



# Queensland CTP Scheme: 'The view from the middle of the road'

Presentation to Australian Lawyers Alliance 20<sup>th</sup> State Conference

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# Overview

- National reforms
- Queensland CTP Scheme overview
- CTP Scheme review
- Claim Frequency and Cost
- Legal representation
- Claimant survey results
- Key Issues
- Wrap up

# Australian CTP Scheme reform landscape

Recent reform activity mainly focused on premium affordability

Jurisdiction	Nature of reform	Outcome
SA (2016)	Public to Private underwriting Address rising scheme cost Benefit reform	Premium reduced Claim frequency reduced
NSW (2017)	Sweeping reform of premiums and compensation benefits First party and third party cover	Premium reduced Benefits materially reformed
Qld (2017)	Improve scheme efficiency and affordability	Premium reduced 19 recommendations
ACT (current)	Citizen jury process	Awaiting outcomes

# Queensland CTP Scheme overview: 16/17 Annual Report snapshot

## Premiums

Q1	Q2	Q3	Q4
\$329.60	\$368.60	\$363.60	\$352.60

Total premiums collected =

**\$1.35B**

**↓ 4.5%**

## Insurer Market Share as at 30 June 2017

Suncorp	RACQI	QBE	Allianz
47.92%	15.54%	8.51%	28.03%

Total number of registered vehicles in Queensland as at 30 June 2017:

**4.16M**

**↑ 2.3%**

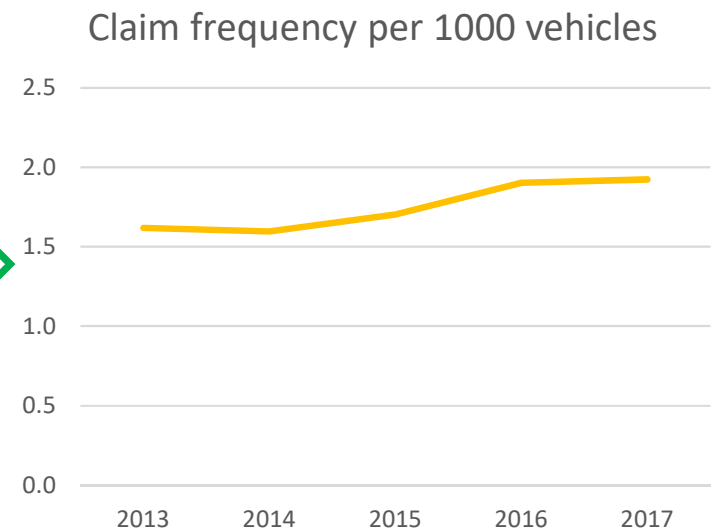
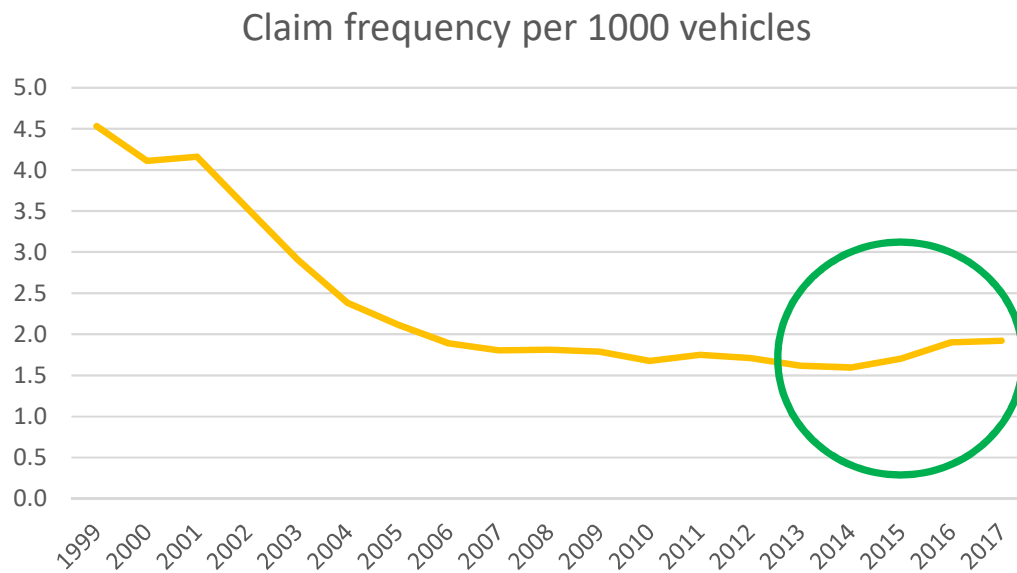


# Scheme Review 2016

- Purpose: improve scheme efficiency and affordability.
  - Priority to deliver sustainable premium savings by 1 July 2017
  - Explore options for scheme improvement
  - Explore mechanisms to provide transparency of legal costs
- Majority of submissions highlighted the strength, fairness and good health of the scheme
- 19 recommendations: 7 preserve existing strengths, 7 MAIC implementing now, 5 under review
- MAIC now engaging with QLS and ALA on voluntary cost disclosure

# Claim frequency

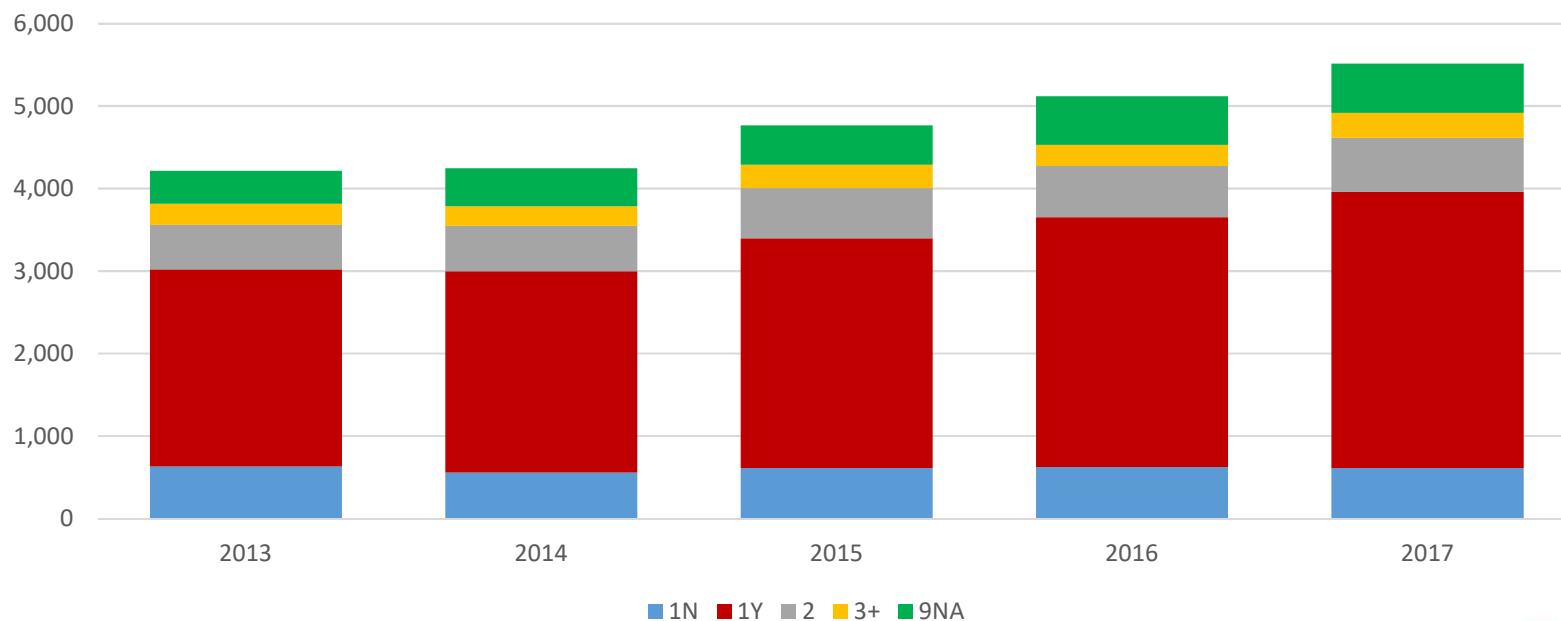
Frequency has unexpectedly increased over past three years after steady reduction



# Claim profile

Increasing frequency of represented minor injury claims (1Y)

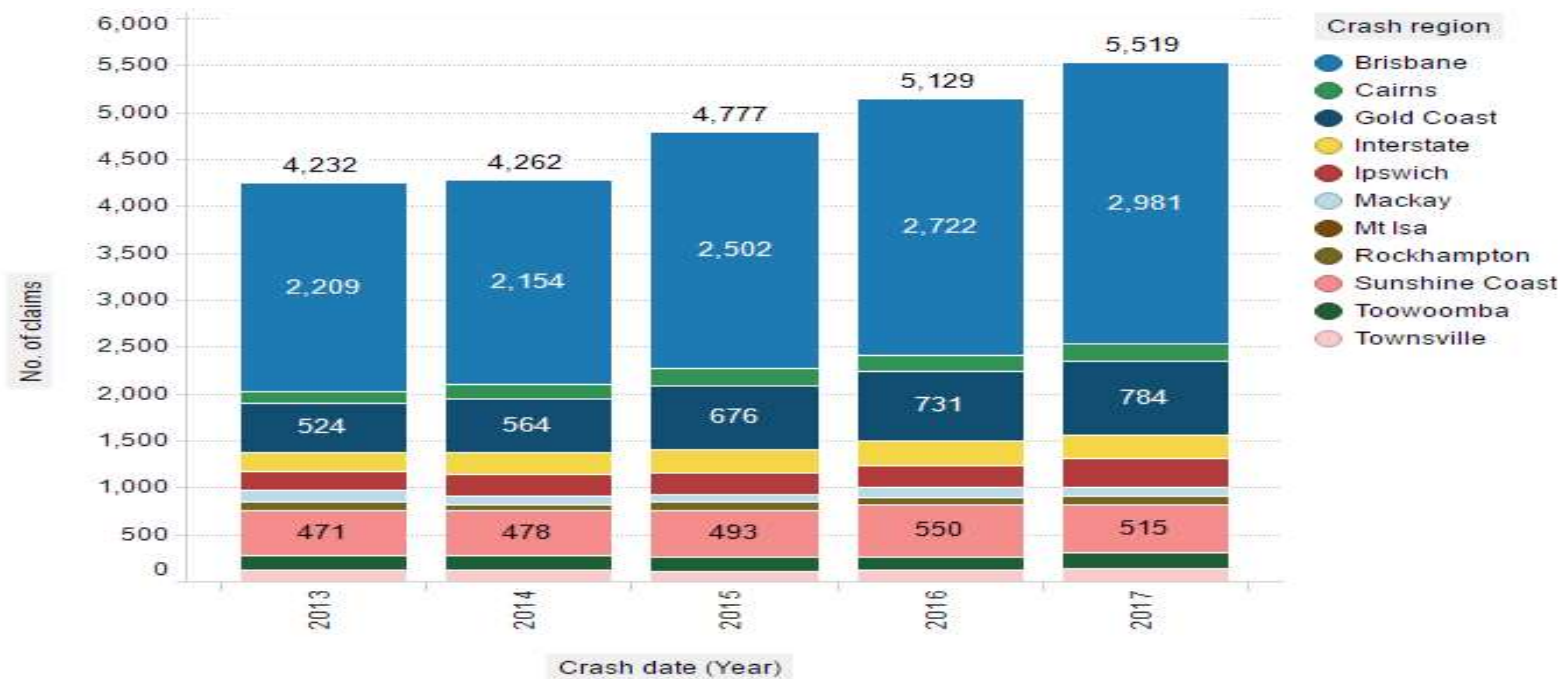
Claims by injury severity ( showing comparable accident year data at one year point of development)



# Claims by geographic region

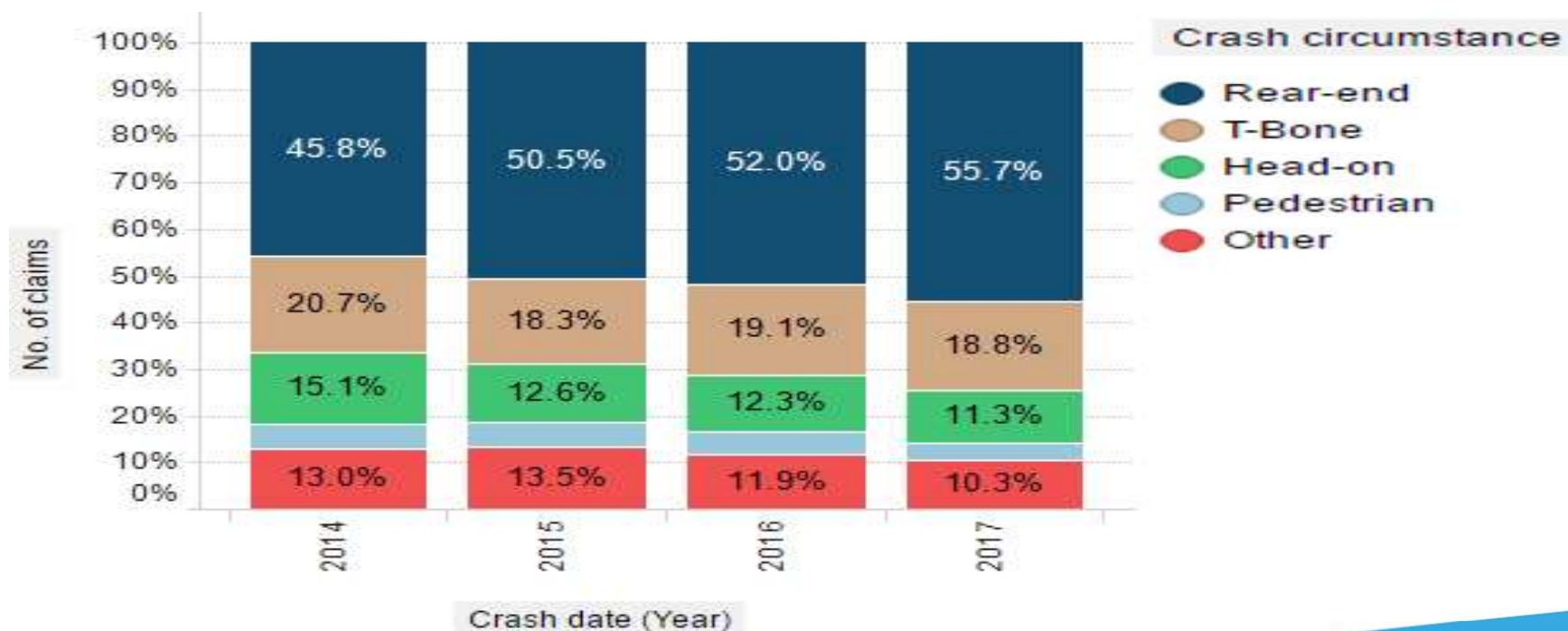
Increasing frequency predominantly in the South East Queensland population growth corridor

Claims by crash region ( each year at one year development point)



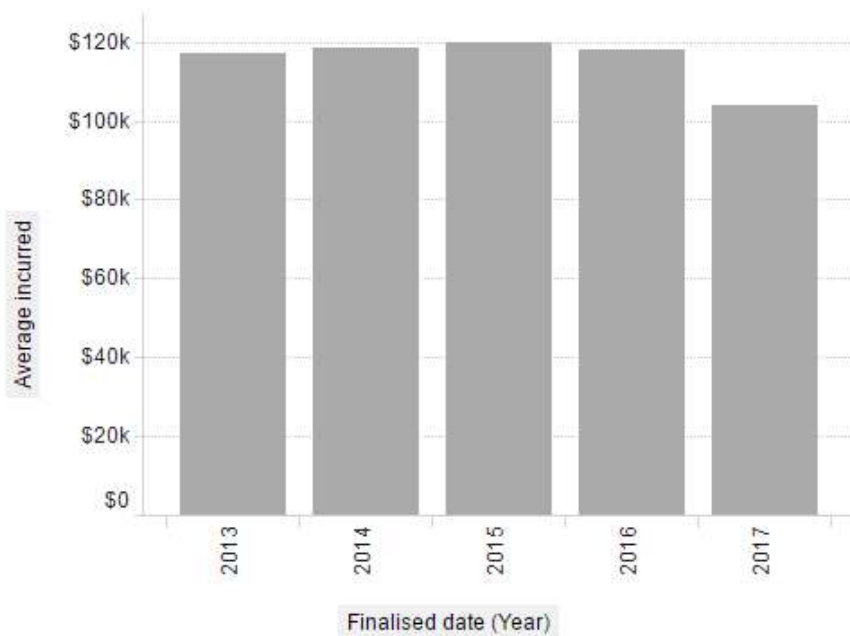
# Crash Causation

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

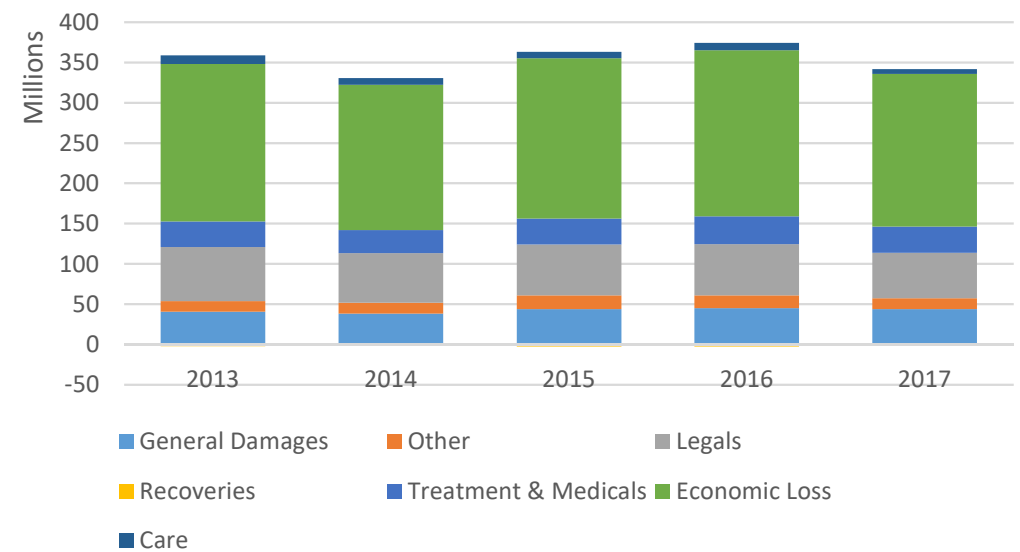


# Average claim size reducing

Overall average claim size – All severities

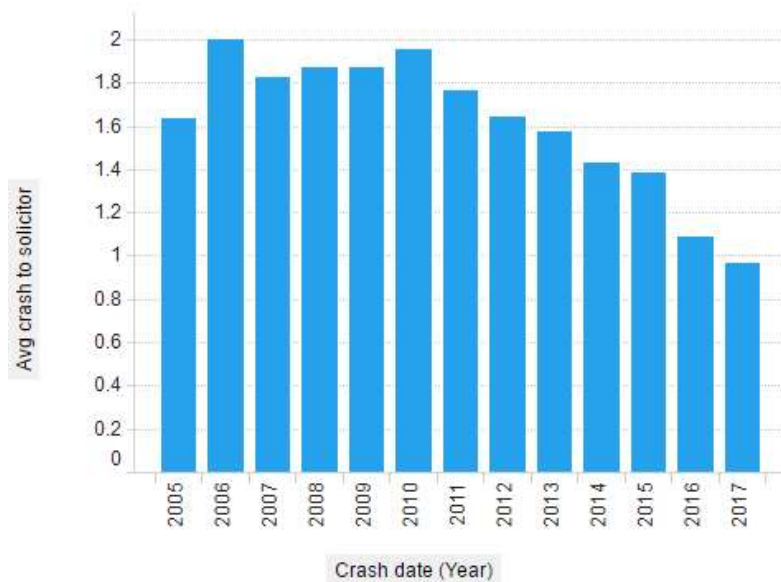


Total HOD of 1Y claims by finalised year

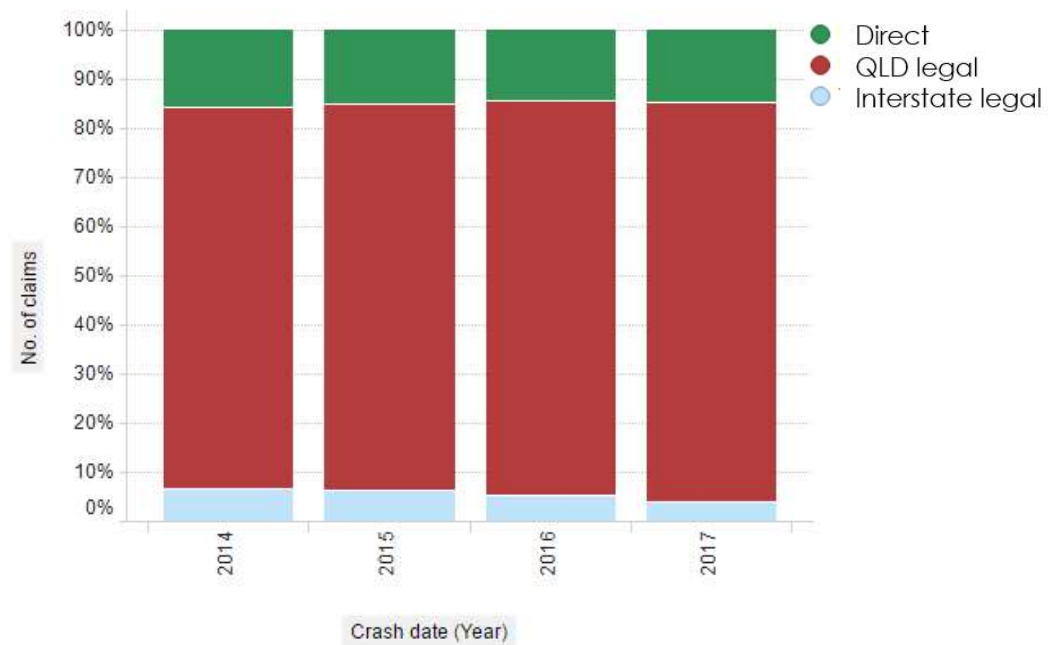


# Legal representation

**Faster speed in reporting to a solicitor (months)  
1yr development**

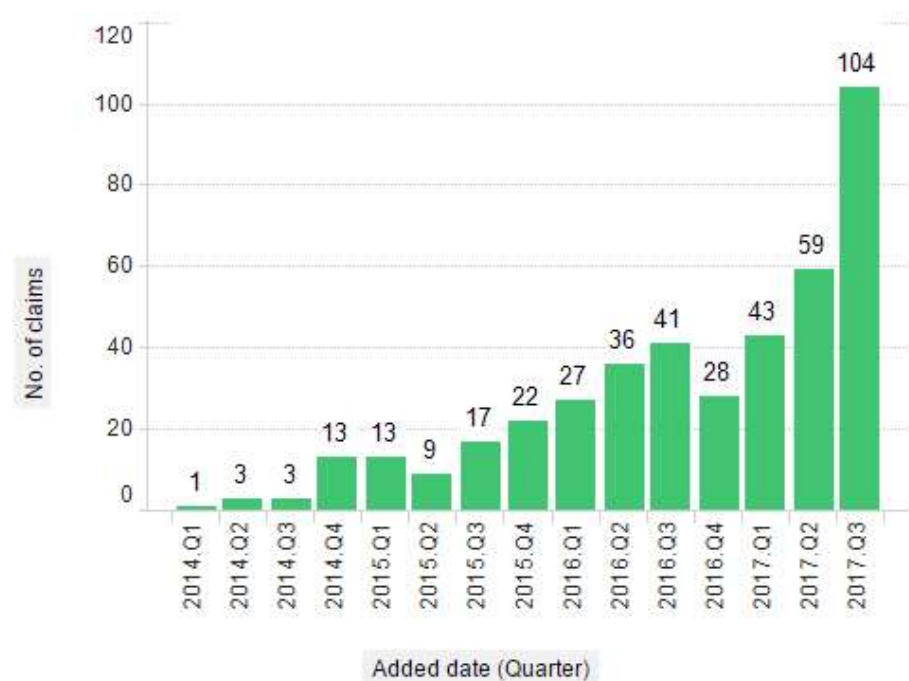
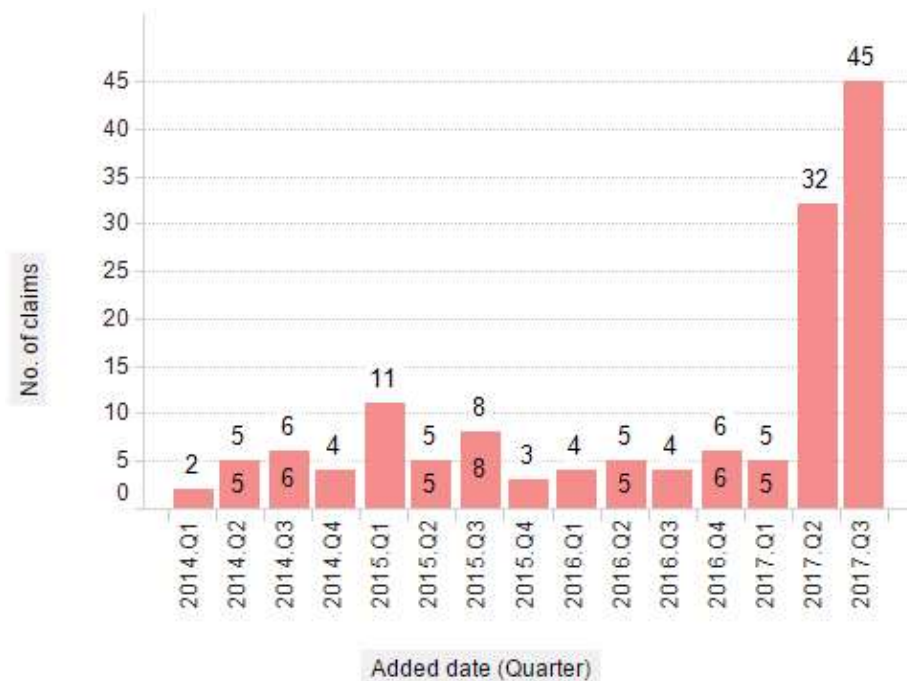


**Proportion of claims by location of legal representation**



# MAIC monitoring recent legal representation trends

Just two examples from MAIC monitoring changing law firm reporting levels



# CTP Claimant survey

302 claimants surveyed – November 2017.

## Legally represented claimants (243 surveyed)

37% of claimants used word of mouth referral when choosing lawyer

70% were satisfied with their lawyer

68% of claimants would use a lawyer again

46% of settlement funds received. 54% retained by lawyer (or statutory refunds?)

## Direct claimants (59 surveyed)

66% were satisfied with their insurer

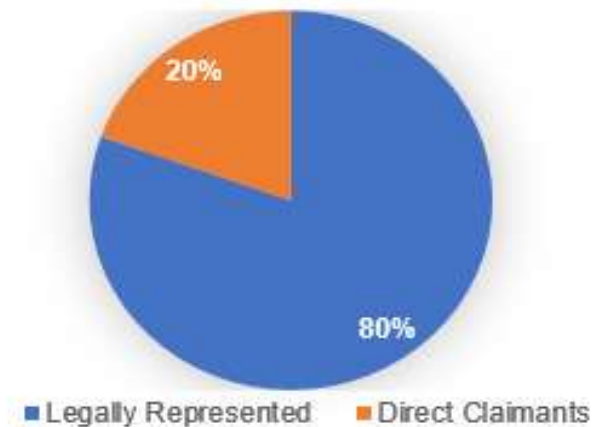
75% of direct claimants would use the direct method again

82% of settlement retained, balance likely to be statutory refunds

## Top comments/suggestions for improvement from claimants

21% suggested claimants need to be better informed about the claim process

13% thought that the claim process should take less time



## Actions arising from survey

- Engage with QLS/ALA/Insurers
- MAIC Claim information notice
- Voluntary cost disclosure regime

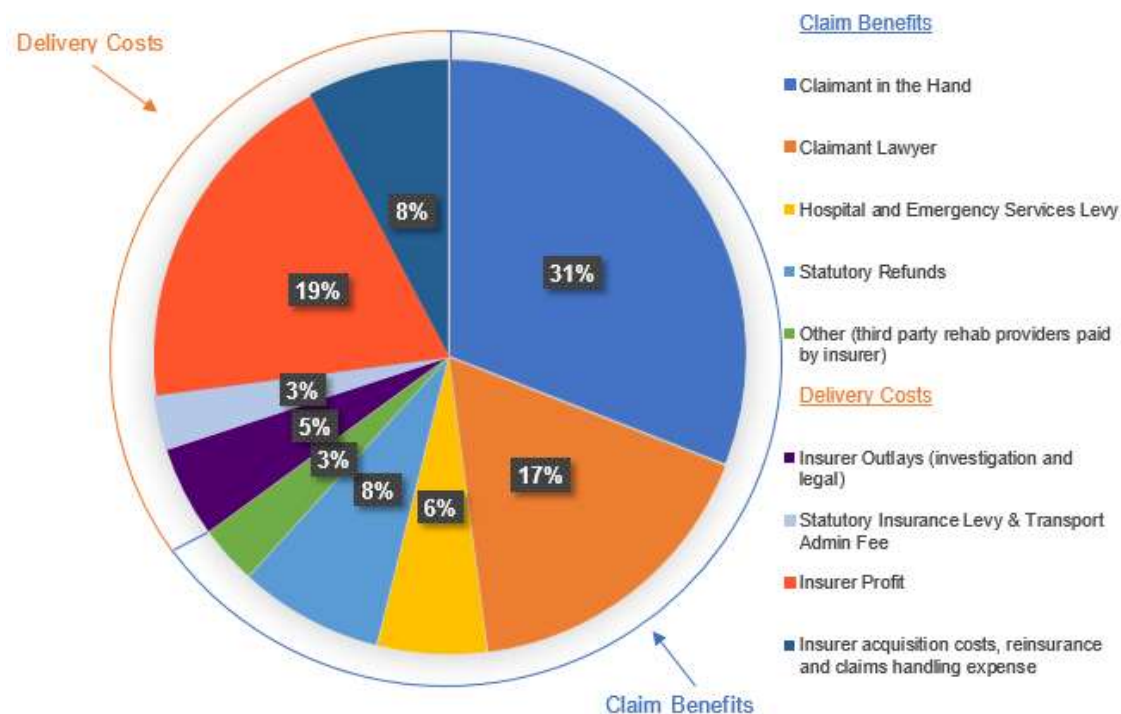
# A point in time view of scheme efficiency

MAIC analysis of the 243 represented claimant responses versus PIR data

- 110 responses had a good match
- 133 could not be validated

Based on the 110 claims

- 65 cents in the premium dollar utilised as claimant benefit
- Of this 31 cents went to the injured person
- Voluntary cost disclosure regime will improve clarity of outcomes
- Data is a sampled point in time view



# Scheme issues – Claim Farming

## Actions taken by MAIC

- Richard Douglas QC engagement
- Working with DJAG on reform options – in conjunction with QLS and ALA
- Public complaints to MAIC and to ACCC re claim farmer harassment
- MAIC website and media activity to raise consumer awareness....'just hang up'

## MAIC concerns

- Members of the public are being misled
- Anecdotal evidence of people being scripted/led by claim farmers
- The claimant faces a fraud prosecution if they make false statements

Morphing to 'marketing services'...

# Scheme issues – Claim Farming/Marketing services

One 'marketing service' has shared the fees they charge for referrals

	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 are 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 injures 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.

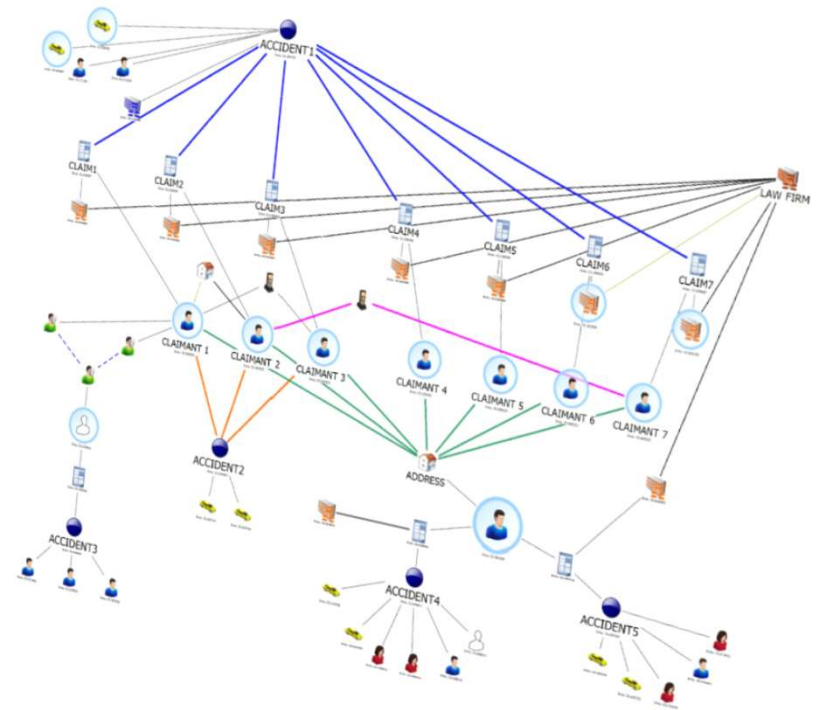
Orders are always made the day before and have to be placed before 5pm to ensure you receive the clients the following day. We can increase each campaign to a maximum of 20 clients per day within 24 hours e.g. if you wish to order 60 clinical negligence clients per day we will need at least 3 days grace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

# Scheme experience – Fraud

- Insurers concerned NSW CTP reforms will drive bad behaviour North
- MAIC engaged consultants to undertake data and claims analysis
- Data mapping to highlight associated parties to claims
- No evidence of systematic fraud but some cases warrant further review
- Fraud training for CTP claims managers
- MAIC joining Inter Agency Fraud Forum
  - National forum of scheme managers, Government Agencies, Police



# Responding to the changing landscape

MAIC message to insurers –

**‘Manage genuine claims appropriately. Manage unmeritorious claims firmly’**

MAIC increasing resources

- Greater analysis and monitoring capability
- Alerting insurers to adverse issues or trends at a scheme level
- Increased scheme transparency, data sharing, reporting
- Removing unmeritorious claims will strengthen scheme stability

# Wrap up

Queensland road users benefit from a stable, fair and affordable CTP scheme

- But, recent frequency trends and links to claim farming are cause for concern

MAIC is taking appropriate steps to preserve the integrity of the CTP scheme

- Investing in additional resources and capabilities

Collaboration with QLS, ALA and Insurers is an important element to preserving scheme stability



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**MAIC** Motor Accident  
Insurance Commission

