



IAFF Integrity Insights: Claim frequency on the rise in Qld CTP Scheme

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Motor Accident Insurance Commission

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Motor Accident Insurance Commission (Qld)

Regulator for CTP Claims in Qld

As at 30.6.17:

4.16 million Registered vehicles

\$1.35 Billion Annual Premium

7,691 claims for prior 12 month

4 Licenced Insurers & Nominal Defendant

Fault based common law scheme

90% of claims have legal representation

Long Tail nature of claims

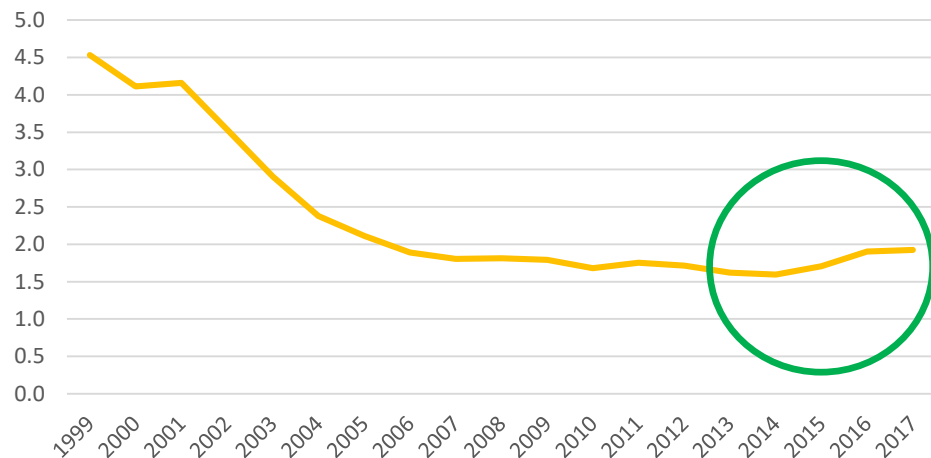
General Damages assessed using Injury Scale Value

Allowance for Legal Costs (if any) based on agreed value of the claim

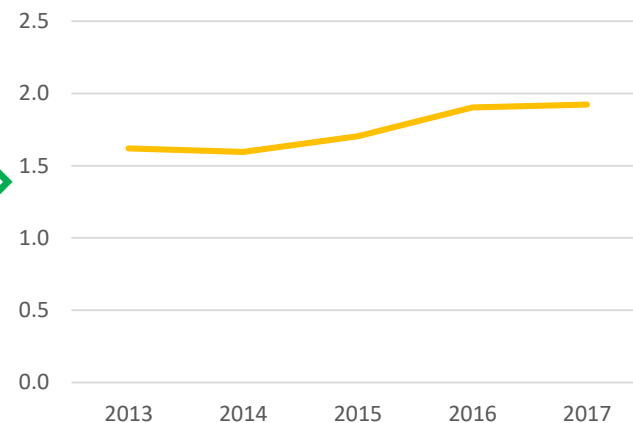
Claim frequency

Frequency has unexpectedly increased over past three years after steady reduction and despite decrease in reported road trauma

Claim frequency per 1000 vehicles



Claim frequency per 1000 vehicles



MAIC's Response

Discovery of issue

- Monitoring of data provided by insurers on a regular basis
- Became apparent over 3-6mths of sustained increase

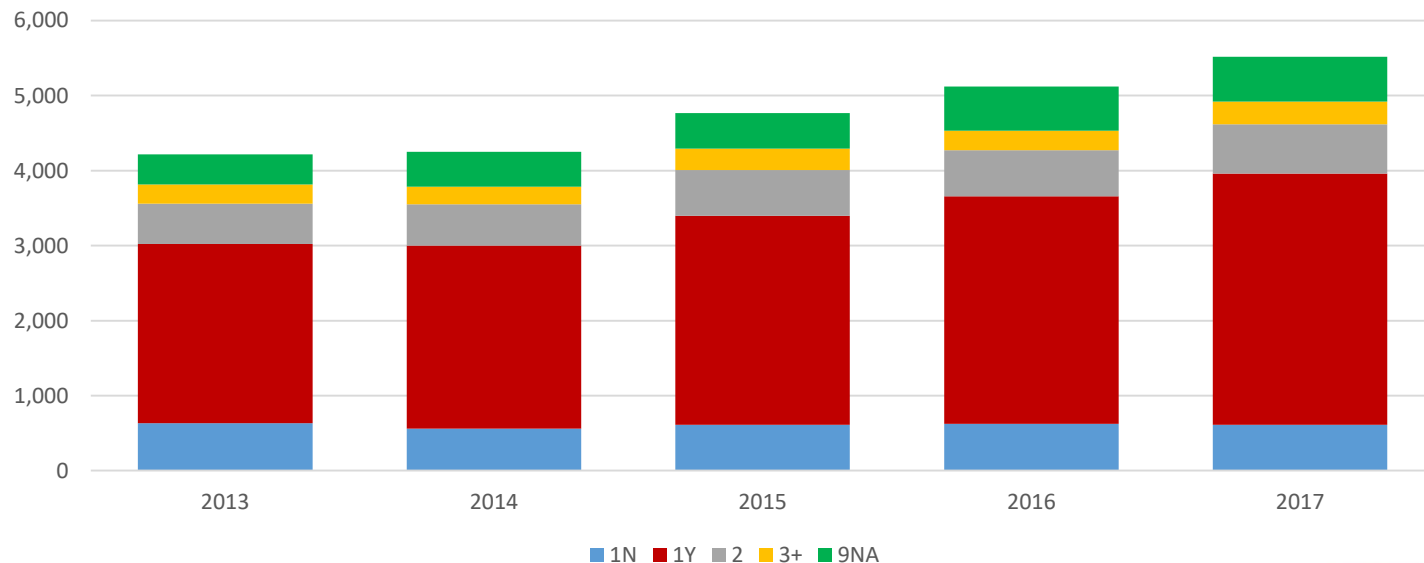
Investigation

- Where is the increase coming from ? Claim farming/fraud/lawyer marketing
- Are there specific characteristics of the “added” claims - claim types, lawyers, region
- Analysis of data/claims and feedback received from insurers
- Network analysis – health providers/lawyers/ethnic groups
- What are the drivers ? Increased legal costs/claims cost

Claim profile

Increasing frequency of represented minor injury claims (1Y)

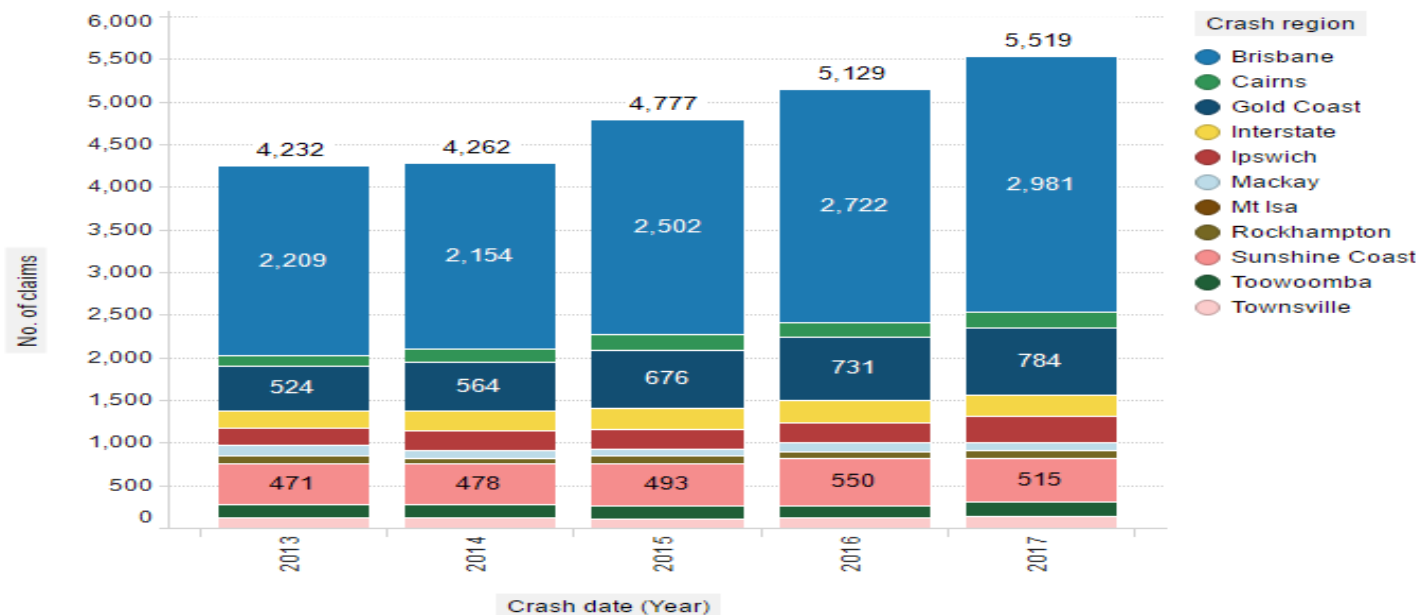
Claims by injury severity (1yr development)



Claim profile

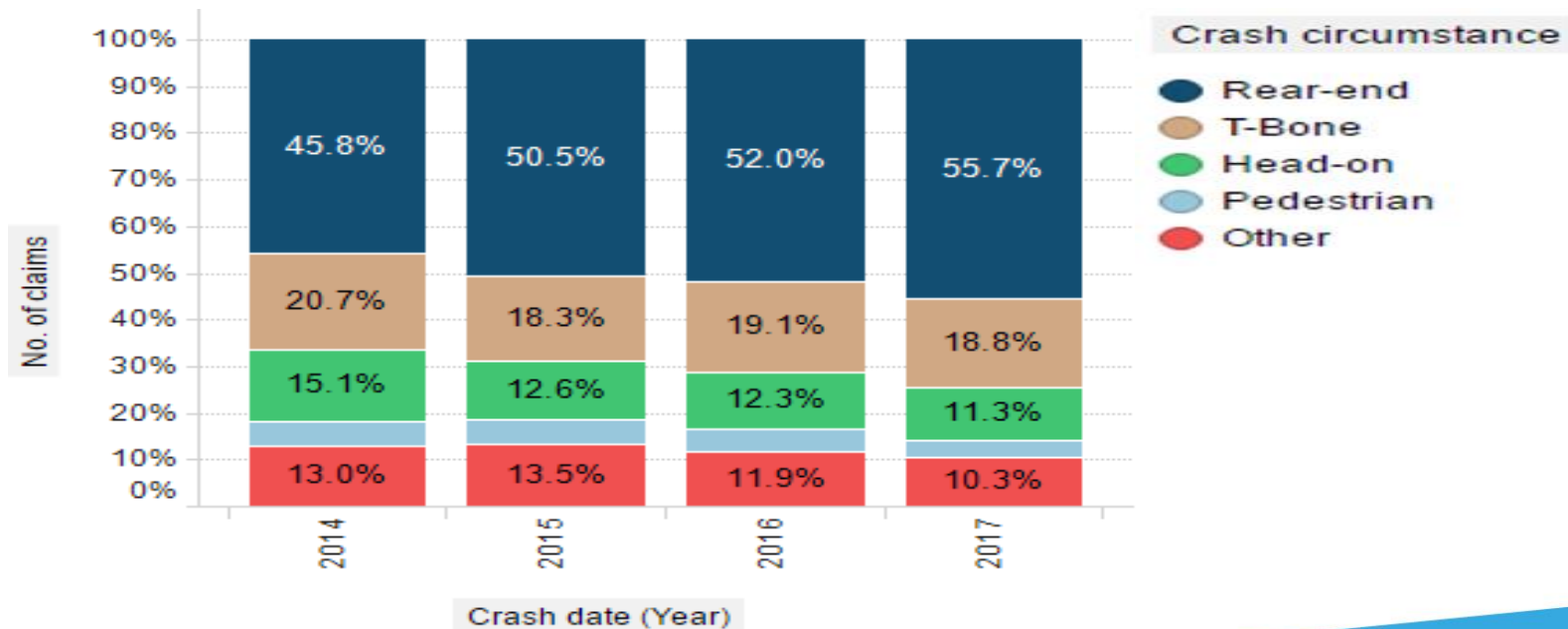
Increasing frequency in South East Queensland

Claims by crash region (1yr development)



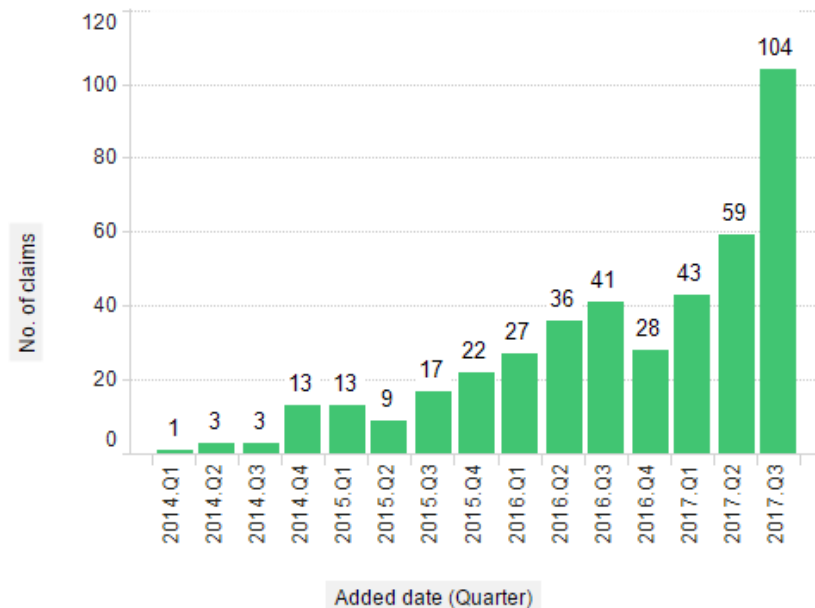
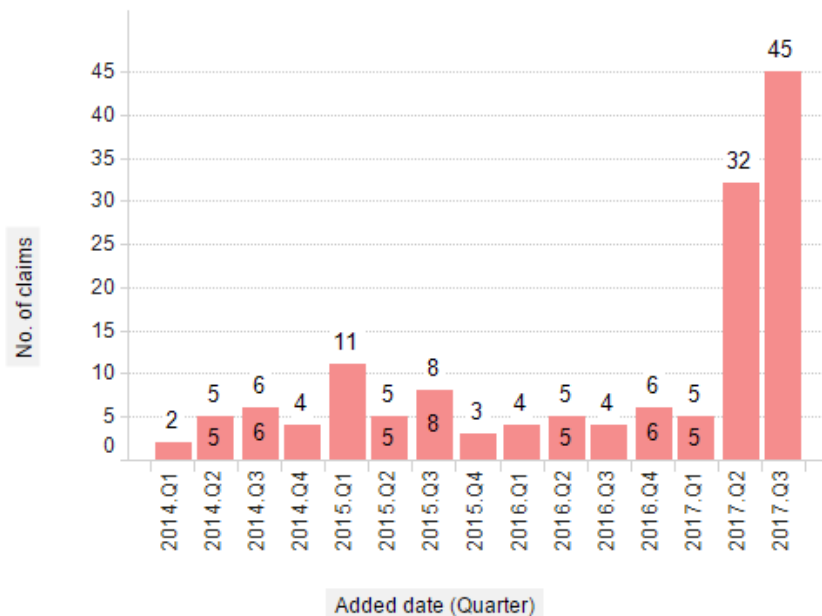
Crash Causation

Rising trend in 'same direction' nose to tail crashes (and anecdotally at lower speeds)

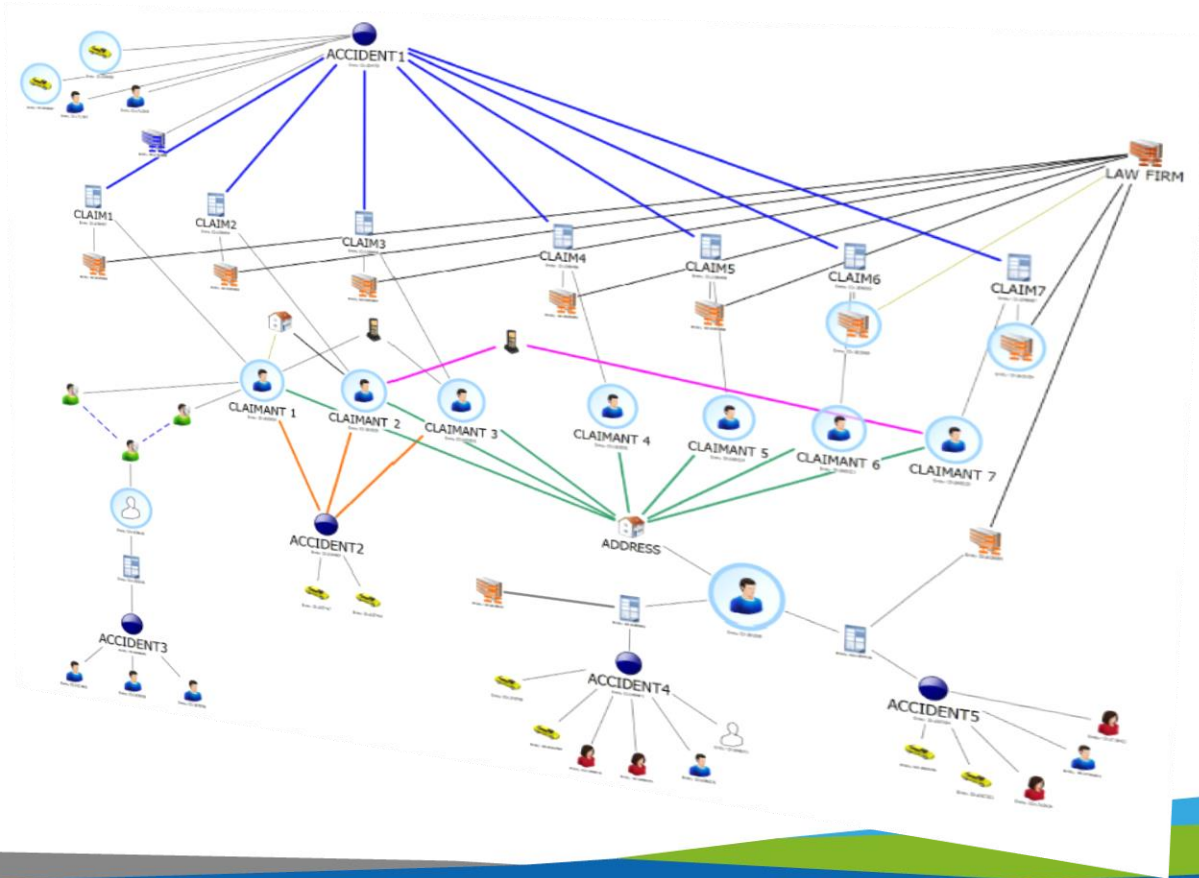


MAIC monitoring recent trends

Changing landscape and rapid rise of several law firms



Network Analysis



Scheme issues – Claim Farming/Marketing services

Upping the ante....one 'marketing service' has shared their referral rates

	NSW	Queensland	South Australia	Victoria	Western Australia
MVA	\$650	\$650	\$650	\$850	\$650
Employers	\$450	\$450	\$450	\$550	\$450
Occupiers	\$450	\$450	\$450	\$550	\$450
Clinical	\$350	\$350	\$350	\$350	\$350
Divorce	\$650	\$650	\$650	\$650	\$650
Conveyancing	\$500	\$500	\$500	\$500	\$500
Will disputes	\$650	\$650	\$650	\$650	\$650

'Marketing services'...order your clients by 5.00pm....

I'd like to introduce myself and our company [REDACTED]

We are the largest supplier of social media clients covering countries such as UK, Australia, Canada as well as certain states of America.

We are producing over 180 clients per day in the UK alone which is built of of MVA, employers cases, occupiers liability cases and clinical negligence cases.

We moved onto Canada only 6 months ago and now produce over 60 clients per day which is split between 4 companies which brings us to Australia.

We have started working with Australian solicitors across NSW, Queensland and Western Australia. We are greatly looking to increase our campaign as we care currently generating 30 clients per day but we have capacity to generate a lot more.

What we do?

Our software allows us to assign our marketing accounts on Facebook specific destinations as specific times. In the UK we currently post over 140,000 time per day. The adverts that are sent out will allow client to enquire directly with the branded marketing account so we can vet each client

Once we have generated enquires we will preform vetting via Facebook messenger between the client and our in house agents.

Our MVA clients come pass the following criteria: -

Claimant as a Driver/passenger/pedestrian needs to be NON-fault for the accident.

- Detailed description of accident.

- Accident Date & Time: Up to six months provided GP has been seen within six months of accident.

- PEN (Police event number), If PEN is not supplied, the incident must have been reported to the Police Assistance Line [REDACTED]

- Clients full name, address, contact number and Date of Birth.

Medicare Number

- Clients Occupation

- Non-Australian residents, Visa numbers required.

- Third Party Details, third party vehicle registration minimum.

- Ongoing injuries, minimum soft tissue damage.

- Psychological damage will significantly enhance the prospects and value of a claim. (Sleeping pattern effected, nightmares, anxious when in a car, flash backs etc. More detailed the better.

- Significant vehicle damage – Minor damage, i.e. small dents, paint scratches may invalidate claim.

- Any form of past/current or future eco loss will significantly increase strength of claim especially if med cert is not strong.

- Over 65's need to be in employment and has sought regular treatment for injuries resulting from the accident.

- Child injuries need to be serious to the point injuries will be life changing into adulthood.

- If client is unemployed/on a pension, this can impact claim's strength with solicitor due to no eco loss.

- Low impact accidents in car parks will not be considered by a solicitor unless injuries are serious and valid.

Only once a client has fully met criteria will they be send over and logged on your Google spreadsheet to deduct the balance.

Replacements - We will replace clients that fall out of criteria and simply don't want to pursue a claim. We would ask you to speak to the client as soon as possible and once the client falls out of criteria to send it back to [REDACTED] who is head of our internet marketing department and she can replace the client almost immediately once we have confirmed the reasons.

Orders are always made the day before and have to be placed before 5pm to ensure you receive the clients the following day. We can increase each campaign to a maximum of 20 clients per day within 24 hours e.g. if you wish to order 60 clinical negligence clients per day we will need at least 3 days grace but you will receive an increase of 20 clients per day.

Our **agreement** is set up as an internet marketing agreement for compliance purposes.

Once the initial order is made [REDACTED] will be in touch and will grant you access to your Google Spreadsheet which will allow both parties to make notes and keep an eye on the progress and balance. We can also implement tools which can show conversions on a) Sign up b) Costs recovered.

MAIC's Response

Education

- Impacts to all of increased frequency/fraud
- Claimants – reinforcing potential penalties for false/exaggerated claims
- General message in relation to claim farming - **Just hang up**
- Message to insurers - **Manage genuine claims appropriately. Manage unmeritorious claims firmly.**

Collaboration

- Insurers
- Queensland Police
- CITEC
- Queensland Law Society/Australian Lawyers Alliance/DJAG
- Legal Services Commission
- IAFF – immigration (visas), AHPRA, other regulators

MAIC's Response

Legislative Change

- 50/50 rule expanded to lawyers external to Qld
- Requirement for lawyers to sign stat dec at beginning and end of claim as to how claimant came to be client
- Enabling capture/storage/analysis of more data
- Reinforcing deterrence/penalties

Advice for others

- Ensure reporting practices are in place to monitor lead indicators of unusual behaviour in your business
- Ensure your business is agile enough to be able to respond to potential concerns as quickly as possible
- Encourage regular open dialogue with stakeholders to ensure you have access to insights from those who may be able to provide valuable information

Industry trend ?

- MAIC is very conscious of the significant fraud identified in the NSW CTP Scheme and the need to ensure the QLD CTP Scheme does not have this level of fraud
- Claim farming and/or fraud is possible in any scheme where compensation is payable
- MAIC is aware that claim farmers are targeting a number of different schemes/jurisdictions where compensation and legal fees are payable however we don't know how successful they have been

