meeting of deadlines set by legislation, Nominal Defendant policy or procedures.

Demonstrated compliance with requirements and deadlines set by legislation, Nominal Defendant policy or procedures.

The provision of rehabilitation service to an injured person as requested or indicated.

Service to be offered in 100% of such cases.

Service offered in 100% of such cases. Number of cases 10. From 1 July 1995 rehabilitation advisers from Work Directions Australia and Holy Spirit Hospital Rehabilitation Service have been engaged to assess all new claims lodged for potential rehabilitation requirements.

An analysis of rehabilitation provision to be provided as at 30 June each year.

The analysis to be available by each 30 September

Insufficient data available at 30 June 1995. From 1 July 1995 rehabilitation advisers from Work Directions Australia and Holy Spirit Hospital Rehabilitation Service have been engaged to review and evaluate the adequacy of each rehabilitation program to ensure the goals of the program are achieved. Outcome to be advised next financial year.

NOMINAL DEFENDANT CONTINUED...

GOALS

To maximise amounts recoverable to the Nominal Defendant Fund.

OBJECTIVES

To institute recovery action where applicable.

STRATEGIES

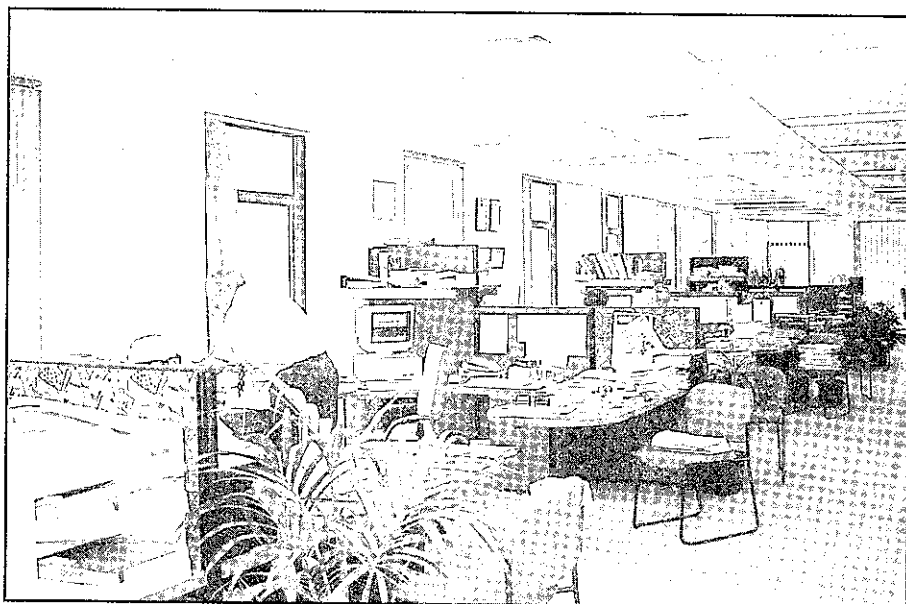
To reserve recovery rights against the uninsured owner/driver and others.

To consider and make recovery demands where appropriate on settlement of claim.

To establish and maintain a database of claims associated with recovery action.

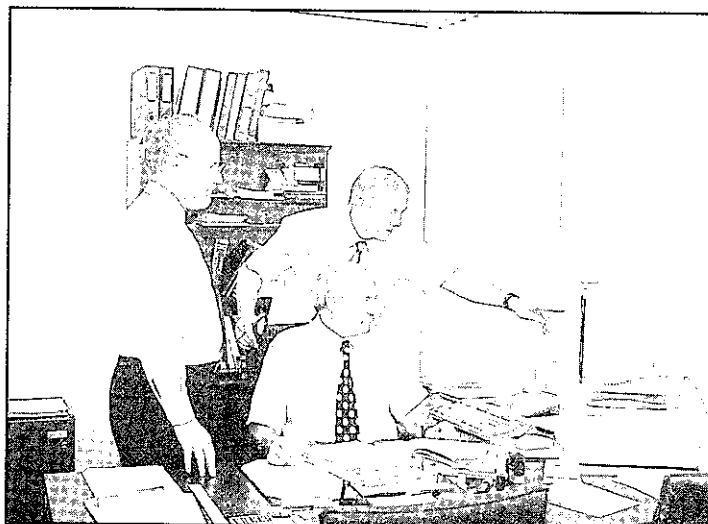
To negotiate terms of repayment where recovery is pursued.

To investigate financial circumstances and if appropriate instigate legal action where negotiations concerning recovery are unsuccessful.



Claim Managers Mike Hogan, Bernie Clark and Rex Mellifont review a claim file using the computer-based claims management system.

The Nominal Defendant operation is conducted in a modern workstation environment.



PERFORMANCE INDICATORS

The completion of an analysis relating to the Nominal Defendant compliance to Policy Guidelines on Recoveries.

BENCHMARKS

The analysis to each 30 June to be available by 30 September.

OUTCOMES

Nominal Defendant Policy Guidelines on Recoveries and database established commencing 1 July 1995. Outcome to be advised next financial year.

3.1.3

3.1.3

3.1.3

3.1.4

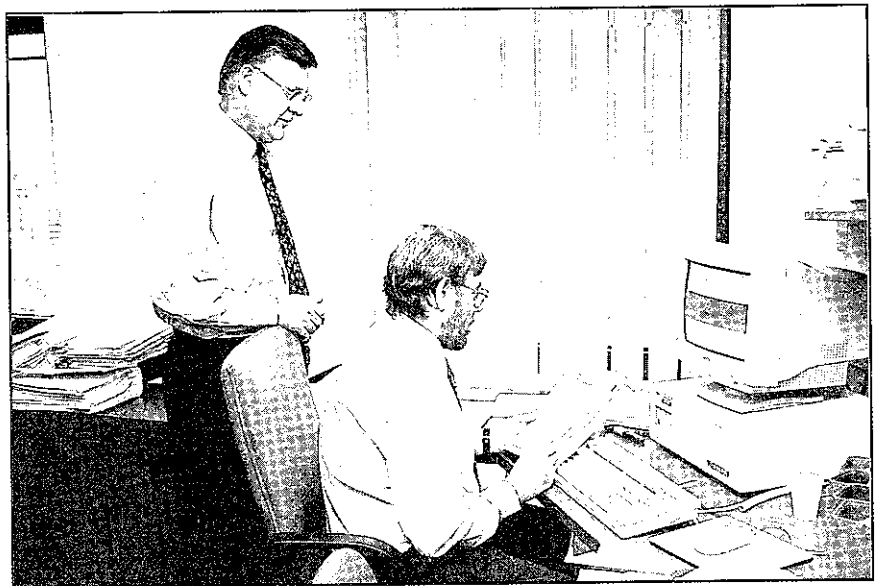
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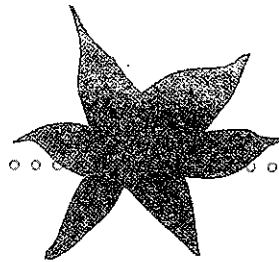
3.1.5

3.1.5



Des Richardson providing tuition to Neil Tomkins on the claims management system.

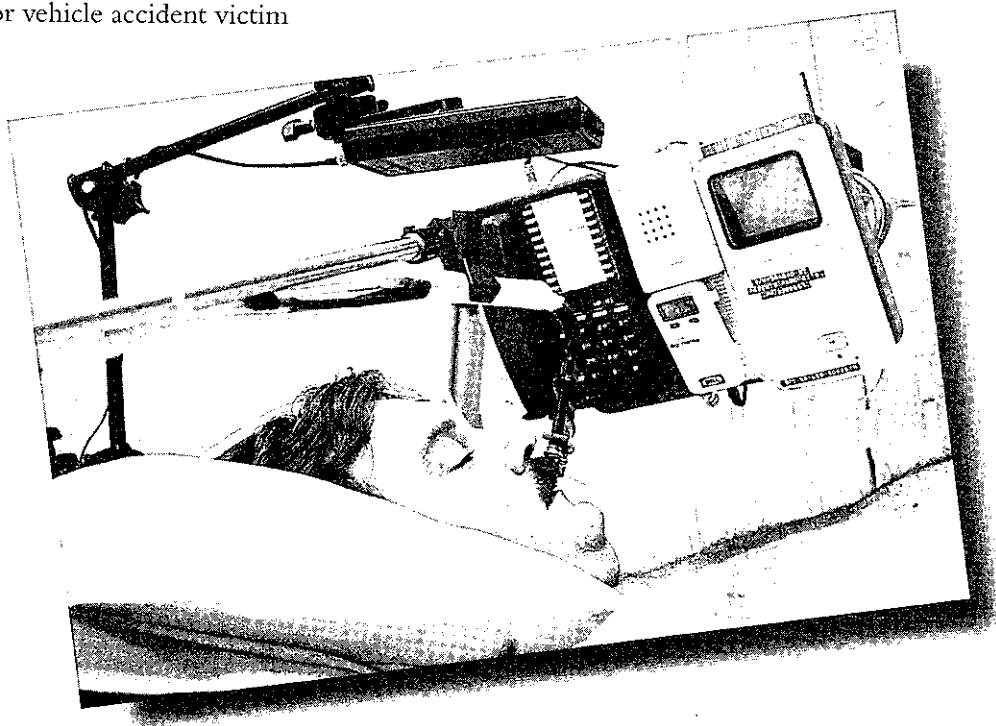
REHABILITATION



For many people one of the most distressing aspects of being incapacitated from a motor vehicle accident is the loss of independence. Severe injuries often require full or partial care before physical functions and capabilities required for independence can be restored through medical treatment and rehabilitation.

Chris with voice activated equipment – modern technology in use by a motor accident victim.

Rehabilitation in the early stages has been found to be an important factor in the recovery of accident victims and, for many people, may mitigate the psychological effects of being incapacitated. However, access to the rehabilitation needs of a motor vehicle accident victim cannot be presumed



Before the introduction of the *Motor Accident Insurance Act 1994*, and its opportunity for the immediate funding for rehabilitation, an accident victim's access to rehabilitation services was largely determined by the availability of community services.

The Commission, through the general functions of the *Motor Accident Insurance Act 1994*, has the opportunity to influence the integration of rehabilitation into the health care process through principles of education, research, awareness and prevention.

The aim of this process is to provide severely injured motor vehicle accident victims with continual care so that they can make a gradual transition from full-time hospitalisation to full or partial independence at home.

The long term prospects for full independence for accident victims look better than ever before with the advent of technology-based assistance such as voice-activated equipment and the continuing development of virtual reality and computer-based communications.

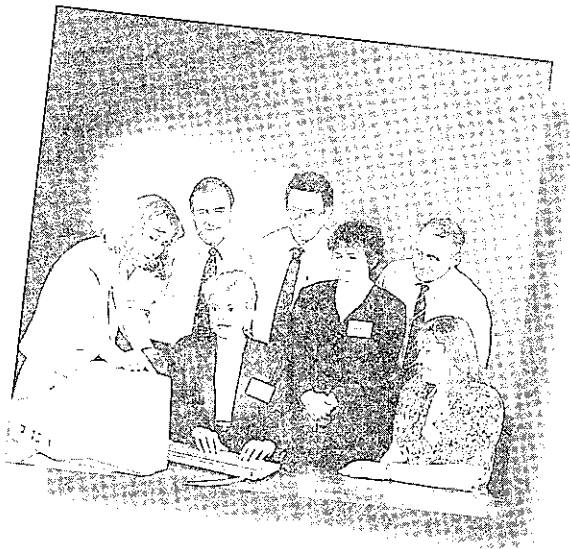
NOMINAL DEFENDANT

Although the *Motor Accident Insurance Act 1994* commenced as from 1 September 1994, claims under the former Act will still be received and processed for some time to come. In the period 1 September 1994 to 30 June 1995, 892 claims were lodged in respect of motor vehicle accidents which occurred prior to 1 September 1994.

The new legislation which replaced the *Motor Vehicles Insurance Act 1936* also brought to an end the Nominal Defendant Board. The Insurance Commissioner now takes on the responsibility of Nominal Defendant.

The Insurance Commissioner recognised the valued contribution made by the various Board members over the years and, in particular, Mr Graham Jones, Mr Paul Williams, Mr Kym Suridge and Mr Paul Liddy, who were members of the last Board. Also, the dedication to the Nominal Defendant operation by Mr Owen Fisher is recognised. Owen, who has served the Nominal Defendant for many years as Manager, resigned during the year to take up a position in the private insurance industry. Additionally, Mr Peter Millis retired during the year and his many years of excellent service as a Claims Officer of the Nominal Defendant are acknowledged.

LOOKING TO THE FUTURE



Price Waterhouse Urwick provide facility management of the MAIC computer system.

Pictured is Kathryn Dioth providing training to insurers (from left standing) Neville Carr, Dave Barralet, Jenny Bett, Arthur Butler and (from left sitting) Debbie Davis and Nan Channells.

The Motor Accident Insurance Commission aims to use the claims register and statistical database as a management tool to provide relevant information on a regular basis to assist in benchmarking of licensed insurers' performance and for the detection of fraud, and so provide a more effective and efficient CTP scheme. Apart from scrutinising trends associated with claim frequency and the level of settlements, the Commission intends to benchmark claim-related costs such as professional legal costs, investigative costs, private hospital, medical and rehabilitation costs.

The promotion of measures directed at eliminating or reducing the causes of motor vehicle accidents and mitigating the results will be addressed by maintaining a close working relationship with Queensland Transport. In particular, accident prevention may be enhanced by analysing data relevant to the location, time and accident circumstances, the age and sex of drivers and claimants and the type of injuries sustained.

Statistical analysis of accident data also will be used by the Commission to examine the level and relativity of premium rates.

PEOPLE

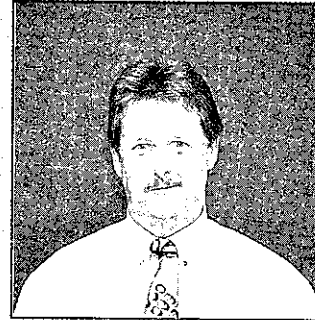


Graham Hughes
Insurance Commissioner

Greg Bott
Principal Policy Adviser



John Hand
Assistant Insurance
Commissioner



Lynne McCall-Marshall
Manager, Management
Information Support



Mike Hancock
Principal Rehabilitation
Adviser

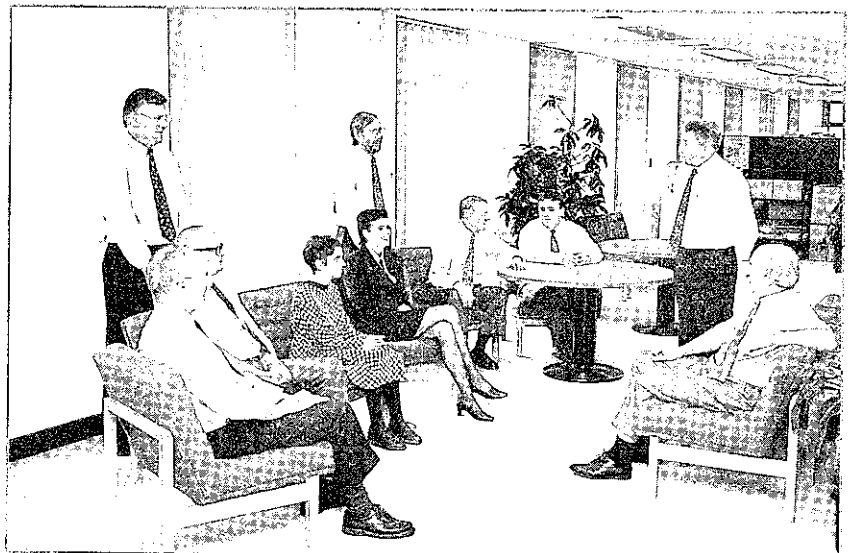


Julie Williams
Administrative Assistant

Nominal Defendant Staff



Les Kilmerlin
Acting Manager,
Nominal Defendant



ORGANISATION STRUCTURE

NEW ZEALAND CRIME REPAIRS COMMISSION

Insurance
Commissioner and
Nominal
Defendant

Principal
Rehabilitation
Adviser

Assistant Insurance
Commissioner

Principal Policy
Adviser

Manager,
Management
Information Support

Nominal Defendant
operation

Administrative
Assistant

Manager,
Nominal Defendant

Five
Claim Managers

Two
Assistant Claim
Managers

Two
Administrative
Assistants

STATISTICS - INSURANCE

VEHICLES INSURED AS AT 30 JUNE 1995*





Insurance Class	Number of Vehicles	%
1	1,374,287	71.42
2	3,788	0.20
3	3,053	0.16
4	11,644	0.61
5	2,661	0.14
6	322,829	16.78
7	41,983	2.18
8	3,863	0.20
9	2,413	0.13
10	1,637	0.08
11	2,233	0.12
12	24,061	1.25
13	39,280	2.04
14	25,045	1.30
15	8,116	0.42
16	746	0.04
17	52,426	2.72
19	148	0.01
20	310	0.02
21	55	0.00
23	3,483	0.18
24	47	0.00
TOTAL	1,924,108	100.00
Old Class Total**	150,707	

* Classes 18, 22 and 25 are not relevant to this data.

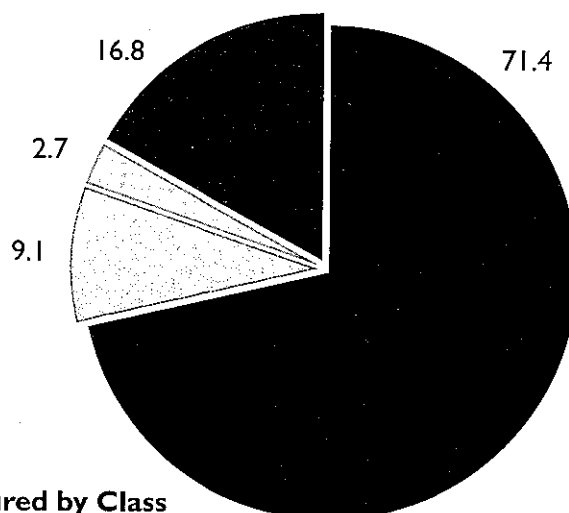
** To be converted to new classes on renewal.

VEHICLE CLASSES

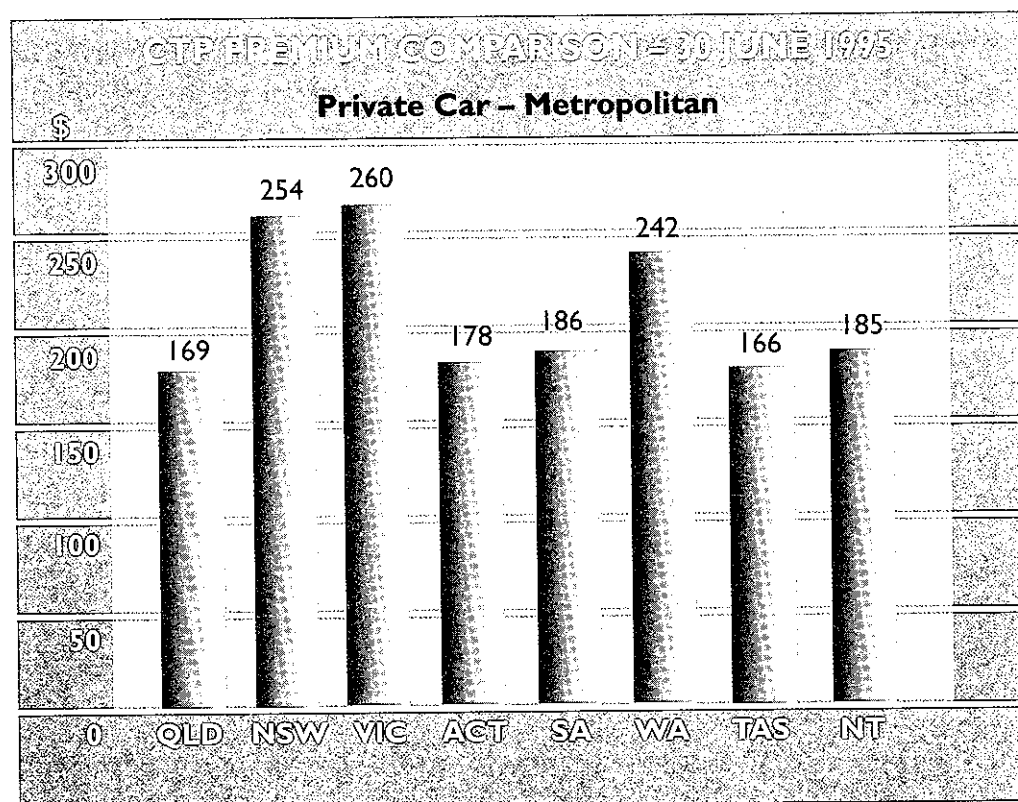
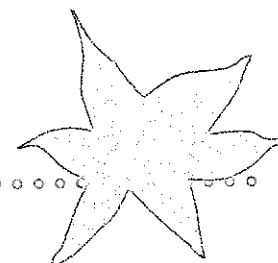
Vehicle classes are divided into 25 categories for differentiation. The major classes by number of units are Classes 1, 6 and 17.

-  Class 1 (Cars and station wagons)
-  Class 6 (Trucks, utilities and vans 4.5 t or less)
-  Class 17 (Primary production use only)
-  Others

CTP INSURED VEHICLES



% Insured by Class



CTP AFFORDABILITY (as % of full-time adults' total weekly earnings - Queensland)

Class I Vehicle (cars and station wagons) - \$169

1/9/94	30/6/95
27.2%	26.2%

STATISTICS - INSURANCE

PREMIUM, LEVY AND FEE COLLECTION

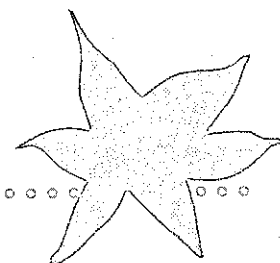
Period	1/9/94 to 30/6/95 \$
Gross Premium	293,957,131
Hospital Levy *	(5,144,250)
Ambulance Levy*	(1,028,850)
Department of Transport Fee	(5,438,207)
Nominal Defendant Levy*	(8,818,714)
MAIC (Statutory Insurance Scheme) Levy*	(2,204,678)
Net Premium	271,322,432

(*Includes June 1995 Levies payable by 14 July 1995)

INSURER'S NET PREMIUM COLLECTION

Period 1/9/94 to 30/6/95

Insurer	\$
AAMI	6,968,485
CIC	348,370
CU	4,534,729
FAI	78,430,912
GIO	821,986
Mercantile Mutual	2,395,119
MMI	10,052,125
QBE	306,779
Suncorp	151,494,730
VACC	15,671,830
Zurich	297,367
Total	271,322,432



MARKET SHARE (BASED ON UNITS)

A licence is subject to the condition that the insurer must have, at 30 June 2000, a share of the market for CTP insurance equal to or greater than 5% based on premiums.

Market share data will commence to be based on premiums in December 1995 following termination of all former Act vehicle insurances.

Insurer	% 1/9/94	% 30/6/95
AAMI	2.27	2.74
CIC	0.02	0.11
CU	1.27	1.57
FAI	30.62	29.45
GIO	0.12	0.28
Mercantile Mutual	0.79	0.82
MMI	2.28	2.96
QBE	0.01	0.09
Suncorp	57.15	56.10
VACC	5.13	5.73
Zurich	0.00	0.08

STATISTICS - CLAIMS

CLAIM REPORTING

Under the previous CTP scheme, the elapsed time from accident date to settlement date of a claim for damages had averaged four and a half years.

A key focus of the new legislation is the requirement for early lodgement of a Notice of Claim. Early claim lodgements will lead to an ability to impact on injury recovery and to achieve an early determination of liability by insurers to assist in the early resolution of claims for compensation.

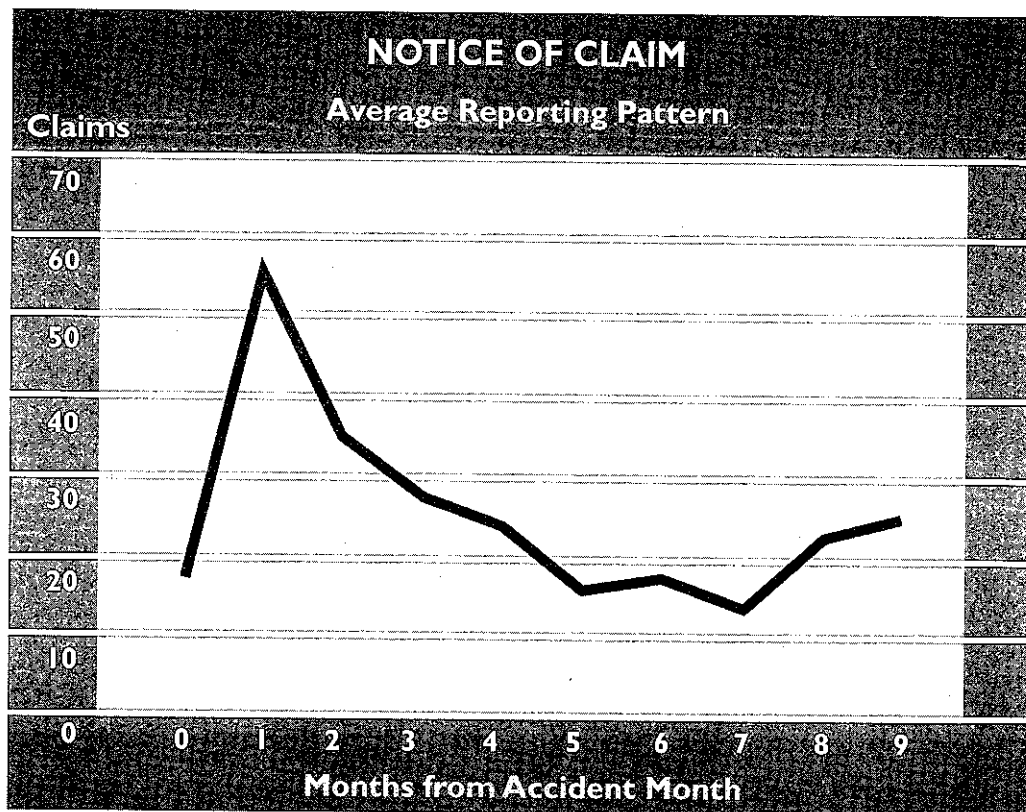
During the reporting period (1 September 1994 to 30 June 1995) 1,096 claims have been notified to insurers in Queensland with the average time from accident to date of notification being 88 days.

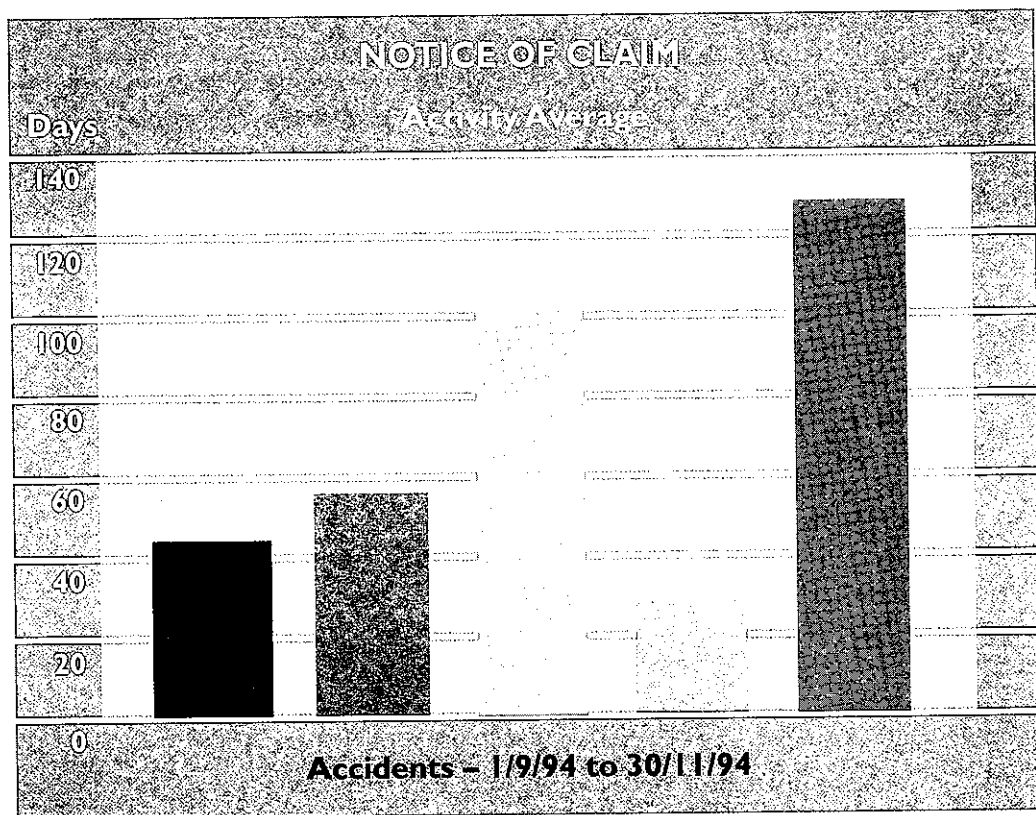
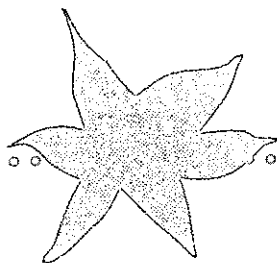
Whilst the scheme is still very much in its infancy, an examination of the claims relating to accidents that occurred in the first three months of the Act's operation has shown:

- a total of 676 satisfactorily completed Notice of Claim forms were received by insurers;
- 32% were submitted to the insurer by the end of the month following the accident month; and
- 84% were submitted to the insurer by the end of the sixth month following the accident month.

From the chart below it can be seen that approximately 50% of the reported claims were lodged within three months of the accident date.

Accidents
1/9/94 to 30/11/94

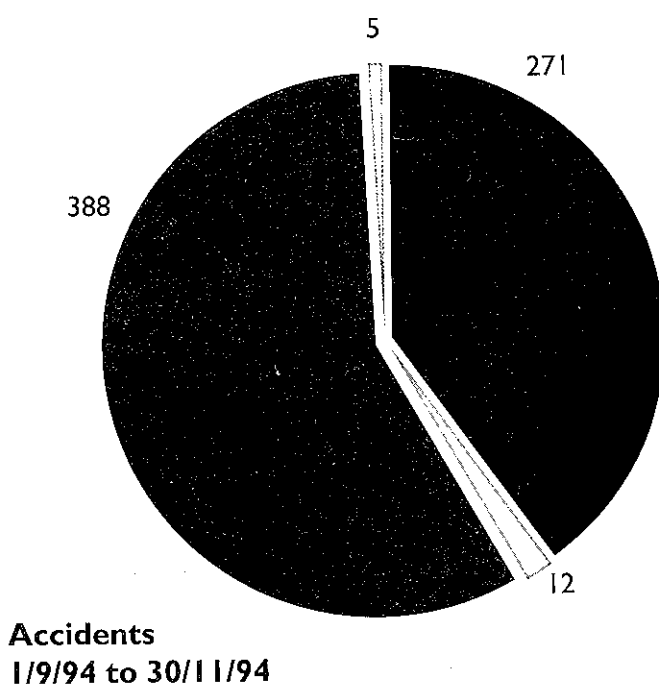




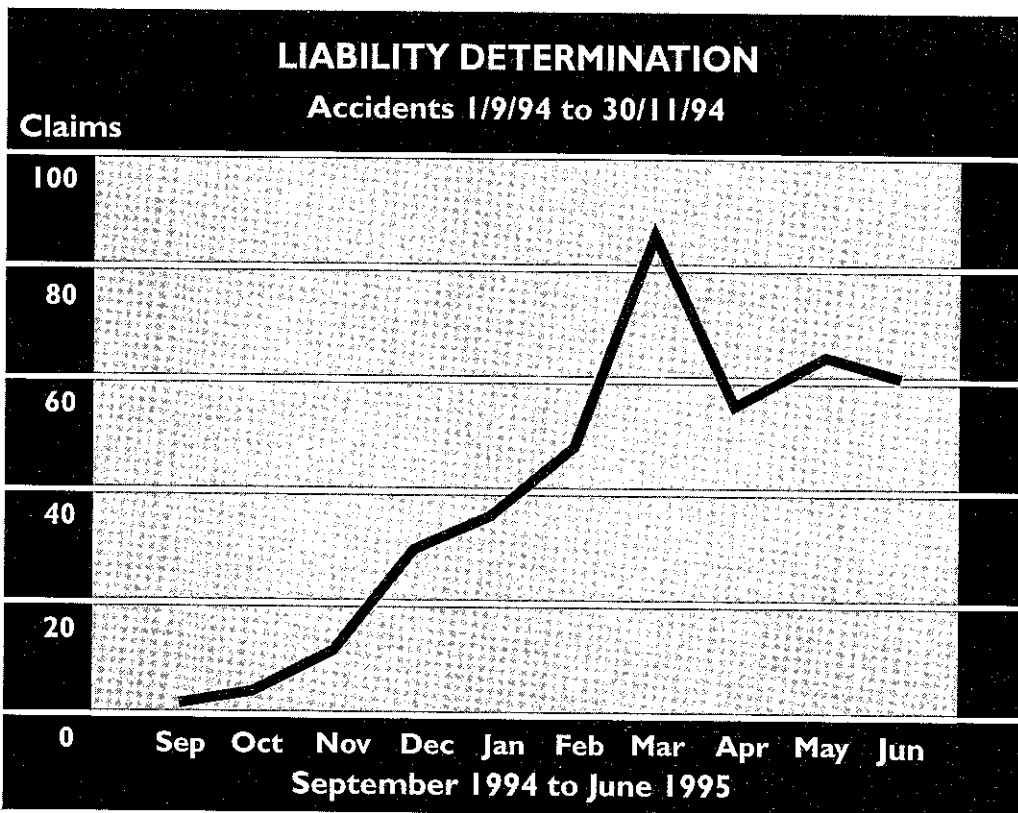
- 45 Days – Accident to Section 34 advice
- 57 Days – Section 34 advice to Notice of Claim lodgement
- 102 Days – Accident to Notice of Claim lodgement
- 28 Days – Insurer satisfied with Notice of Claim
- 130 Days – Accident to satisfactory Notice of Claim

LIABILITY DETERMINATIONS

- Undecided (40.1%)
- Full (57.4%)
- Rejected (1.8%)
- Partial (0.7%)



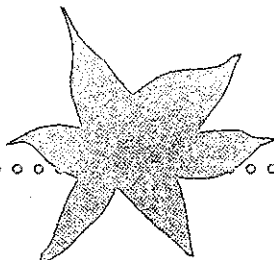
STATISTICS - CLAIMS



Total Claims – 676
Total Determined – 405

NOTICE OF CLAIM LODGEMENTS (All Insurers)

Injury Month	Development month												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Sep-94	16	39	32	42	12	12	31	10	25	25			244
Oct-94	3	70	53	17	31	29	12	19	19				253
Nov-94	31	59	18	26	28	5	5	7					179
Dec-94	10	34	20	27	11	19	8						129
Jan-95	4	32	37	24	20	8							125
Feb-95	9	30	14	17	6								76
Mar-95	6	16	21	20									63
Apr-95	5	9	6										20
May-95	1	5											6
Jun-95	1												1
Total	86	294	201	173	108	73	56	36	44	25			1,096



CLAIMS RECEIVED AND LIABILITY DETERMINED

Insurer	AAMI	CIC	CU	FAI	GIO	MMI	Merc	QBE	Zur	Sun	ND	VACC	Total
Claims Received	47	3	8	312	4	96	24	1	0	458	111	32	1,096
Liability Determined	27	0	4	135	0	44	16	0	0	398	44	13	681
(%)	(57)	(-)	(50)	(43)	(-)	(46)	(67)	(-)	(-)	(87)	(40)	(41)	(62)

* Claims received only include satisfactory Notice of Claim lodgements.

** Nominal Defendant liability determination in respect of uninsured (unregistered) motor vehicles was 47%.

CLAIM SETTLEMENT

With earlier reporting, an insurer is placed in a much better position to assess a claim and to make judgements on liability thereby allowing the insurer to move more quickly towards settlement. In terms of the legislation, an insurer is obligated to make a decision on liability within six months of receipt of a satisfactorily completed Notice of Claim.

The average time delay between receipt of a Notice of Claim and an insurer granting satisfactory compliance of the notice is 30 days.

Early indications would suggest that insurers are committed to the spirit of the legislation with instances of liability being admitted and rehabilitation services being offered prior to a Notice of Claim being received. Looking at claims relating to accidents between 1 September 1994 and 30 November 1994 has shown:

- 60% have had liability determined of which 95% showed liability accepted in full; and
- 22% have been settled and subsequently finalised by the insurer.

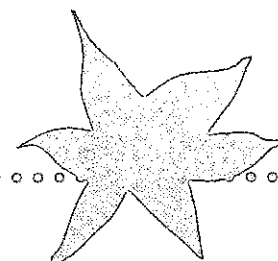
The following table provides information received on the MAIC Claims Register and Statistical Database from all licensed insurers in relation to the dissection of claim-related costs.

STATISTICS - CLAIMS

CLAIMS PAYMENT DETAILS TO 30 JUNE 1995

Description	Total \$	Percentage %
Hospital, Medical, Pharmaceutical	160,260	7.72
Rehabilitation service costs	43,008	2.07
Economic loss (past)	73,722	3.55
Economic loss (future)	66,874	3.22
Home and vehicle modifications	1,436	0.07
Long-term care and home care	19,716	0.95
Aids and appliances	43,776	2.11
General damages	1,386,903	66.82
Investigation costs	46,330	2.23
Legal costs	197,557	9.52
Other costs	36,127	1.74
Total	2,075,709	100.00

Payment Type	AAMI	CU	FAI
Aids and appliances	760		5,114
Long-term care and home care			30
Economic loss – past	3,580		
Economic loss – future			17,834
General damages	23,437	33,138	377,386
Home and vehicle modifications			
Investigation costs	6,569		9,410
Legal costs – plaintiffs	4,648		2,886
Legal costs – defendants (solicitors)		1,620	
Legal costs – defendants (other outlays)			
Hospital, medical, pharmaceutical	11,554		45,759
Payments to non-licensed CTP insurers – Qld			
Other			
Rehabilitation service costs	414		26,995
Other party (other than through sharing)			
Total	50,962	34,758	485,414



AGE GROUPS OF CLAIMANTS AT 30 JUNE 1995

Age	Male	Female	Unknown	Total
Unknown	15	17	5	37
0-5 years	11	13		24
6-15 years	24	20		44
16-25 years	154	148	1	303
26-35 years	112	134	1	247
36-45 years	76	88		164
46-55 years	53	79		132
56-65 years	33	43		76
66+	22	47		69
Total	500	589	7	1,096

PAYMENT DISSECTION BY INSURER

GIO	MMI	MercMut	Suncorp	NomDef	VACC
	262		37,640		
			19,686		
	2,986	170	66,986		
			49,040		
	44,857	14,875	865,903	19,534	7,773
			1,436		
841	2,673	2,811	3,976	17,604	2,446
	12,113	2,367	166,382	3,474	3,750
					205
			112		
	4,267	2,225	85,867	10,299	289
		967			
			35,701	138	
			9,088	6,328	183
			(679)		
841	67,158	23,415	1,341,138	57,377	14,646

STATISTICS - CLAIMS

ACCIDENT LOCATIONS INVOLVING CLAIMS

Div. No.*	Location	Postcode No.	No. Accidents
1	Brisbane Area	4000 - 4072	180
		4500 - 4549	31
		4073 - 4209	201
4	Gold Coast Region	4210 - 4299	102
5	Ipswich Region	4300 - 4349	37
6	Toowoomba Region	4350 - 4499	39
		4602 - 4618	5
7	Mt Isa Region	4825 - 4834	2
8	Sunshine Coast Region	4550 - 4601	52
		4619 - 4689	34
9	Rockhampton Region	4690 - 4736	16
10	Mackay Region	4737 - 4805	40
11	Townsville Region	4806 - 4824	38
		4835 - 4850	3
12	Cairns Region	4851 - 4899	46
Total			826

* Australia Post Postcode Divisions (modified)

NOMINAL DEFENDANT

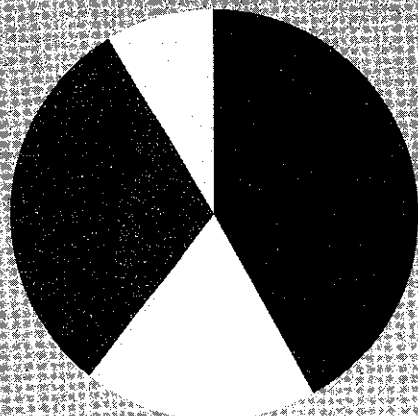
CLAIM ACTIVITY UNDER FORMER ACT (since 1 September 1994)

Carried Forward	Received	Settled	Withdrawn	Under Attention
2,430	892	178	2,291	853

FINANCIAL SUMMARY

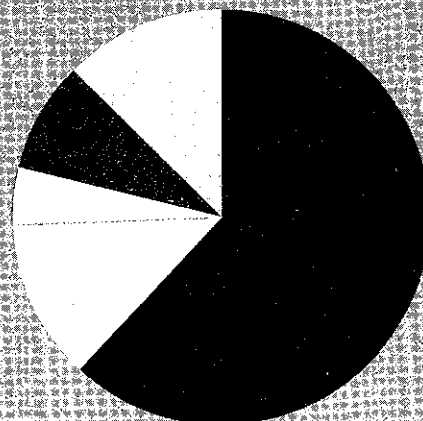
MOTOR ACCIDENT INSURANCE COMMISSION

INCOME \$000's



- Hospital levy – \$4,637
- Statutory insurance scheme levy – \$1,987
- Miscellaneous – \$72
- Investment income – \$3,386
- Ambulance levy – \$928

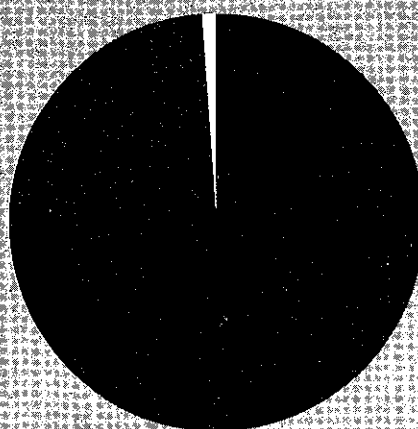
EXPENDITURE \$000's



- Hospital levy – \$4,637
- Other – \$926
- Salaries and related expenses – \$325
- Grants – \$650
- Ambulance levy – \$928

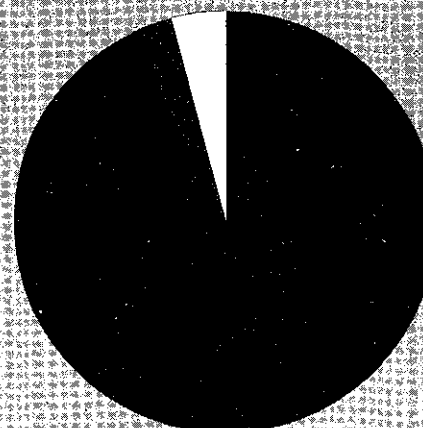
NOMINAL DEFENDANT

INCOME \$000's



- Levy – \$7,949
- Investment income – \$5,089
- Claims recoveries – \$150

EXPENDITURE \$000's



- Claims – \$11,138
- Other – \$359
- Salaries and related expenses – \$492

FINANCIAL INFORMATION

PROFIT AND LOSS STATEMENT FOR PERIOD ENDED 30 JUNE 1995

	NOTE	1995 \$'000
OPERATING REVENUES		
Levies	2	7,552
Investment income		3,386
Penalties and miscellaneous receipts		72
Total operating revenue		11,010
OPERATING EXPENSES		
Contributions	3	5,565
Grants		650
Salaries and related expenses	4	325
Depreciation		72
Computer facilities management fee		314
Marketing and advertising		215
Other		325
Total operating expense		7,466
Operating profit		3,544
Retained profits at beginning of period		—
Aggregate of amounts transferred to reserves	9	(3,150)
Retained profits at 30 June 1995		394

The accompanying notes form part of these financial statements

MOTOR ACCIDENT INSURANCE COMMISSION

BALANCE SHEET AS AT 30 JUNE 1995

	NOTE	1995 \$'000
CURRENT ASSETS		
Cash		280
Receivables	5	5,501
Investments	1(e)	3,135
Total current assets		8,916
NON-CURRENT ASSETS		
Property, plant and equipment	6	155
Investments	1(e)	52,461
Total non-current assets		52,616
Total assets		61,532
CURRENT LIABILITIES		
Creditors		41
Provisions	7	29
Total current liabilities		70
NON-CURRENT LIABILITIES		
Provisions	7	131
Total non-current liabilities		131
Total liabilities		201
Net assets		61,331
EQUITY		
Capital	8	57,787
Reserves	9	3,150
Retained Profits		394
Total equity		61,331

The accompanying notes form part of these financial statements

FINANCIAL INFORMATION

STATEMENT OF CASH FLOWS FOR PERIOD ENDED 30 JUNE 1995

	NOTE	1995 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Inflows:		
Levies		7,552
Investment income		133
Penalties and miscellaneous receipts		628
Outflows:		
Contributions		(5,565)
Grants		(650)
Salaries and related expenses		(287)
Computer facilities management fee		(288)
Marketing and advertising		(215)
Other		(317)
Net cash provided by operating activities	13(ii)	991
CASH FLOWS FROM INVESTING ACTIVITIES		
Outflows:		
Purchase of property, plant and equipment		(125)
Purchase of investments		(52,461)
Net cash used in investing activities		(52,586)
CASH FLOWS FROM FINANCING ACTIVITIES		
Inflows:		
Transfer from Nominal Defendant (Queensland)		55,010
Net cash provided by financing activities		55,010
Net increase in cash held		3,415
Cash at beginning of period		—
Cash at end of financial period	13(i)	3,415

The accompanying notes form part of these financial statements

MOTOR ACCIDENT INSURANCE COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Background

The Motor Accident Insurance Commission established on 1 September 1994 under the provisions of the *Motor Accident Insurance Act 1994* is constituted as a body corporate under that Act. The Insurance Commissioner constitutes the Commission. Transactions relating to the Commission are processed through the Motor Accident Insurance Fund, a Trust Fund established and maintained within the Public Accounts of Queensland.

Under Section 106 of the *Motor Accident Insurance Act 1994*, the Motor Vehicle Insurance Nominal Defendant Fund was closed and the amount that was, in the State Actuary's opinion, enough to meet the liabilities of the Nominal Defendant was required to be transferred to the Nominal Defendant Fund. The remaining balance was required to be transferred to the Motor Accident Insurance Fund.

In addition, the *Insurance Act 1960* which established the former Insurance Commissioner was repealed by Section 103 of the *Motor Accident Insurance Act 1994*. The assets and liabilities of the former Insurance Commissioner which were financed through Consolidated Fund were transferred to the Commission on 1 September 1994.

These financial statements cover the period of operation from 1 September 1994 to 30 June 1995 and therefore no comparative figures are available.

(b) Basis of Preparation

These financial statements have been prepared as general purpose financial statements in accordance with the requirements of the *Financial Administration and Audit Act 1977*. They have been prepared on the basis of historical cost and do not take into account current market valuations.

Amounts shown have been rounded to the nearest thousand dollars.

(c) Depreciation

Items of property, plant and equipment are recorded at cost. Depreciation is calculated on the diminishing value method at standard rates set out in the Schedule under the *Income Tax Assessment Act 1936*. The threshold for the capitalisation of assets is \$2,000.

(d) Funding of Motor Accident Insurance Fund

Funding is by way of levies paid by licensed Compulsory Third Party insurers pursuant to Section 28 of the *Motor Accident Insurance Act 1994* based on the gross premiums collected for Compulsory Third Party motor vehicle insurance policies; interest on investments; and penalties imposed for offences under the Act.

(e) Investments

All funds not required for the day to day management of the Motor Accident Insurance Commission are invested with the Queensland Investment Corporation Investment Trust and are recorded in these accounts at cost.

FINANCIAL INFORMATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 (continued)

(f) Employee Leave Entitlements

The provision for employee entitlements relates to amounts which the Commission has a present obligation to pay resulting from employees' services provided up to balance date. In accordance with AAS 30, the provision is calculated at nominal amounts based on current salary rates and includes related on-costs. No provision has been made for sick leave accrued as at 30 June 1995. Due to its nature annual leave has been classified as current. Long service leave has been classified as a current or non-current liability based on a determination by each employee as to the proposed timing of such leave.

(g) Superannuation

The Motor Accident Insurance Commission contributes to superannuation funds for the purpose of providing benefits for employees and their dependants on retirement, disability or death, and meets or exceeds the requirements of the Superannuation Guarantee Levy. No liability is shown for superannuation in the financial statements as the liability is assumed by the Public Sector Superannuation Fund (Qsuper) and the Government Officers' Superannuation Fund (Gosuper).

(h) Contingent Assets and Liabilities

Under Section 106(4) of the *Motor Accident Insurance Act 1994*, if the balance transferred from the Motor Vehicle Insurance Nominal Defendant Fund to the Nominal Defendant Fund proves insufficient to meet the liabilities of the Nominal Defendant arising prior to the commencement of this Act, the Commission must meet the deficiency. However, total payments are limited to the amount originally transferred to the Motor Accident Insurance Fund under Section 106(3)(b) of the Act.

There were no other known contingent assets and liabilities of the Commission at 30 June 1995.

MOTOR ACCIDENT INSURANCE COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2

LEVIES

Comprise amounts required to be paid by licensed CTP insurers on gross insurance premiums.

Statutory insurance scheme levy	1,987
Hospital levy	4,637
Ambulance levy	928
Total	7,552

NOTE 3

CONTRIBUTIONS

Comprise payments to Queensland Health and the Department of Emergency Services on account of levies received from licensed CTP insurers.

Hospital levy contributions	4,637
Ambulance levy contributions	928
Total	5,565

NOTE 4

SALARIES AND RELATED EXPENSES

Salaries and wages	294
Provision for employee entitlement expenses	31
Total	325

NOTE 5

RECEIVABLES

Accrued investment income	5,501
Total	5,501

NOTE 6

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost	280
Accumulated depreciation	(125)
Total	155

NOTE 7

PROVISIONS

Current

Employee entitlements	1(f)	29
-----------------------	------	----

Non-current

Employee entitlements	1(f)	131
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FINANCIAL INFORMATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 8

CAPITAL

Assets and liabilities transferred from Nominal Defendant
(Queensland):

Cash	107
Receivables	2,804
Investments	54,903
Property, plant and equipment	6
Accumulated depreciation	(2)
	57,818

Assets and liabilities transferred from Consolidated Fund:

Property, plant and equipment	149
Accumulated depreciation	(51)
Provision for employee entitlements	(129)
	(31)

Total capital **1(a)** **57,787**

NOTE 9

RESERVES

Investment fluctuation

Balance at beginning of period	—
Transfer from retained profits	1,000
Balance at end of year	1,000

Accident prevention initiatives

Balance at beginning of period	—
Transfer from retained profits	400
Balance at end of year	400

Research initiatives

Balance at beginning of period	—
Transfer from retained profits	300
Balance at end of year	300

Rehabilitation initiatives

Balance at beginning of period	—
Transfer from retained profits	1,000
Balance at end of year	1,000

Emergency infrastructure

Balance at beginning of period	—
Transfer from retained profits	450
Balance at end of year	450

Total reserves **3,150**

MOTOR ACCIDENT INSURANCE COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

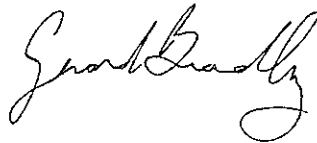
	NOTE	1995 \$'000
NOTE 10	AUDITOR'S REMUNERATION	
	Remuneration received or due and receivable by the Auditor-General of Queensland for external audit services	6
NOTE 11	OPERATING LEASE RENTAL COMMITMENTS	
	Aggregate amounts contracted but not provided for in the accounts:	
	Due not later than one year	358
	Due not later than one year but not later than two years	158
	Due later than two years but not later than five years	77
	Due later than five years	—
	Total	593
NOTE 12	CONSULTANCY EXPENDITURE	
	Communications	10
	Professional/Technical	72
	Total	82
NOTE 13	STATEMENT OF CASHFLOWS	
(i)	Reconciliation of cash	
	For the purposes of this statement, cash includes cash on hand, cash at bank and short term investments. Cash 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	280
	Investments	3,135
	Total	3,415
(ii)	Reconciliation of operating profit with net cash provided by operating activities	
	Operating profit	3,544
	Depreciation	72
	Increase in provisions	31
	Changes in assets and liabilities	
	Increase in creditors	41
	Increase in receivables	(2,697)
	Net cash provided by operating activities	991

FINANCIAL INFORMATION

CERTIFICATE OF THE MOTOR ACCIDENT INSURANCE COMMISSION

The foregoing annual financial statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements and we certify that:

- (a) the foregoing annual financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Motor Accident Insurance Commission; and
- (b) in my opinion—
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards, of the transactions of the Motor Accident Insurance Commission for the period 1 September 1994 to 30 June 1995 and of the financial position of the Commission as at 30 June 1995.



G. Bradley
Under Treasurer



G. Hughes
Insurance Commissioner

MOTOR ACCIDENT INSURANCE COMMISSION

AUDIT CERTIFICATE

Scope

I have audited the financial statements of the Motor Accident Insurance Commission for the period ended 30 June 1995 comprising the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the accountable officer and person responsible for financial administration as required by the *Financial Administration and Audit Act 1977*.

The Insurance Commissioner is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

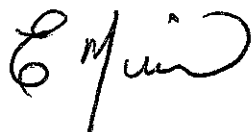
The audit has been conducted in accordance with QAO Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures adopted have included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed accounting standards and other prescribed requirements so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations.

The audit opinion expressed in this certificate has been formed on the above basis.

Audit Opinion

In accordance with the provisions of the *Financial Administration and Audit Act 1977*, I certify that I have received all the information and explanations I have required in respect of the financial statements of the Motor Accident Insurance Commission and, in my opinion:

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of the Motor Accident Insurance Commission for the financial period ended 30 June 1995 and of the financial position as at the end of that period.



E.A. Muir

Executive Director – Audit
(As delegate of the Auditor-General)

FINANCIAL INFORMATION

PROFIT AND LOSS STATEMENT FOR PERIOD ENDED 30 JUNE 1995

	NOTE	1995 \$'000
OPERATING REVENUES		
Levy		7,949
Claims recoveries		150
Investment income		5,089
Total operating revenue		13,188
OPERATING EXPENSES		
Claims	2	11,138
Salaries and related expenses	3	492
Depreciation		51
Other		308
Total operating expense		11,989
Operating profit		1,199
Retained profits at beginning of period		—
Retained profits at 30 June 1995		1,199

The accompanying notes form part of these financial statements

NOMINAL DEFENDANT

BALANCE SHEET AS AT 30 JUNE 1995

	NOTE	1995 \$'000
CURRENT ASSETS		
Cash		16
Receivables	4	8,730
Investments	1(f)	8,635
Total current assets		17,381
NON-CURRENT ASSETS		
Property, plant and equipment	5	107
Investments	1(f)	77,714
Total non-current assets		77,821
Total assets		95,202
CURRENT LIABILITIES		
Creditors		20
Provisions	6	9,419
Total current liabilities		9,439
NON-CURRENT LIABILITIES		
Provisions	6	84,443
Total non-current liabilities		84,443
Total liabilities		93,882
Net assets		1,320
EQUITY		
Capital	7	121
Retained profits		1,199
Total equity		1,320

The accompanying notes form part of these financial statements

FINANCIAL INFORMATION

STATEMENT OF CASH FLOWS FOR PERIOD ENDED 30 JUNE 1995

	NOTE	1995 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Inflows:		
Levies		7,949
Claims recoveries		150
Investment income		(29)
Outflows:		
Claims		(7,485)
Salaries and related expenses		(425)
Other		(304)
Net cash used in operating activities	10(ii)	(144)
CASH FLOWS FROM INVESTING ACTIVITIES		
Outflows:		
Purchase of property, plant and equipment		(40)
Purchase of investments		(77,714)
Net cash used in investing activities		(77,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
Inflows:		
Transfer from Nominal Defendant (Queensland)	1(a)	86,549
Net cash provided by financing activities		86,549
Net increase in cash held		8,651
Cash at beginning of period		—
Cash at end of financial period	10(i)	8,651

The accompanying notes form part of these financial statements

NOMINAL DEFENDANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Background

The Nominal Defendant, established on 1 September 1994 under the provisions of the *Motor Accident Insurance Act 1994*, is constituted as a body corporate under that Act. Transactions relating to the Nominal Defendant are processed through the Nominal Defendant Fund, a Trust Fund established and maintained within the Public Accounts of Queensland.

Following the enactment of the *Motor Accident Insurance Act 1994*, the Nominal Defendant succeeds to the rights and liabilities of the Nominal Defendant (Queensland) established under the *Motor Vehicles Insurance Act 1936*.

Under Section 106 of the *Motor Accident Insurance Act 1994*, the Motor Vehicle Insurance Nominal Defendant Fund was closed and the amount that was, in the State Actuary's opinion, enough to meet the liabilities of the Nominal Defendant was required to be transferred to the Nominal Defendant Fund. The remaining balance was required to be transferred to the Motor Accident Insurance Fund.

These financial statements cover the period of operation from 1 September 1994 to 30 June 1995 and therefore no comparative figures are available.

(b) Basis of Preparation

These financial statements have been prepared as general purpose financial statements in accordance with the requirements of the *Financial Administration and Audit Act 1977*. They have been prepared on the basis of historical cost and do not take into account current market valuations.

Amounts shown have been rounded to the nearest thousand dollars.

(c) Depreciation

Items of property, plant and equipment are recorded at cost. Depreciation is calculated on the diminishing value method at standard rates set out in the Schedule under the *Income Tax Assessment Act 1936*. The threshold for the capitalisation of assets is \$2,000.

(d) Funding of Nominal Defendant Fund

Funding is by way of levies paid by licensed Compulsory Third Party insurers pursuant to Section 29 of the *Motor Accident Insurance Act 1994* based on the gross premiums collected for Compulsory Third Party motor vehicle insurance policies; interest on investments; and moneys recovered by the Nominal Defendant against owners and/or drivers of uninsured vehicles and failed claimants.

(e) Provision for Outstanding Claims

This provision is based on the estimated value of present and future claims, using actuarially assessed estimated average values of claims. The classification of the provision into current and non-current components is based on a five year average of Actual Claims over the Provision for Claims and is currently set at:

Claims – current	10%
Claims – non-current	90%

FINANCIAL INFORMATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 (continued)

(f) Investments

All funds not required for the day to day management of the Nominal Defendant are invested with the Queensland Investment Corporation Investment Trust, and are recorded in these accounts at cost. As these investments are held primarily to fund present and future claims on the Nominal Defendant they have been classified between current and non-current assets on the same basis as that applied to the Provision for Outstanding Claims.

(g) Employee Leave Entitlements

The provision for employee entitlements relates to amounts which the Nominal Defendant has a present obligation to pay resulting from employees' services provided up to balance date. In accordance with AAS 30, the provision is calculated at nominal amounts based on current salary rates and includes related on-costs. No provision has been made for sick leave accrued as at 30 June 1995. Due to its nature annual leave has been classified as current. Long service leave has been classified as a current or non-current liability based on a determination by each employee as to the proposed timing of such leave.

(h) Superannuation

The Nominal Defendant contributes to superannuation funds for the purpose of providing benefits for employees and their dependants on retirement, disability or death, and meets or exceeds the requirements of the Superannuation Guarantee Levy. No liability is shown for superannuation in the financial statements as the liability is assumed by the Public Sector Superannuation Fund (Qsuper) and the Government Officers' Superannuation Fund (Gosuper).

(i) Receivables

It is not the policy of the Nominal Defendant to recognise the debt or potential income accruing as the result of judgements granted in favour of it for legal costs and claims against uninsured owners and/or drivers. The resultant receipts are immaterial when compared to the Nominal Defendant's other sources of income and are recognised in the accounts in the period in which they are received. This policy is under constant review by the Nominal Defendant.

(j) Contingent Assets and Liabilities

There were no known contingent assets or liabilities of a significant nature at 30 June 1995.

NOMINAL DEFENDANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1995
\$'000

CLAIMS

Comprise amounts required to be paid on behalf of those insured, amounts set aside for future claims and claims settlement costs. Claims settlement costs include costs that can be associated directly with individual claims, such as legal and professional fees.

Increase in provision for outstanding claims	I(e)	3,653
Claims and associated settlement costs		7,485
Total		11,138

SALARIES AND RELATED EXPENSES

Salaries and wages		436
Provision for employee entitlement expenses		56
Total		492

RECEIVABLES

Accrued investment income		8,730
Total		8,730

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost		204
Accumulated depreciation		(97)
Total		107

PROVISIONS

Current

Employee entitlements	I(g)	59
Outstanding claims	I(e)	9,360
Total		9,419

Non-current

Employee entitlements	I(g)	203
Outstanding claims	I(e)	84,240
Total		84,443

FINANCIAL INFORMATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE	1995 \$'000
NOTE 7	CAPITAL	
	Assets and liabilities transferred from Nominal Defendant (Queensland):	
	Receivables	3,616
	Investments	86,549
	Property, plant and equipment	168
	Accumulated depreciation	(50)
	Creditors	(9)
	Provision for employee entitlements	(206)
	Provision for claims	(89,947)
	Total capital	1(a) 121
NOTE 8	AUDITOR'S REMUNERATION	
	Remuneration received or due and receivable by the Auditor-General of Queensland for external audit services	8
NOTE 9	OPERATING LEASE RENTAL COMMITMENTS	
	The Nominal Defendant assumed joint responsibility with the Motor Accident Insurance Commission for servicing the lease entered into in joint tenancy between the Nominal Defendant (Queensland) and the Office of the Insurance Commissioner in the 1993/94 financial year.	
	Aggregate amounts contracted by the Nominal Defendant but not provided for in the accounts:	
	Due not later than one year	57
	Due later than one year but not later than two years	58
	Due later than two years but not later than five years	77
	Due later than five years	—
	Total	192

NOMINAL DEFENDANT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

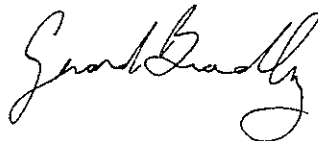
	NOTE	1995 \$'000
NOTE 10		
STATEMENT OF CASHFLOWS		
(i) Reconciliation of cash		
For the purposes of this statement, cash includes cash on hand, cash at bank and short term investments. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash		16
Investments		8,635
Total		8,651
(ii) Reconciliation of operating profit with net cash used in operating activities		
Operating profit		1,199
Depreciation		51
Increase in provisions		3,709
Changes in assets and liabilities		
Increase in creditors		11
Increase in receivables		(5,114)
Net cash used in operating activities		(144)

FINANCIAL INFORMATION

CERTIFICATE OF THE NOMINAL DEFENDANT

The foregoing annual financial statements have been prepared pursuant to the provisions of the *Financial Administration and Audit Act 1977* and other prescribed requirements and we certify that:

- (a) the foregoing annual financial statements and notes to and forming part thereof are in agreement with the accounts and records of the Nominal Defendant; and
- (b) in our opinion—
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards, of the transactions of the Nominal Defendant for the period 1 September 1994 to 30 June 1995 and of the financial position as at 30 June 1995.



G. Bradley
Under Treasurer



G. Hughes
Nominal Defendant

NOMINAL DEFENDANT

AUDIT CERTIFICATE

Scope

I have audited the financial statements of the Nominal Defendant for the period ended 30 June 1995 comprising the Profit and Loss Statement, Balance Sheet, Statement of Cash Flows, Notes to and forming part of the financial statements and certificates given by the accountable officer and person responsible for financial administration as required by the *Financial Administration and Audit Act 1977*.

The Nominal Defendant is responsible for the preparation and the form of presentation of the financial statements and the information they contain. I have audited the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with QAO Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures adopted have included the examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with prescribed accounting standards and other prescribed requirements so as to present a view which is consistent with my understanding of the entity's financial position and the results of its operations.

The audit opinion expressed in this certificate has been formed on the above basis.

Audit Opinion

In accordance with the provisions of the *Financial Administration and Audit Act 1977*, I certify that I have received all the information and explanations I have required in respect of the financial statements of the Nominal Defendant and, in my opinion:

- the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
- the statements have been drawn up so as to present a true and fair view in accordance with prescribed accounting standards and other prescribed requirements of the transactions of the Nominal Defendant for the financial period ended 30 June 1995 and of the financial position as at the end of that period.



E.A. Muir

Executive Director – Audit
(as delegate of the Auditor-General)

APPENDIX 1

ACTUARIAL CERTIFICATE ON OUTSTANDING CLAIMS LIABILITY AS AT 30 JUNE 1995

The State Actuary was requested by the Nominal Defendant to recommend a provision for outstanding claims liabilities at 30 June 1995.

Basis of Estimates

The recommended provision as at 30 June 1995 is \$93.6 million and is based on what I regard as a central estimate of the claims liabilities with the addition of a prudential margin. In principle all of the valuation assumptions have been selected so as to yield a central estimate which is not knowingly above or below the ultimate cost of claims.

The estimate:

- is discounted – i.e., allows for investment income to be earned on the liabilities;
- allows for future claims inflation; and
- includes a loading for claims handling expenses.

I have included a prudential margin in the recommended provision to allow for the risk and uncertainties inherent in the estimation of outstanding claims liabilities.

Qualifications

It is not possible to estimate the outstanding claims liabilities with certainty. Deviations from my estimates are normal and to be expected. The outcome is dependent on the events which are yet to occur and which are impossible to predict, including legislative, social and economic forces. The provisions recommended are based on assumptions which I believe to be reasonable in current circumstances.



Charles Harrison
State Actuary

APPENDIX 2

GRANTS FROM THE MOTOR ACCIDENT INSURANCE FUND

During the financial year, the Motor Accident Insurance Commission made research fellowship grants totalling \$650,000 to organisations involved in research into the cause and prevention of motor vehicle accidents and the treatment and rehabilitation of those involved in motor vehicle accidents.

The grants to the medical colleges have been matched by similar amounts provided by the colleges to provide research fellowships in perpetuity.

The grant to the Division of Orthopaedics is an indexed recurrent funding for five years.

Royal Australasian College of Physicians	\$300,000
Royal Australasian College of Surgeons	\$300,000
Division of Orthopaedics Department of Surgery University of Queensland	\$50,000

APPENDIX 3

LICENSED CTP INSURERS

AAMI	13 22 44
CIC Insurance Limited	13 12 42
Commercial Union Insurance	1800 773 688
FAI Insurance	13 1000
GIO Australia Ltd	13 10 10
Mercantile Mutual Insurance (Aust.) Ltd	(07) 3 218 5555
MMI	008 816 868
QBE Insurance Limited	13 13 03
Suncorp	13 11 55
VACC Insurance Co. Limited	1800 816 027
Zurich	1800 811 099



NOMINAL DEFENDANT

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Nominal Defendant	Graham Hughes
Manager	* Les Kilmartin
Claim Managers	Bernie Clark Mike Hogan Rex Mellifont Barry Sturdy * Laurie Meteyard
Assistant Claim Managers	Des Richardson * Debbie Davis
Administrative Assistants	Sandra Clifton * Neil Tomkins

* Acting in position

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QUEENSLAND GOVERNMENT