



Motor Accident Insurance Commission

Scheme performance: delivery and affordability as at 31 December 2017

09 April 2018

Version: FINAL

A handwritten signature in black ink that reads 'Richard Brookes'.

Richard Brookes
Fellow of the Institute of Actuaries of Australia

A handwritten signature in black ink that reads 'Peter Mulquiney'.

Peter Mulquiney
Fellow of the Institute of Actuaries of Australia

TABLE OF CONTENTS

1	Executive Summary	1
1.1	Introduction.....	1
1.2	Definition.....	1
1.3	Methodology	2
1.4	Results	2
1.5	Legal costs	4
2	Background and Scope	5
2.1	Scheme background	5
2.2	Scope of this report	5
2.3	Previous report.....	6
3	Data	7
3.1	General	7
3.2	MAIC database	7
3.3	Number of vehicles registered	7
3.4	Quarterly floor and ceiling premium rates	7
3.5	Insurers' rate filings for all vehicle classes	7
3.6	Levy rates.....	8
3.7	Affordability	8
4	Methodology	9
4.1	Scheme affordability.....	9
4.2	Scheme delivery	9
5	Results	15
5.1	Proportion of claimant benefits.....	15
5.2	Average filed premium	18
5.3	Scheme delivery	20
5.4	Scheme affordability.....	22
5.5	Scheme performance	23
5.6	Legal costs	23
6	Reconciliation	24
7	Reliances and Limitations	25



APPENDICES

- A Data
- B Claimant benefit proportion
- C Scheme delivery
- D Scheme affordability



1 EXECUTIVE SUMMARY

1.1 Introduction

This report presents two measures of Scheme performance over time:

- » Scheme delivery, defined as the proportion of Scheme premiums eventually paid as claimant benefits
- » Scheme affordability, defined as the Scheme premium expressed as a proportion of average weekly earnings.

1.2 Definition

Scheme delivery

In simplified terms, when a premium is paid by the policyholder, it is invested and subsequently used to fund payments to various parties, the main ones being:

- » Payments to claimants
- » Payments to legal representatives of claimants and defendants
- » Levies of various types
- » Acquisition, claims management and reinsurance expenses
- » Insurer profit.

We have defined the Scheme delivery index as the ratio of projected ultimate payments made to or in respect of claimants, adjusted for investment returns, to the corresponding underwritten premium. Payments to or in respect of claimants include payments made to legal representatives of those claimants. We have excluded payments by the nominal defendant, the nominal defendant levy, and the NIISQ levy from our calculations.

On advice from MAIC, we have included Trustee Administration Fees in claimant benefits.

In our previous reports on Scheme delivery, the Scheme delivery index was measured on a Class 1 equivalent basis. That is, it was calculated on a basis that assumed that all vehicles were class 1. For the current report, on MAIC's request, Scheme delivery has been assessed on an all classes basis.

Scheme affordability

Scheme affordability is shown as the highest filed Class 1 premium expressed as a proportion of Queensland full-time adult persons ordinary time weekly earnings as declared by the Australian Bureau of Statistics. This is consistent with the "affordability index" as calculated by MAIC in accordance with the *Motor Accident Insurance Act 1994*. The affordability index is defined as 45 per cent of Queensland full-time adult persons ordinary time weekly earnings declared by the Australian Statistician in the original series of the statistician's average weekly earnings publication most recently published. A comparison of the highest filed premium with the affordability index has been regularly reported in MAIC's annual report over a number of years.



1.3 Methodology

Scheme delivery

The main technical difficulty in the calculation of the Scheme delivery index is the projection of ultimate payments. We have done this using the same models we use to estimate recent risk premiums in our regular advice to MAIC. In particular, the calculations for this report are very similar to those underlying our report on retrospective profit (subsequently referred to as the “Retrospective Profit Study”) and so our calculation of the Scheme delivery index is subject to the same assumptions and uncertainties inherent in that advice.

Scheme affordability

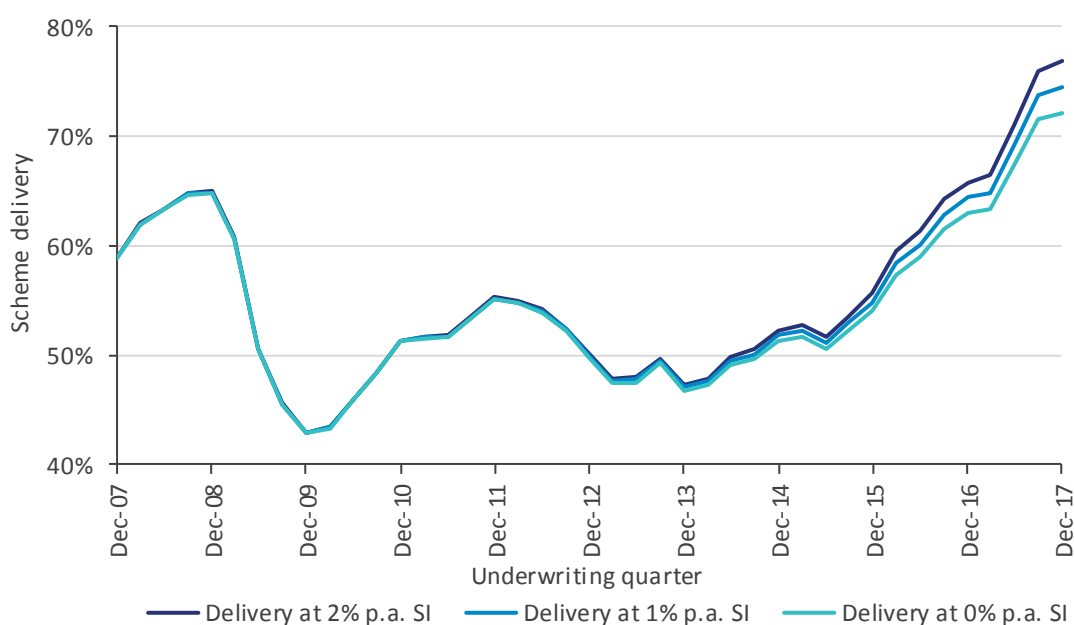
We have used the same methodology as shown in MAIC’s annual reports, which is consistent with the *Motor Accident Insurance Act 1994*.

1.4 Results

Scheme delivery

As shown in Figure 1.1 below and consistent with the Retrospective Profit Study, the Scheme delivery index is calculated under three superimposed inflation scenarios.

Figure 1.1 Scheme delivery across all vehicle classes



Superimposed inflation is generally an indicator of cost pressures in the Scheme. To the extent that it results in increased benefit payments to claimants, superimposed inflation will increase the Scheme delivery index but decrease Scheme affordability.

Table 1.1 shows the projected average break-up of the underwritten premium over various periods for the 1% future finalisation period superimposed inflation scenario.



Table 1.1 Scheme delivery with the 1% p.a. superimposed inflation scenario

Period	Claimant benefits			Delivery costs				
	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Profit	Total
Most recent 2 years	59.3%	6.2%	65.5%	4.7%	2.9%	7.8%	19.2%	34.5%
Most recent 3 years	55.0%	5.9%	60.9%	4.3%	2.8%	7.5%	24.5%	39.1%
Most recent 5 years	50.2%	5.6%	55.9%	3.9%	2.8%	7.0%	30.5%	44.1%

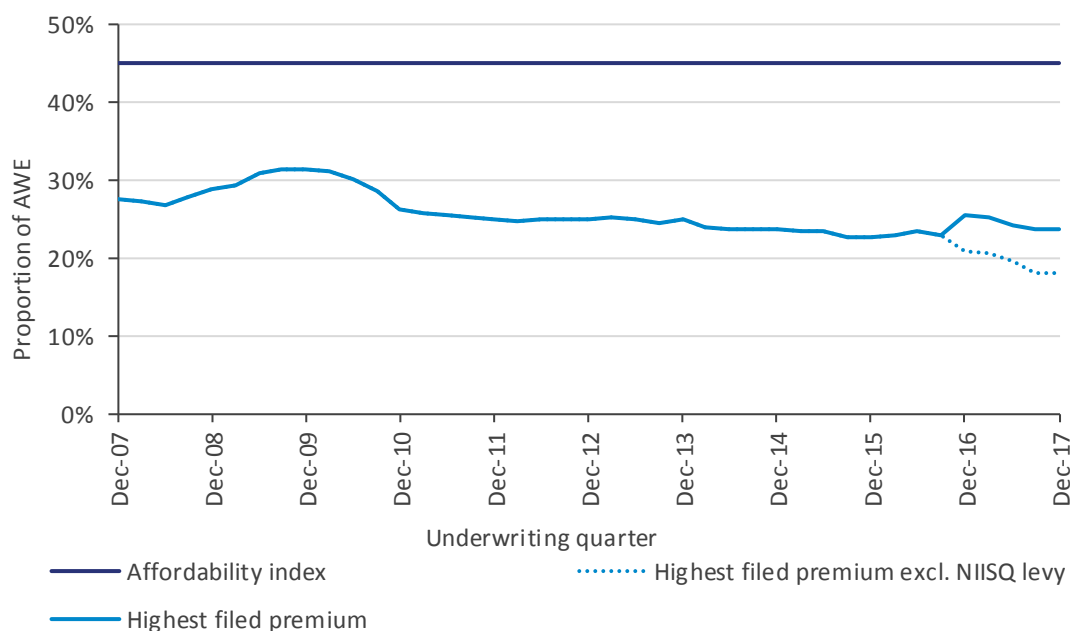
Note: We assume that the reduction in costs for the claims transferred to NISQ from 1 October 2016 is equal to our latest estimate of costs covered under NISQ. This is different to the “NISQ-offset” applied at premium setting. For policies underwritten before 30 September 2016, we have assumed that the reduction in cost of claims transferred to NISQ is imperfectly offset by the amount of premium clawed back from insurers where the inconsistency arises from the difference between the previous and current estimate of costs covered by NISQ.

Scheme affordability

Figure 1.2 shows the affordability index and highest filed premium as a proportion of AWE. For policies underwritten from 1 October 2016 we present the highest filed premium including and excluding the NISQ levy because the claims that are covered by NISQ do not belong to the CTP scheme.

The highest filed premium has never breached the affordability index. Scheme affordability has improved from a level of 39% of average weekly earnings in December 2004 to a level of about 24% including the NISQ levy or 18% excluding the NISQ levy, for the December 2017 underwriting quarter.

Figure 1.2 Highest filed premium and affordability index for Class 1 as proportion of AWE



1.5 Legal costs

We are unable to measure the financial impact of side agreements of claimant legal representation. These are effectively included in “claimant benefits” in our definition. This restricts us from greater insight into the delivery costs of the Scheme and the actual benefit payments made to claimants.



2 BACKGROUND AND SCOPE

2.1 Scheme background

2.1.1 General

Queensland operates a common law “fault” based compulsory third party scheme, first introduced in 1936. The scheme provides motor vehicle owners with insurance policies that cover their unlimited liability for personal injury caused by, through, or in connection with the use of the insured motor vehicle anywhere in Australia. It is underwritten by private licensed insurers.

2.1.2 Relevant legislation

The Motor Accident Insurance Amendment Act 2000 (“the Amendment Act”) took effect from 1 October 2000. This implemented a number of changes, bringing in statutory limits, of which one of the most significant was a restriction on plaintiff costs.

From 1 October 2000, the insurers, operating in a competitive market, determine the premiums within a range between the maximum (“ceiling”) and minimum (“floor”) rates set by MAIC.

The accident periods subject to the Amendment Act, i.e. from October 2000, will be referred to as constituting “the New Scheme”. Earlier accident periods will be referred to as constituting “the Old Scheme”.

The Civil Liability Act 2003 (“CLA”) applies to all accidents occurring on or after 2 December 2002. It affects the type of claims that can be made as well as bringing in further statutory limits, restricting some of the damages that can be claimed.

In relation to the latter, it contains Injury Scale Values (“ISV”) used for calculating general damages arising from incidents on or after 2 December 2002. Under the Act, general damages are calculated after consideration of the application of the ISV set out in the regulation.

The Civil Liability and Other Legislation Amendment Act 2010 (“CLAA”) increased the ISV scale amounts for general damages and the maximum recoverable legal costs. These changes apply for injuries occurring on or after 1 July 2010. The CLAA also made provision for further indexation, linked to AWE increases.

The Civil and Criminal Jurisdiction Reform and Modernisation Amendment Act 2010 (“CCJRA”) increased the jurisdictions of the District and Magistrates Courts. The effect is that, from 1 November 2010, many of the claims which would previously have been heard by the District Court will now be heard by the Magistrates Court and that some of those claims which would have been heard in the Supreme Court will be heard in the District Court.

2.2 Scope of this report

MAIC have requested that Taylor Fry conduct a review of Scheme performance of premiums for the Queensland CTP Scheme. Of particular interest are:

- » How has the affordability of the Scheme changed over time for Class 1?
- » How much of the premium is returned to claimants, on average, across all vehicle classes?

This report answers these questions.



We have relied upon our advice given to MAIC on components of the risk premium for CTP insurance policies underwritten in the quarter beginning 1 July 2018. This advice was based on data to 31 December 2017 and is the latest complete annual advice given to MAIC. We will refer to this as “the Annual Advice”.

An abridged version of that advice, for circulation to insurers, appeared as “Queensland CTP Market Briefing: Insurer annex - Review of the risk premium for the 2018Q3 underwriting quarter”, dated 22 March 2018, by Richard Brookes, Ashley Evans and Peter Mulquiney. This will be referred to subsequently as “the Risk Premium report”.

For this report, we have also relied upon our advice given to MAIC in relation to the retrospective profit of QLD CTP premiums of all vehicle classes. This report, dated 09 April 2018, will be referred to as “the Retrospective Profit Study”.

As agreed with MAIC, we have also excluded any claim cost paid by, or levies associated with, the Nominal Defendant and the National Injury Insurance Scheme Queensland (NIISQ).

Previously, Scheme delivery index was measured on a Class 1 equivalent basis. In this iteration, Scheme delivery index will be measured on an all classes basis on MAIC’s request. However, Scheme affordability is still measured based on Class 1 premiums only.

2.3 Previous report

The report titled “Scheme Performance: delivery and affordability as at 31 December 2016” dated 16 May 2017, by Richard Brookes and Ashley Evans was based on data to 31 December 2016 (“the Previous Report”).



3 DATA

3.1 General

In producing this report, we have relied on the following sources of data:

- » The MAIC database, detailing all claims notified under the Act (i.e. since 1 September 1994), as at 31 December 2017
- » Numbers of vehicles registered by month from 31 July 2000 to 31 December 2017
- » Quarterly floor and ceiling premium rates
- » Insurers' rate filings for all vehicle classes
- » Levy rates
- » Affordability
- » Analysis from the Annual Advice and the Retrospective Profit Study.

3.2 MAIC database

This provides unit record claim information on all claims, including:

- » Date of accident
- » Date of notification
- » Quarterly claim payment history
- » Quarterly claim status (open, closed, re-opened) history
- » Quarterly case estimate history
- » Injury codes.

3.3 Number of vehicles registered

This consists of total vehicle registrations, split by vehicle class for each month since 1 July 2000. The most recent twelve months of exposure was extracted and provided by MAIC on 29 January 2018; prior to this, we have relied upon the data from the Previous Report.

3.4 Quarterly floor and ceiling premium rates

Quarterly floor and ceiling premium rates were provided by MAIC on 29 January 2018. This information included the underlying assumptions for expenses, profit margin and vehicle class relativities for underwriting periods beginning 1 July 2017 to 1 April 2018. For periods before 1 July 2017, we have relied upon the data from the Previous Report.

3.5 Insurers' rate filings for all vehicle classes

Insurers' rate filings were provided by MAIC for the period 1 July 2017 to 30 June 2018 on 29 January 2018. For periods before this, we have relied upon the Previous Report.



3.6 Levy rates

MAIC has supplied us the levy rates charged for each underwriting year since the beginning of the Scheme. This data, provided on 28 March 2018, consists of the dollar amounts charged for the Hospital and Emergency Services levy, Statutory Insurance Scheme levy, Queensland Transport administration fee, the Nominal Defendant levy (inclusive of the HIH levy) and the NISQ levy for all vehicle classes.

3.7 Affordability

MAIC has supplied us with the data underlying the affordability index on 19 January 2018. This data consisted of the Queensland full-time adult persons ordinary time weekly earnings per calendar quarter and the highest filed premium since the December 2001 underwriting quarter.



4 METHODOLOGY

4.1 Scheme affordability

The calculation of Scheme affordability is straightforward and prescribed by the *Motor Accident Insurance Act 1994, Part 1 3(b) and 4*. We do not discuss the calculation in detail in this report.

4.2 Scheme delivery

4.2.1 General

The aim of this exercise is to create an index that tracks, per underwriting quarter, the proportion of average premium collected across all classes that is paid back to, or in respect of, claimants. Payments made to, or in respect of claimants include all claim payments except certain heads of damage and include the hospital and emergency services levy. We refer to the amount of monies paid back to, or in respect of, claimants as “claimant benefits”, while all other payments are referred as “delivery costs”.

In algebraic form, the Scheme delivery index, for any given underwriting quarter, is defined as:

$$\frac{\textit{Claim payments excluding certain heads of damage + specified premium levies}}{\textit{Collected premium (includes levies and other Scheme costs)}}$$

Alternatively:

$$\frac{\textit{Claimant benefits}}{\textit{Claimant benefits + delivery costs}}$$

The calculation is more complicated than the simple formula above might suggest since:

- » For the underwriting quarters which still have significant claims payments to be made:
 - Ultimate claim payments are not yet known. So we need to project all future claim payments in order to allocate collected premium between claim payments, levies and costs, and insurer profit
 - The decomposition of future claim payments by heads of damage is not yet known. Our claim payment models are not specific to head of damage so need amendment for use in this context
- » Claim payments and premium payments are made at different times and so must be discounted to a common date for a valid comparison to be made.

4.2.2 Claimant benefits

As agreed with MAIC, claimant benefits are defined as any monies paid to or on behalf of direct benefit to claimants. Claimant benefits include:

- » Aids and appliances
- » Past and future care including home care
- » Past and future economic loss
- » General damages
- » Home and vehicle modifications
- » Plaintiff legal costs
- » Hospital, pharmaceutical and medications



- » Pre-approved costs and rehabilitation
- » Funeral expenses
- » Trustee's administration costs
- » Trustee's sanction fees
- » Recoveries
- » Hospital and emergency services levy (H & E levy).

The reason for including each of the above as a claimant benefit is self-explanatory except for the plaintiff legal costs. Our reasons for including these as a benefit are:

- » Claimants frequently have side agreements with their legal representation that entitles them up to 50% of the claim settlement. These agreements, governed by s345-347 of the Legal Professions Act 2007 are confidential between the claimant and their legal representation and hence not captured by MAIC. As a result, it is difficult to identify the exact amount paid and therefore potentially bias the Scheme delivery index
- » Philosophically, such payments are made in respect of the claimant for services provided to the claimant, and are under the control of the claimant
- » As defined above, the Scheme delivery index separates the benefits for claimants versus the cost of delivering the Scheme. By including plaintiff legal costs as a claimant benefit, the definition of delivery costs becomes a cleaner measure of the cost for insurers to administer the Scheme.

4.2.3 Delivery costs

Accordingly, Scheme delivery costs are all other costs, these include:

- » Insurer investigation costs
- » Defendant legal costs
- » Administration costs and other expense costs
- » Reinsurance and acquisition costs
- » Insurer's claim handling expense (CHE)
- » Insurer's profit margin
- » Statutory Insurance Scheme levy
- » Queensland Transport administration fee.

4.2.4 Assumed levies and other Scheme costs

In the calculation of the floor and ceiling, MAIC make assumptions regarding:

- » Claim handling expenses – percentage of risk premium
- » Acquisition and reinsurance cost – fixed dollar cost
- » Levies – fixed dollar cost
 - Hospital and emergency services levy
 - Statutory Insurance Scheme levy
 - Queensland Transport administration fee.

In our attribution of the Scheme delivery costs between levies, costs and profit we have assumed that the actual levies and costs are incurred at the level assumed by MAIC.



4.2.5 CLAA and 2012 tax changes

Since the underwriting quarter beginning 1 July 2010, MAIC has included an additional loading in the floor and ceiling premiums in anticipation of increases to Scheme costs due to the CLAA. Since the underwriting quarter beginning 1 July 2013, MAIC has also included an additional loading in anticipation of the increases to Scheme costs due to the 2012 income tax reductions. As the increases to Scheme costs flow through and are reflected in the risk premium recommended in Risk Premium reports, the loadings are progressively reduced. The CLAA and 2012 tax change loadings have been fully run off for the underwriting quarter starting 1 July 2017 and subsequent underwriting quarters. Central estimate, floor, ceiling and insurer average premiums in this report include the portion of both loadings which relate to experience which we already expect to be in the risk cost relevant to each underwriting quarter.

The CLAA loading was:

- » \$6.96 for the underwriting years 2010/11 to 2012/13
- » \$5.95 for underwriting year 2013/14
- » \$4.46 for underwriting year 2014/15
- » \$2.98 for underwriting year 2015/16
- » \$1.49 for underwriting year 2016/17
- » removed for underwriting year 2017/18 and later.

As at 31 December 2017, we estimate that the CLAA loading is completely observed in claims experience. Thus, we include the full loading for each underwriting year, mentioned above, in the premiums for the purpose of the Scheme performance.

The 2012 tax change loading was:

- » \$4.69 for underwriting year 2013/14
- » \$3.52 for underwriting year 2014/15
- » \$2.35 for underwriting year 2015/16
- » \$1.17 for underwriting year 2016/17
- » removed for underwriting year 2017/18 and later.

As at 31 December 2017, we estimate that the 2012 tax change loading is completely observed in claims experience. Thus, we include the full loading for each underwriting year, mentioned above, in the premiums for the purpose of the Scheme performance.

For consistency with MAIC's premium determination, the CLAA loading gets applied after inflation, discounting and the relativity adjustments. The 2012 tax change loading gets applied before these adjustments.

4.2.6 Future claim payments

Future claim payments

We have taken from the Retrospective Profit Study:

- » Projections of future claim payments using data and models underlying the most recent Annual Advice
- » Estimates of hindsight risk premium.



Future Superimposed Inflation

As in the Retrospective Profit Study, we have estimated future claim payments and hindsight risk premium under three different future superimposed inflation (“SI”) scenarios, these being:

- » 0% per annum, which is what Taylor Fry measure as the current rate of finalisation period superimposed inflation
- » 1% per annum, which is what MAIC allow for in their calculation of ceiling and floor premium
- » 2% per annum, chosen as a higher amount to illustrate the sensitivity of the Scheme delivery index to the superimposed inflation assumption.

4.2.7 Hindsight risk premium

A description of the calculation of the hindsight risk premium can be found in Section 4 of the Retrospective Profit Study. We describe below the significant features of that calculation.

General

The estimation of the hindsight premium is as follows:

- » Hindsight estimates of Scheme claim frequency and claim size by accident quarter were taken from the Risk Premium report
- » The claim size estimates were inflated and discounted to the middle of the underwriting quarter to which they belong
- » The risk premium was calculated as the product of claim frequency and the average claim size.

Inflation

Future finalised claim payments have been inflated to the middle of the calendar quarter to which they belong using December 2017 Deloitte Access Economics forecasts of QLD AWE and ABS QLD AWE results. The methodology for combining these AWE sources is discussed in the Risk Premium report. Future finalised claim payments are sourced from the Annual Advice.

Discounting payments

Claim payments have been discounted to the middle of the underwriting quarter using the Government bond yield curve as at the end of the underwriting quarter.

4.2.8 Proportion of claimant benefits

The estimation of heads of damage allocated to claimant benefits, as a proportion of risk premium, is as follows:

- » By using the most recently supplied data (as at 31 December 2017) calculate, per accident quarter, the cumulative ratio of claimant benefit claim payments to total claim payments
- » Analyse how this ratio develops across successive development quarters (i.e. “*historical development factors*”)
- » Select “*future development factors*” that are typical of historical development
- » Estimate the “*ultimate ratio*” for each accident quarter by using the selected “*future development factors*”.



4.2.9 Calculation of the Scheme delivery index

The numerator of the index, which we have called “claimant benefits”, is calculated by:

- » Multiplying the hindsight all class risk premium from the Retrospective Profit Study by the estimated “ultimate ratio” to calculate the amount of hindsight risk premium to be attributed to claimant benefits (for more information of the calculation of the hindsight risk premium, see Section 4 of the Retrospective Profit Study or Appendix B.1)
- » Adding in claimant benefit levies.

It should be noted, that all the underwriting quarters included in our analysis have some claims to be settled and most have some claims yet to be reported. Therefore, our calculation of claimant benefits depends on our projection of both the hindsight premium and the proportion of claimant benefits. The more recent the underwriting quarter:

- » The more dependent is the estimate of claimant benefits on the assumptions underlying our projection
- » The more uncertain is our estimate of the Scheme delivery index.

To calculate the index, we divide the estimate of claimant benefits for each underwriting quarter inclusive of claimant benefit levies by the average filed premium, weighted by insurer market share.

4.2.10 Allocation of hindsight premium which is not part of claimant benefits

The portion of the hindsight risk premium which is not part of claimant benefits can be allocated between:

- » Non-claimant heads of damage
- » Levies
- » Expenses
- » The remaining element, which is a hindsight estimate of insurer profit.

The methodology we have followed is such that our estimation of the last three of these items is identical to those in the Retrospective Profit Study. We have included premium levies and GST within our estimates of the Scheme delivery index; as a result, our estimate of insurer profit is approximately 3% less than that reported within the Retrospective Profit Study, simply because it is a proportion of a larger denominator.

4.2.11 The introduction of the National Injury Insurance Scheme Queensland

NIISQ came into effect from 1 July 2016. All lifetime care and support costs for catastrophically injured claimants arising from accidents after 1 July 2016 will be covered under NIISQ. This is expected to reduce the average claim size for policies underwritten from 1 July 2015 due to the reduction in costs covered by CTP scheme. The claim frequency will remain unchanged as certain heads of damages (HOD) such as economic loss will still be covered by CTP scheme.

The risk premium was explicitly reduced for policies underwritten from 1 October 2016 using a ‘NIISQ offset’. For the impacted underwriting quarters prior to that, the expected cost of claims covered under NIISQ is to be retrospectively ‘clawed back’ from insurers.

In the recent annual advice, we revised down by 18.7% our estimate of the cost of claims that will be covered under the NIISQ. Since there have been no finalisations for claims covered by NIISQ, we assume the cost of claims covered under NIISQ will be equal to our *new* estimate from the current annual advice for past and future underwriting periods covered under the NIISQ scheme. As such:



- » For underwriting periods between 2016Q4 and 2017Q4, inclusive, we reduce the claim costs forecast by our new estimate of NIISQ cost which is lower than what was used to offset the premium at time of underwriting
- » For earlier underwriting quarters we assume that the reduction in costs is *less* than the amount clawed back from insurers. This difference is equal to the reduction from our *old* estimate of the cost of claims covered under NIISQ.

The consequence of these assumptions is that the Scheme delivery results for the affected underwriting quarters are higher because some of the benefits that were previously expected to be paid under the NIISQ are now expected to be covered under the CTP scheme.

The NIISQ levy was introduced on 1 October 2016. The NIISQ levy is not included in our analysis.



5 RESULTS

This section outlines the major findings of our analysis. We present:

- » The historical trends of the more significant HoD and the estimated proportion of claimant benefit to total claim payments (Section 5.1)
- » The split of insurer average filed premium into risk premium, premium levies and other Scheme costs, grouped into claimant benefits and delivery cost (Section 5.2)
- » The translation of the previous results into the Scheme delivery index
- » The calculation of the Scheme affordability index.

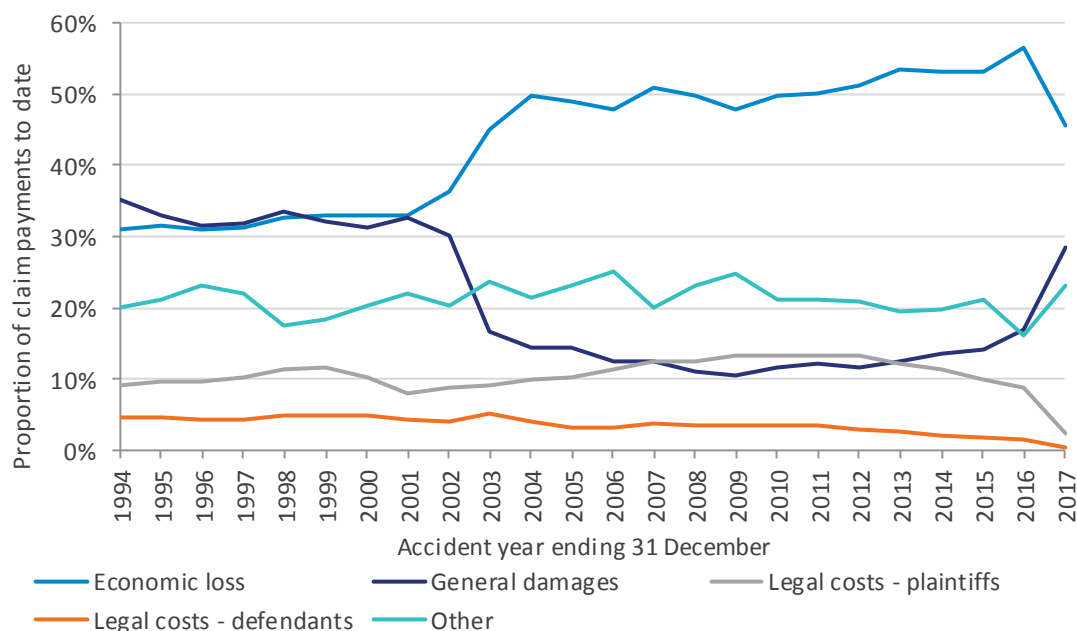
5.1 Proportion of claimant benefits

5.1.1 Proportions of claim payments to date

Figure 5.1 displays, to date, the proportion of total claim payments for the more significant HoD. The plot shows, since the introduction of the CLA, an increased proportion of economic loss offset by a reduction in general damages.

We cannot show the whole picture with regard to plaintiff legal costs due to side agreements. Additionally, Figure 5.1 shows a very different proportion of claim payments to date for the 2017 accident year compared to previous years; this is reflective of the immaturity of the 2017 accident year.

Figure 5.1 Portion of claim payments to date



Note: Other includes claim payments relating to past & future care, insurer investigation, hospital/pharmaceutical and pre-approved costs.

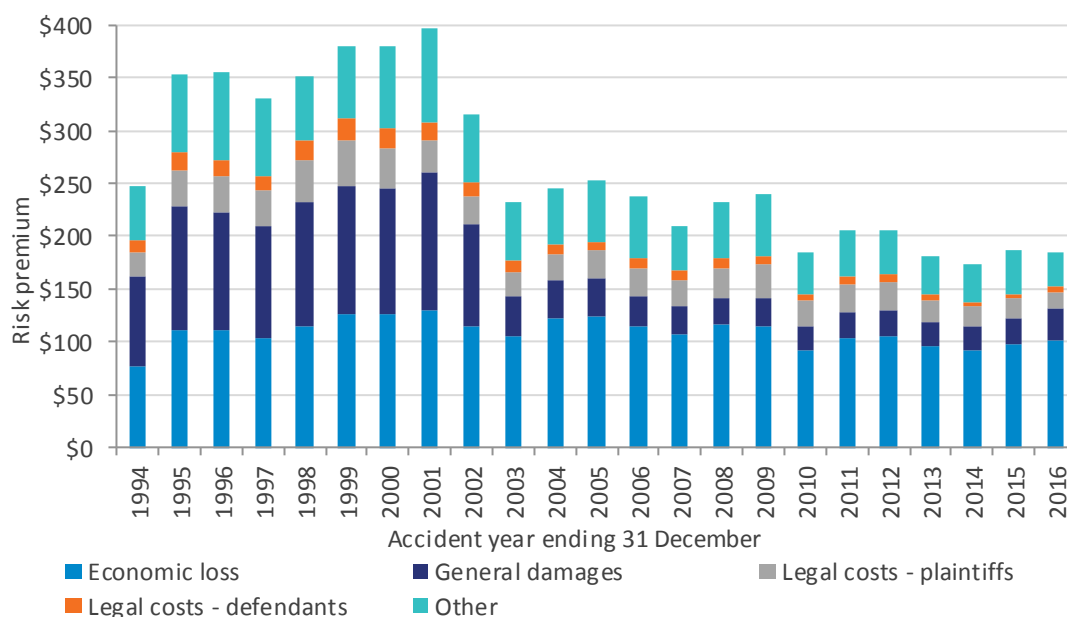
The CLA introduced injury scale values (ISVs) and consistency between claimants of general damages awards. The result was a material decrease in the average size of general damages and a reduction in the number of smaller claims being reported. As a consequence, and as depicted above, the proportion of economic loss and plaintiff legal costs increased.



Since 2010, the proportion of claim payments relating to economic loss have been growing at the expense of “other” costs, which include past and future care, insurer investigation, hospital/pharmaceutical and pre-approved costs.

For illustrative purposes, Figure 5.2 approximately develops each HoD to ultimate for comparison to Figure 5.1. We see that although the proportion of economic loss awards has increased for accident years after 2002, total risk premium has decreased and consequently, the amount of risk premium attributed to economic loss has remained stable, at about \$100 since the beginning of the Scheme. Also, we observe the reduction of about \$70 in general damages due to the CLA and the coinciding decrease in defendant legal costs. We do not show the 2017 accident year because it is too immature to make meaningful inferences.

Figure 5.2 Ultimate risk premium by heads of damage



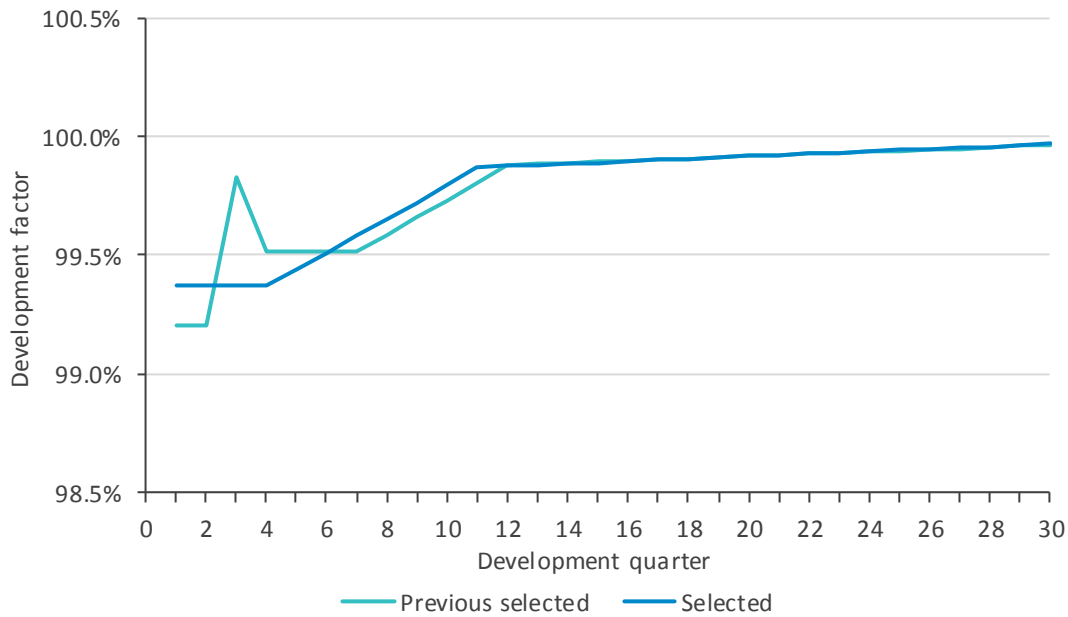
We expect a change in the distribution of costs across the various heads of damages for accident years since 2016 due to the introduction of NIISQ. However, this is not fully reflected here due to lack of development for claims from accident years 2016 (and 2017).

5.1.2 Development factors

Figure 5.3 displays the historical (averaged over various accident quarters) and selected development factors for the proportion of claimant benefits to total claim payments. These development factors show, per development quarter, how the proportion of claimant benefit claim payments develops over time. A development factor of 100% indicates nil change, while a factor of 99% indicates a 1% decrease in the proportion from one development quarter to the next, while a factor of 101% indicates a 1% increase.



Figure 5.3 Selected development factors

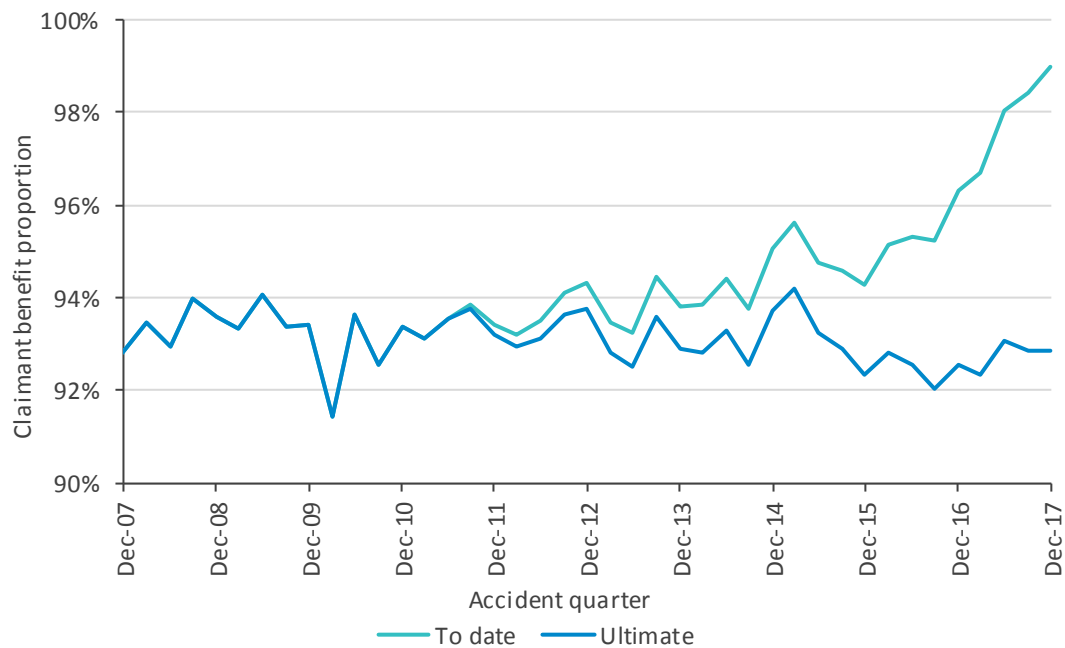


Development factors range between 99% and 100%. The change by development quarter is small, especially more than one year after the beginning of the accident quarter. There is considerable early development volatility. The previous pattern in early development years has become less apparent recently and so the early development year experience has been smoothed for this year’s analysis.

5.1.3 Ultimate claimant benefit proportion

Figure 5.4 shows the estimated ultimate proportion of claimant benefits across accident years compared with the paid proportion to date.

Figure 5.4 Claimant benefit proportions – ultimate and to date



For the 2015-2017 accident years, we project a claimant benefit proportion between 92% and 94%.

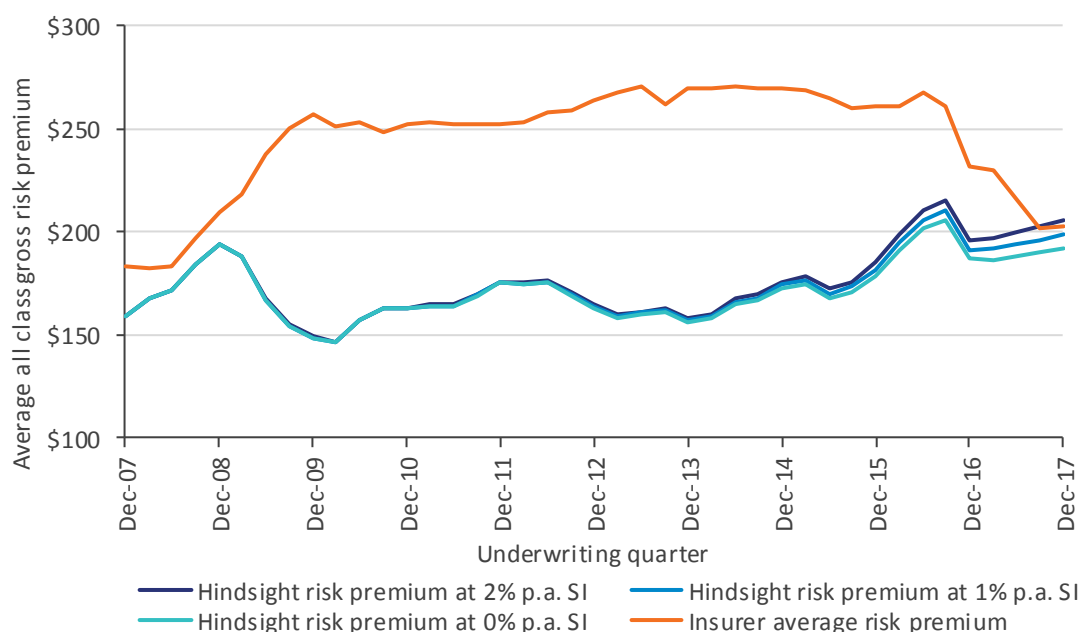
5.2 Average filed premium

5.2.1 Risk premium

As discussed in Section 5.1 of the Retrospective Profit Study, Figure 5.5 displays the estimated hindsight all class risk premium and that implicit in the average filed insurer premium from 31 December 2007 to 31 December 2017. We show the hindsight premium for three future finalisation period superimposed inflation assumptions:

- » 0% per annum, which is what Taylor Fry measure as the current rate of finalisation period superimposed inflation
- » 1% per annum, which is what MAIC allow for in their calculation of ceiling and floor premium in the underwriting quarter beginning 1 April 2017
- » 2% per annum, chosen as a higher amount to illustrate the sensitivity of the delivery index to the superimposed inflation assumption.

Figure 5.5 Average (non-ITC) all class gross risk premium



The difference in hindsight risk premium between the scenarios grows as the underwriting period becomes less mature. This reflects the recent underwriting periods having more of their claims unpaid and so the total projected average claim size is more dependent on assumptions regarding future superimposed inflation.

The difference between the average filed and the hindsight estimates of risk premium is equal to the current estimate of insurer profit.

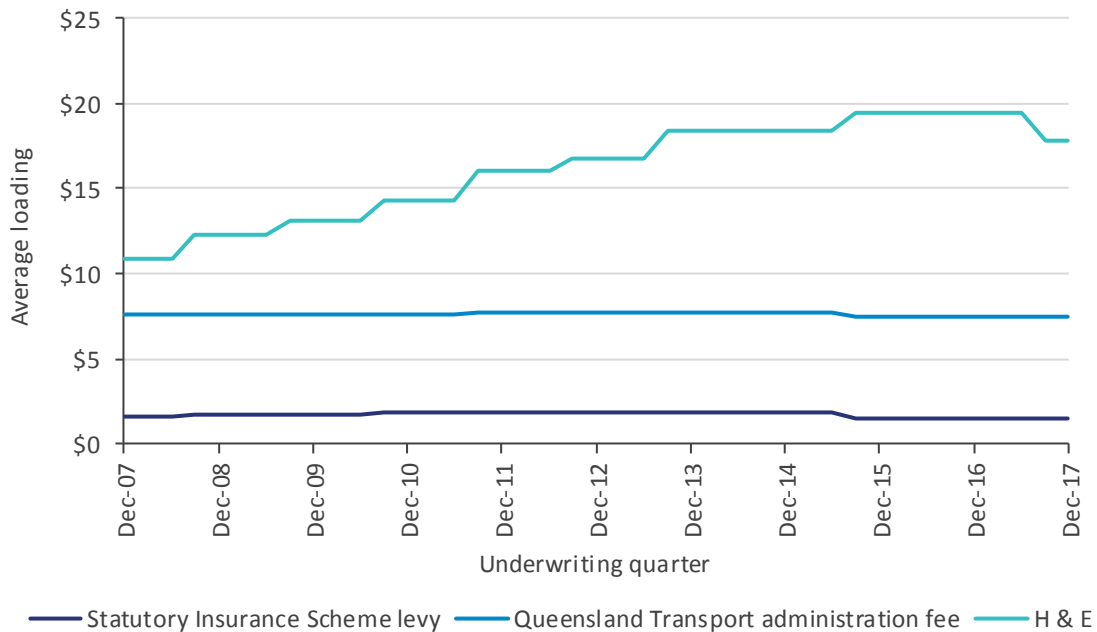
5.2.2 Premium levies

Figure 5.6 displays, per underwriting quarter, the average dollar value of levies included in the premium across all vehicle classes. As seen, the H & E levy (claimant benefit) has steadily increased, slightly



outpacing wage inflation with a slight decrease in 2017. The Statutory Insurance Scheme levy and Queensland Transport administration fee have remained fairly constant (delivery costs) over time.

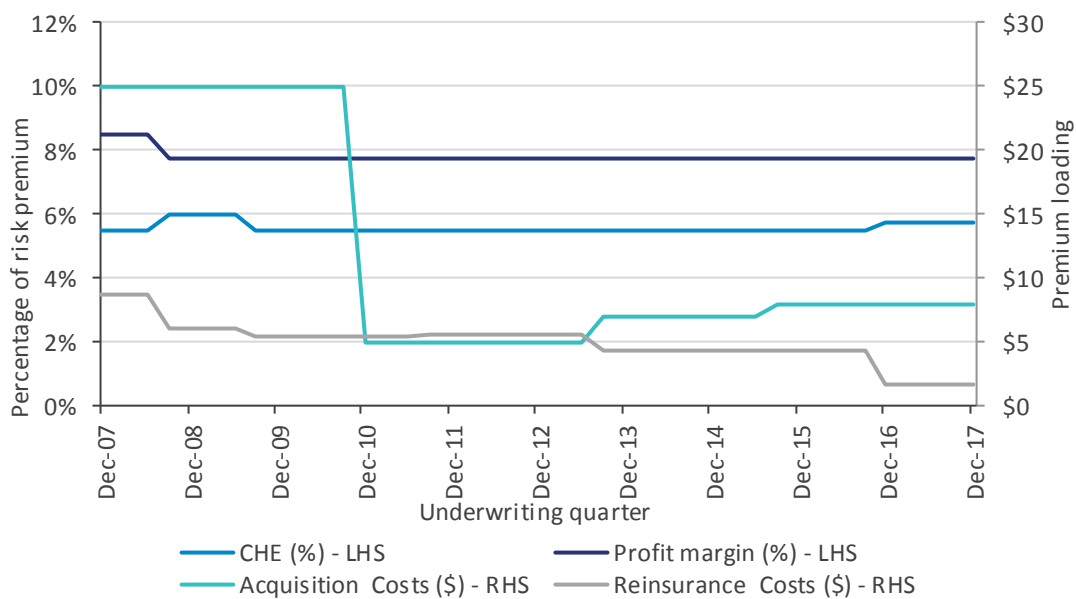
Figure 5.6 Average (non-ITC) premium loadings across all classes



5.2.3 Expenses and allowances

Figure 5.7 shows, as assumed by MAIC in their central estimate calculation, the expenses and allowance assumptions across all classes. The average acquisition and reinsurance cost across all classes are presented in Figure 5.7 because MAIC’s assumptions vary by class. We have assumed that the allowances in Figure 5.7 are those experienced by the average filed premium. All loadings as displayed in Figure 5.7 are classified as Scheme delivery costs in our calculation of delivery.

Figure 5.7 Average expenses and allowances at the MAIC central estimate across all classes



As shown, since 31 December 2007:

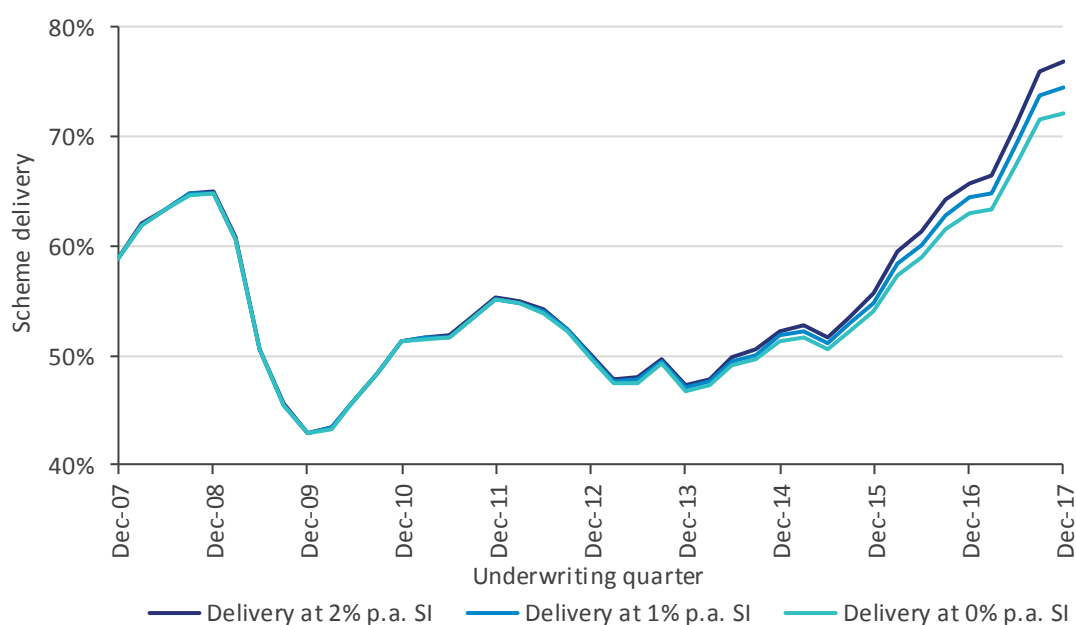
- » The claims handling expense assumption ranges from 5% to 6%. They were increased in Dec-16 due to the introduction of NISQ.
- » The profit margin decreased from 8.5% to 7.75% at underwriting quarter 31 December 2008
- » Reinsurance costs were, on average, \$8.60 in the 31 December 2007 underwriting quarter. These costs have gradually decreased to be \$4.40 from the 30 September 2013 underwriting quarter. Due to the introduction of NISQ, the average reinsurance cost was further reduced to \$1.70.
- » Acquisition costs ranged between \$22 and \$25 before a decrease in the allowance to \$5 from the 31 December 2010 underwriting quarter which reflects the removal of commissions from the premium structure. As at 31 December 2017, acquisition costs are set at \$8.

5.3 Scheme delivery

Figure 5.8 displays the consolidation of the results shown in the previous sections into a delivery index. That is, what proportion of premium is attributed to the benefit of claimants? The figure displays, for each underwriting quarter, the Scheme delivery index under the three different superimposed inflation scenarios. Table 5.1 to Table 5.3 display the numerical values of Figure 5.8 and give a breakdown of claimant benefit and delivery costs into claim payments, levies and other Scheme costs.

Claimant benefits as a proportion of hindsight premium have steadily increased since the introduction of the CLA. However, a comparison between Figure 5.5 and Figure 5.8 shows that Scheme delivery is heavily influenced by the difference in assumed and realised claims experience (which falls as profit or loss to the insurers). Furthermore, as the assumed amount of superimposed inflation increases, the Scheme delivery index also increases as claimant benefit claim payments outweigh any increases in Scheme delivery costs and the deterioration in insurer profit.

Figure 5.8 Scheme delivery across all classes



In the tables below, we show the projected average break-up of the underwritten premium for various periods.



Table 5.1 Scheme delivery with the 0% p.a. superimposed inflation scenario

Period	Claimant benefits			Delivery costs				
	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Profit	Total
Most recent 2 years	57.8%	6.2%	63.9%	4.5%	2.9%	7.7%	20.9%	36.1%
Most recent 3 years	53.8%	5.9%	59.7%	4.2%	2.8%	7.4%	25.9%	40.3%
Most recent 5 years	49.4%	5.6%	55.0%	3.8%	2.8%	6.9%	31.5%	45.0%

Table 5.2 Scheme delivery with the 1% p.a. superimposed inflation scenario

Period	Claimant benefits			Delivery costs				
	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Profit	Total
Most recent 2 years	59.3%	6.2%	65.5%	4.7%	2.9%	7.8%	19.2%	34.5%
Most recent 3 years	55.0%	5.9%	60.9%	4.3%	2.8%	7.5%	24.5%	39.1%
Most recent 5 years	50.2%	5.6%	55.9%	3.9%	2.8%	7.0%	30.5%	44.1%

Table 5.3 Scheme delivery with the 2% p.a. superimposed inflation scenario

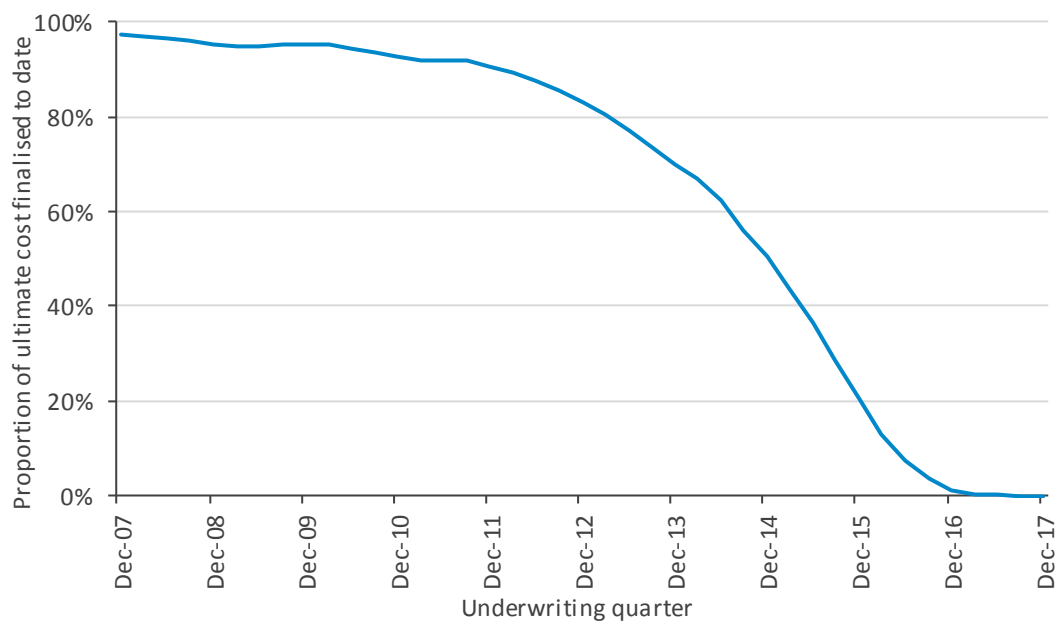
Period	Claimant benefits			Delivery costs				
	Claim payments	Levies	Total	Claim payments	Levies	Other costs	Profit	Total
Most recent 2 years	60.9%	6.2%	67.1%	4.8%	2.9%	7.9%	17.3%	32.9%
Most recent 3 years	56.3%	5.9%	62.2%	4.4%	2.8%	7.5%	23.0%	37.8%
Most recent 5 years	51.1%	5.6%	56.7%	3.9%	2.8%	7.0%	29.5%	43.3%

Note: We assume that the reduction in costs for the claims transferred to NIISQ from 1 October 2016 is equal to our latest estimate of costs covered under NIISQ. This is different to the "NIISQ-offset" applied at premium setting. For policies underwritten before 30 September 2016, we have assumed that the reduction in cost of claims transferred to NIISQ is imperfectly offset by the amount of premium clawed back from insurers where the inconsistency arises from the difference between the previous and current estimate of costs covered by NIISQ.



As seen in Figure 5.8 and Table 5.1 to Table 5.3, the assumed future superimposed inflation rate creates significant differences in the resulting delivery index, specifically for the more recent underwriting quarters. Figure 5.9 displays per underwriting quarter, finalised payments to date as a proportion of the estimated ultimate cost. As Figure 5.9 shows, the more immature the underwriting quarter, the lower the portion of finalised cost to date, and as such, the greater the impact of any assumed future superimposed inflation.

Figure 5.9 Proportion of ultimate cost finalised to date



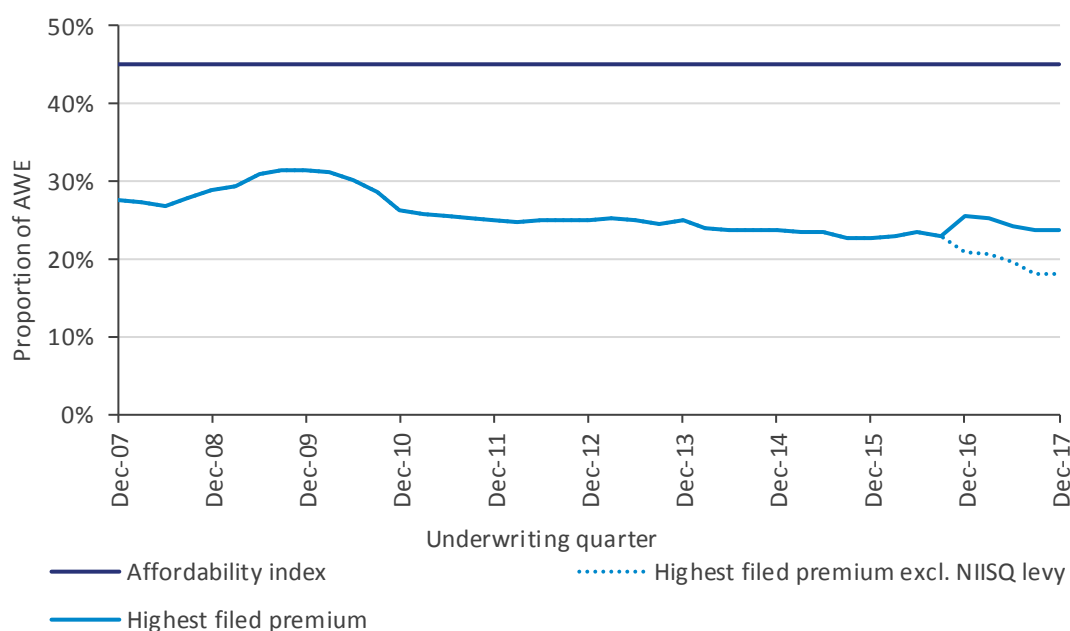
5.4 Scheme affordability

Using the methodology prescribed by MAIC, Figure 5.10 displays a history of Scheme affordability. For policies underwritten from 1 October 2016 we present the highest filed premium including *and* excluding the NIISQ levy because the claims that are covered by NIISQ do not belong to the CTP scheme. The filed premiums from underwriting periods 2015Q3 to 2016Q3 have not been adjusted for the amounts clawed back from the insurers to cover the cost of NIISQ.

Since the beginning of the New Scheme, the QLD Class 1 CTP premium has become increasingly more affordable. At 31 December 2017, QLD Class 1 CTP premiums were 24% of AWE including NIISQ levy or 18% of AWE excluding NIISQ levy.



Figure 5.10 Highest filed premium and affordability index for Class 1 as proportion of AWE



5.5 Scheme performance

It is seen from Figure 5.8 and Figure 5.10 that over the past decade:

- » The relative cost of CTP for QLD motorists has fallen from 40 percent of AWE to about 24 percent of AWE including NIISQ levy or 18 percent of AWE excluding NIISQ levy in the most recent quarter
- » The proportion of premiums paid as claimant benefits has been increasing and, for the last 2 years, assuming 1% p.a. future superimposed inflation, is averaging sixty-five cents for every dollar.

5.6 Legal costs

As discussed in Section 4.2.2, plaintiff legal costs are included as a claimant benefit. One of the primary reasons for including these costs is the inability to accurately measure the proportion of plaintiff legal costs paid by the claimant due to side agreements. These side agreements can potentially be up to half of the total settlement. There is therefore no comprehensive view of plaintiff legal costs available from the data.



6 RECONCILIATION

In this section, for underwriting years 2010 to 2016, we reconcile the delivery index under the 1% p.a. SI scenario with the corresponding delivery index from the Previous Report. Given the shift in measuring the Scheme delivery index from a Class 1 basis to an all classes basis, we perform the reconciliation in two steps:

- » Changes in Scheme delivery index between Previous Report and current results on a consistent Class 1 basis
- » Changes in current Scheme delivery index from moving to all classes basis from Class 1.

Table 6.1 shows the changes in delivery index due to:

- » The change in the estimated retrospective profits since the Previous Report, as seen in Section 6.2 of the Profit Report. Generally speaking there has been an increase in estimated retrospective profit due to a reduction in average claim size, benign superimposed inflation and low wage inflation.
- » Experience and assumption changes since the Previous Report. This includes how experience in the year to 31 December 2017 differed from previously forecast and an adjustment to the projection of the ultimate proportion of claimant benefits. This mostly affects the recent underwriting periods.
- » The change from measuring the current Scheme delivery index on a Class 1 basis to an all classes basis due to differences in profit and relative size of levies and acquisition costs between Class 1 and other classes.



Table 6.1 Reconciliation to previous report

Underwriting period	Previous delivery index (Class 1, 1% SI)	Changes due to		Current delivery index (Class 1, 1% SI)	Changes due to Profit and levy differences between classes	Current delivery index (All classes, 1% SI) ¹
		Retrospective profit	Experience and assumption changes			
2010	48.3%	-0.6%	0.1%	47.7%	-0.5%	47.2%
2011	54.4%	-0.8%	0.2%	53.7%	-0.8%	53.0%
2012	55.5%	-1.7%	0.1%	53.9%	-1.1%	52.7%
2013	51.4%	-2.3%	0.0%	49.1%	-1.1%	48.0%
2014	53.1%	-2.5%	0.1%	50.8%	-1.0%	49.7%
2015	58.3%	-3.7%	-0.4%	54.2%	-1.5%	52.8%
2016	63.8%	-1.0%	-0.5%	62.4%	-0.9%	61.4%

1. As seen in Figure 5.8.

7 RELIANCES AND LIMITATIONS

In producing this report, we have relied on data supplied by MAIC on vehicle registrations, premium, premium filing and claims data without audit or independent verification. The accuracy of the results is dependent on both the accuracy and completeness of the data provided. However, in the course of the analysis, internal checks have been carried out which would be expected to find gross inconsistencies. None have come to light and we have accepted the data at face value.

Our analysis is heavily dependent on our estimates of total claims cost from each accident quarter and the estimate of hindsight premium. These are derived from the Annual Advice and the Retrospective Profit Study. This report is subject to the same reliances and limitations as seen in both of those reports.

Due to limitations on data availability, a number of approximations have been made. Should these turn out to be materially inaccurate then our results would be affected. In particular, we have extrapolated current experience to estimate the proportion of claim payments associated to claimant benefits.

In our judgement we have employed techniques and assumptions that are appropriate, and the conclusions presented herein are reasonable given the information currently available. However, it should be recognised that actual Scheme delivery and affordability may deviate, perhaps materially, from our estimates.

The report has been prepared for the Commission for the specific purpose stated in Section 2. No reliance should be placed on this report for any other purpose without confirming with us that such a purpose is appropriate. No other distribution of this report to parties outside of the Commission is permitted without the prior written permission of Taylor Fry. This report is to be considered in its entirety, as parts of the report considered in isolation may be misleading. If any part of this report is to be distributed or provided to other parties, then the entire report including all appendices and not excerpts must be distributed or provided.



- A.1 Historical claimant benefits payments

- A.2 Historical total claim payments

- A.3 Premium loadings and levies



Appendix A

Appendix A. 1 Historical finalised inflated claimant benefit claim payments (gross of ITC/DAM)

Accident	Payments (\$ millions)																																								
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Dec-07	0.0	0.3	0.2	0.5	2.4	3.3	7.6	10.1	7.5	8.3	8.2	10.4	8.9	10.3	11.0	11.2	12.0	4.5	7.1	3.8	4.4	2.5	0.9	2.1	1.2	0.4	0.8	1.5	0.1	0.0	1.0	0.2	2.0	0.0	0.2	0.0	0.0	0.1	1.0	0.0	0.0
Mar-08	0.0	0.1	0.3	0.8	1.4	5.5	5.4	6.6	5.4	9.5	9.2	7.6	9.9	11.4	6.5	8.0	9.1	6.5	3.9	3.5	6.8	6.0	3.3	1.9	2.6	0.2	1.8	0.1	0.2	0.8	0.1	0.7	0.1	0.0	2.6	0.4	7.8	1.7	0.0	1.6	
Jun-08	0.0	0.1	0.5	0.7	1.8	6.7	10.3	13.4	12.2	15.4	13.3	11.7	10.6	12.7	12.4	4.1	10.4	3.6	4.2	2.9	2.6	3.4	2.2	1.8	5.5	2.2	0.7	6.3	0.6	0.0	0.2	0.1	0.2	0.0	4.8	0.0	1.1	0.0	0.0		
Sep-08	0.0	0.1	0.6	0.8	1.9	5.8	7.8	14.4	12.8	11.8	15.0	12.7	11.3	15.0	9.4	13.6	9.4	13.9	5.6	14.8	3.9	3.9	2.8	2.2	0.6	1.6	1.5	0.5	1.1	0.7	0.3	0.4	0.0	1.0	0.2	0.3	0.0	0.1			
Dec-08	0.0	0.2	0.3	0.8	1.9	4.6	9.4	12.0	10.6	12.1	12.5	10.3	18.7	8.9	9.6	6.7	10.1	7.2	5.7	6.4	6.3	5.1	4.6	1.6	1.5	2.0	0.4	2.1	0.0	0.0	0.9	0.6	0.5	0.0	0.3	0.1	0.0				
Mar-09	0.0	0.1	0.4	0.5	1.6	6.5	10.2	15.6	12.3	12.7	13.4	15.4	11.6	10.9	11.4	6.7	6.5	2.7	2.2	3.6	3.0	0.5	1.8	1.6	0.6	0.9	1.2	5.3	0.3	1.3	0.9	0.7	1.6	0.0	0.7	0.1					
Jun-09	0.0	0.2	0.6	0.6	2.0	6.4	8.2	12.3	12.9	15.9	16.3	11.3	12.6	16.8	8.3	11.0	7.8	6.0	7.8	27.0	6.4	4.8	3.4	2.8	0.4	10.3	0.3	0.1	1.3	2.1	0.8	0.3	2.0	0.0	0.2						
Sep-09	0.0	0.3	0.3	1.4	2.5	5.5	10.3	11.9	11.2	21.5	8.3	14.1	10.7	12.1	9.5	12.6	7.3	4.1	4.7	6.3	5.5	3.9	1.5	0.8	0.8	0.8	0.8	5.1	0.5	1.5	0.7	0.3	0.2	0.7							
Dec-09	0.0	0.1	0.3	0.9	2.0	6.9	10.8	9.5	12.0	13.1	12.7	9.5	13.1	13.3	7.0	7.7	3.1	2.7	11.4	3.2	3.2	2.1	4.2	9.1	0.9	4.7	0.4	0.8	1.3	0.8	2.7	1.1	0.5								
Mar-10	0.0	0.2	0.5	0.9	2.1	6.8	8.9	10.4	6.3	15.7	12.1	7.5	9.9	12.4	6.8	4.2	3.3	3.1	2.6	2.7	1.4	1.9	4.7	0.1	1.1	1.4	0.5	2.6	0.1	0.6	0.0	0.2									
Jun-10	0.0	0.1	0.4	0.7	1.7	6.9	12.5	10.6	12.4	13.9	9.2	7.9	12.6	10.7	7.8	9.8	2.9	3.4	4.3	1.5	3.3	1.8	3.4	0.7	1.0	0.6	1.2	0.9	0.7	0.0	0.0										
Sep-10	0.0	0.1	0.3	0.6	2.8	10.3	10.7	15.2	17.8	14.0	10.7	12.3	7.9	5.9	6.7	6.0	8.6	3.5	5.1	1.1	3.1	1.5	0.0	1.0	1.6	0.8	3.9	0.2	1.0	1.6											
Dec-10	0.0	0.0	0.4	0.5	2.8	8.1	12.8	10.3	17.0	7.7	26.3	8.7	9.9	6.3	4.6	7.3	5.3	1.9	1.7	3.5	1.3	0.9	1.2	3.4	2.5	0.2	0.8	0.2	1.7												
Mar-11	0.0	0.2	0.2	1.1	3.5	9.7	12.1	13.2	15.3	10.9	13.7	7.3	6.0	10.4	8.6	3.9	3.5	4.8	2.3	4.9	6.8	0.6	3.0	0.4	1.9	1.0	1.1	0.9													
Jun-11	0.0	0.1	0.4	0.7	4.1	8.7	15.1	12.6	15.5	10.3	9.3	9.7	13.0	9.9	6.8	6.6	3.4	4.9	15.1	12.3	1.8	2.4	2.8	0.6	2.9	0.6	0.7														
Sep-11	0.0	0.1	0.4	1.2	3.9	11.1	11.4	15.9	14.2	12.3	14.4	19.0	12.9	8.6	5.5	6.9	7.2	10.9	1.0	5.1	2.7	1.4	4.8	2.2	0.4	1.4															
Dec-11	0.0	0.1	0.2	1.3	4.1	6.8	12.8	9.4	12.6	8.8	9.4	11.0	8.2	8.8	7.1	9.1	4.1	5.5	0.6	2.8	4.3	0.7	4.6	1.8	4.6																
Mar-12	0.0	0.1	0.4	1.7	3.1	10.3	8.9	12.6	10.6	8.8	8.8	10.0	10.4	12.8	12.7	7.7	3.9	9.1	4.4	8.1	1.6	1.9	3.0	1.2																	
Jun-12	0.0	0.2	0.4	1.7	5.9	8.4	15.4	11.5	10.0	12.9	10.1	9.9	13.4	15.4	8.5	8.2	7.7	7.9	4.2	3.1	3.1	0.5	2.2																		
Sep-12	0.0	0.2	0.5	2.2	3.8	10.3	11.8	14.0	10.9	10.2	9.7	11.1	15.2	20.7	4.1	14.5	5.6	10.3	3.5	4.4	0.7	10.2																			
Dec-12	0.1	0.1	0.5	1.2	3.9	8.5	12.1	10.8	11.6	12.3	8.3	12.4	14.3	9.6	14.9	6.8	8.7	4.1	9.3	0.9	2.2																				
Mar-13	0.0	0.2	0.7	1.5	3.3	8.0	10.8	11.1	10.5	11.0	10.8	14.6	9.7	12.4	3.0	13.2	3.7	4.0	1.5	3.8																					
Jun-13	0.0	0.1	0.4	1.0	6.4	9.3	13.4	11.3	14.4	11.8	9.6	8.4	7.9	8.6	8.5	2.9	3.4	2.5	3.1																						
Sep-13	0.0	0.2	0.3	2.5	4.5	9.6	13.6	15.9	10.9	10.4	10.9	12.1	17.3	11.3	6.4	13.5	2.0	5.5																							
Dec-13	0.0	0.3	0.4	1.2	4.3	8.2	13.1	13.1	11.8	9.0	9.4	11.5	11.8	8.2	11.7	3.0	7.2																								
Mar-14	0.0	0.2	0.6	1.4	2.5	10.2	10.7	11.8	12.7	11.0	9.3	11.4	6.4	5.7	4.4	6.1																									
Jun-14	0.0	0.5	0.7	1.2	6.1	10.6	17.4	10.4	17.0	15.1	12.2	9.0	10.4	7.0	11.1																										
Sep-14	0.0	0.2	0.6	1.9	7.0	11.1	11.9	14.5	12.8	12.4	10.4	8.5	6.4	7.1																											
Dec-14	0.0	0.3	1.1	1.9	6.6	7.9	14.5	13.6	14.8	9.3	7.9	7.3	10.4																												
Mar-15	0.0	0.3	0.6	2.5	5.8	14.0	11.6	18.7	9.0	13.4	25.6	7.7																													
Jun-15	0.0	0.4	1.0	2.6	7.1	12.4	13.7	16.5	13.1	7.5	12.3																														
Sep-15	0.0	0.5	0.7	4.3	6.2	12.4	9.9	16.1	9.2	16.0																															
Dec-15	0.1	0.4	0.8	2.3	5.5	7.6	16.5	10.4	14.9																																
Mar-16	0.0	0.5	0.9	2.1	5.1	10.9	14.5	13.8																																	
Jun-16	0.0	0.3	1.3	1.9	7.2	11.9	14.4																																		
Sep-16	0.0	0.3	0.6	3.5	6.7	14.9																																			
Dec-16	0.0	0.2	0.9	1.9	6.9																																				
Mar-17	0.0	0.2	0.9	2.3																																					
Jun-17	0.0	0.3	1.0																																						
Sep-17	0.0	0.2																																							
Dec-17	0.0																																								

Notes; Sourced from the PIR system as at 31 December 2017 (as supplied by MAIC)

Appendix A

Appendix A. 2 Historical finalised inflated all claim payments (gross of ITC/DAM)

Accident	Payments (\$ millions)																																								
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Dec-07	0.0	0.3	0.2	0.6	2.5	3.4	7.9	10.5	7.9	8.8	8.9	11.0	9.5	10.9	11.7	12.0	12.7	4.7	8.1	4.3	4.6	2.8	0.9	2.4	1.3	0.4	1.4	1.5	0.1	0.0	1.0	0.3	2.2	0.3	0.3	0.1	0.3	0.1	1.1	0.1	0.2
Mar-08	0.0	0.2	0.3	0.8	1.5	5.7	5.7	6.9	5.7	10.3	9.8	8.3	10.5	12.3	7.2	8.8	9.7	7.1	4.2	3.8	7.0	6.5	3.6	2.2	2.7	0.2	1.9	0.1	0.2	0.9	0.1	0.8	0.1	0.2	2.8	0.4	7.9	1.7	0.0	1.7	
Jun-08	0.0	0.1	0.5	0.7	1.9	6.9	10.6	14.2	12.8	16.0	14.6	12.4	11.3	13.5	13.1	4.4	11.1	4.0	4.5	3.1	3.0	3.8	2.4	2.1	5.8	2.9	0.7	6.6	0.8	0.0	1.8	0.2	0.2	0.1	4.9	0.0	1.3	0.0	0.0		
Sep-08	0.0	0.1	0.6	0.8	1.9	6.0	8.0	15.0	13.5	12.4	15.8	13.5	12.0	16.0	9.8	14.5	10.1	15.1	6.0	15.2	4.3	4.6	3.3	2.6	0.7	1.7	1.5	0.6	1.3	0.9	0.4	0.5	0.0	1.1	0.4	0.4	0.0	0.1			
Dec-08	0.0	0.2	0.3	0.8	2.0	4.8	9.7	12.5	11.0	12.9	13.3	10.9	19.5	9.4	10.5	7.1	10.9	7.7	6.2	7.1	6.8	5.6	4.9	2.0	1.7	2.2	0.6	2.5	0.1	0.0	1.0	0.7	0.6	0.1	0.3	0.1	0.0				
Mar-09	0.0	0.1	0.4	0.5	1.7	6.7	10.5	16.3	12.9	13.2	14.0	16.5	12.3	11.7	12.0	7.2	7.3	3.1	2.6	4.0	3.3	0.6	1.9	1.8	0.7	1.0	1.3	5.4	0.4	1.3	1.0	0.7	2.5	0.0	1.0	0.1					
Jun-09	0.0	0.2	0.6	0.6	2.0	6.7	8.5	12.8	13.6	16.6	17.2	11.8	13.2	18.1	9.1	11.9	8.4	6.5	8.5	28.0	7.3	5.4	3.6	3.0	0.5	11.2	0.4	0.1	1.3	2.2	1.0	0.3	2.1	0.0	0.3						
Sep-09	0.0	0.3	0.3	1.4	2.5	5.7	10.7	12.4	11.7	23.0	8.9	15.5	11.7	12.9	10.2	13.0	7.9	4.5	5.3	6.8	6.2	4.3	1.8	0.9	1.0	1.0	0.9	5.4	0.5	1.6	0.8	0.3	0.2	0.7							
Dec-09	0.0	0.1	0.3	0.9	2.1	7.1	11.2	10.0	12.8	14.1	13.6	10.2	14.0	14.1	7.6	8.4	3.4	3.1	11.9	3.7	3.6	2.3	4.6	9.7	1.0	5.0	0.6	1.0	1.4	0.9	3.0	1.4	0.5								
Mar-10	0.0	0.2	0.5	0.9	2.1	7.1	9.3	11.3	6.6	16.3	12.9	8.1	10.8	13.3	7.6	4.5	3.7	3.3	2.9	2.9	1.6	2.1	5.2	0.7	1.2	2.0	2.0	2.9	0.1	0.7	0.1	0.5									
Jun-10	0.0	0.1	0.4	0.7	1.8	7.1	13.1	11.1	12.9	14.6	9.9	8.3	13.4	11.5	8.5	10.8	3.1	3.8	4.7	1.5	3.7	2.0	3.7	0.9	1.1	0.8	1.4	1.0	0.8	0.0	0.1										
Sep-10	0.0	0.1	0.3	0.6	2.9	10.6	11.1	15.9	18.7	14.8	11.2	13.3	8.9	6.7	7.3	6.5	9.4	4.0	5.6	1.4	3.4	1.8	0.1	1.4	1.7	1.4	4.2	0.3	1.1	1.9											
Dec-10	0.0	0.0	0.4	0.5	3.0	8.3	13.4	11.0	17.8	8.2	27.5	9.4	10.9	6.9	5.1	8.1	5.9	2.2	1.8	3.7	1.4	1.0	1.5	3.7	2.6	0.3	0.9	0.3	2.0												
Mar-11	0.0	0.2	0.2	1.1	3.6	10.1	12.8	14.0	15.9	11.6	14.6	7.9	7.1	11.1	9.3	4.5	3.9	5.2	2.5	5.5	7.0	0.7	3.3	0.5	2.2	1.2	1.2	1.0													
Jun-11	0.0	0.1	0.4	0.7	4.2	9.2	15.7	13.2	16.3	11.0	9.9	10.4	13.8	10.7	7.5	7.0	4.0	5.6	15.8	12.9	1.9	2.9	3.0	0.7	3.2	0.8	0.9														
Sep-11	0.0	0.1	0.4	1.3	4.0	11.6	12.0	16.7	15.1	13.2	15.4	19.7	13.9	9.3	6.0	7.4	7.8	11.6	1.3	5.4	3.0	1.7	5.0	2.5	0.4	1.5															
Dec-11	0.0	0.1	0.2	1.4	4.2	7.1	13.3	9.9	13.5	9.4	10.2	12.0	8.8	9.3	7.6	9.9	4.5	6.1	0.7	3.2	4.7	0.8	5.0	1.9	4.8																
Mar-12	0.0	0.1	0.4	1.7	3.2	10.7	9.4	13.3	11.2	10.0	9.5	10.6	11.1	13.6	13.7	8.2	4.4	10.2	4.6	8.9	1.7	2.0	3.4	1.4																	
Jun-12	0.0	0.2	0.4	1.8	6.1	8.6	15.9	12.1	10.9	13.9	10.8	10.9	14.5	16.5	9.4	9.0	8.2	8.5	4.4	3.4	3.4	0.5	2.4																		
Sep-12	0.0	0.2	0.5	2.3	4.0	10.7	12.6	15.0	11.7	11.0	10.4	11.9	16.1	21.5	4.4	15.3	6.2	11.2	3.9	4.9	0.9	10.6																			
Dec-12	0.1	0.1	0.6	1.3	4.0	8.9	12.7	11.4	12.3	12.9	8.8	13.4	15.4	10.1	15.7	7.4	9.4	4.5	9.5	1.0	2.5																				
Mar-13	0.0	0.2	0.7	1.5	3.5	8.4	11.2	11.7	11.2	11.7	11.8	15.4	10.2	13.2	3.4	14.2	4.0	4.4	1.9	4.3																					
Jun-13	0.0	0.1	0.4	1.0	6.6	9.7	13.9	12.0	15.6	12.5	10.3	9.2	8.5	9.3	9.4	3.3	3.7	2.8	3.4																						
Sep-13	0.0	0.2	0.3	2.6	4.7	10.0	14.2	16.7	11.6	11.1	11.5	12.9	18.5	12.0	7.0	14.0	2.3	6.2																							
Dec-13	0.0	0.3	0.5	1.2	4.4	8.4	13.7	13.8	12.7	9.5	10.1	12.2	12.8	9.0	12.8	3.4	7.6																								
Mar-14	0.0	0.2	0.6	1.4	2.5	10.6	11.3	12.4	13.3	11.7	10.1	12.1	7.5	6.1	4.8	6.5																									
Jun-14	0.0	0.5	0.7	1.3	6.2	11.1	18.1	10.9	18.0	16.3	12.9	9.6	11.1	7.6	11.9																										
Sep-14	0.0	0.2	0.6	2.0	7.2	11.7	12.5	15.3	13.9	13.1	11.2	9.3	7.1	7.6																											
Dec-14	0.0	0.3	1.1	1.9	6.8	8.2	15.2	14.2	15.6	9.8	8.4	7.9	10.9																												
Mar-15	0.0	0.3	0.6	2.5	6.0	14.5	12.4	19.3	9.6	14.1	26.4	8.5																													
Jun-15	0.0	0.4	1.1	2.6	7.4	12.9	14.4	17.2	14.0	8.1	13.3																														
Sep-15	0.0	0.5	0.7	4.4	6.4	12.9	10.3	17.0	10.1	17.2																															
Dec-15	0.1	0.4	0.8	2.4	5.7	8.3	17.3	11.3	15.8																																
Mar-16	0.0	0.5	1.0	2.1	5.2	11.3	15.3	14.7																																	
Jun-16	0.0	0.3	1.4	2.0	7.5	12.5	15.3																																		
Sep-16	0.0	0.3	0.7	3.6	7.1	15.7																																			
Dec-16	0.0	0.2	1.0	2.0	7.2																																				
Mar-17	0.0	0.2	0.9	2.4																																					
Jun-17	0.0	0.3	1.1																																						
Sep-17	0.0	0.2																																							
Dec-17	0.0																																								

Notes; Sourced from the PIR system as at 31 December 2017 (as supplied by MAIC)

Appendix A

Appendix A. 3 MAIC's pricing assumptions used to set floor and ceiling premiums

Underwriting	Class 1 premiums (\$, excluding GST, levies)		Claims process savings (\$)		Claims handling expenses	Acquisition Costs (\$)	Reinsurance Cost (\$)	ANTS Impact	Profit margin	H & E levy (\$)	MAIC admin levy (\$)	QLD transport levy (\$)	Insurer average filed premium (\$)
	Floor	Ceiling	Floor	Ceiling									
Dec-07	182.32	230.01	0.00	0.00	5.5%	25.01	8.75	-9.1%	8.5%	10.90	1.60	7.60	227.81
Mar-08	182.41	230.13	0.00	0.00	5.5%	25.01	8.76	-9.1%	8.5%	10.90	1.60	7.60	227.66
Jun-08	182.41	230.13	0.00	0.00	5.5%	25.01	8.76	-9.1%	8.5%	10.90	1.60	7.60	228.12
Sep-08	195.04	242.81	0.00	0.00	6.0%	25.01	6.01	-9.1%	7.8%	12.34	1.70	7.60	239.77
Dec-08	221.76	255.42	0.00	0.00	6.0%	25.00	6.00	-9.1%	7.8%	12.34	1.70	7.60	252.43
Mar-09	229.76	264.41	0.00	0.00	6.0%	25.00	6.00	-9.1%	7.8%	12.33	1.70	7.60	261.80
Jun-09	250.56	285.21	0.00	0.00	6.0%	25.00	6.00	-9.1%	7.8%	12.33	1.70	7.60	282.15
Sep-09	254.16	295.87	0.00	0.00	5.5%	25.00	5.47	-9.1%	7.8%	13.18	1.75	7.60	292.62
Dec-09	261.10	302.98	0.00	0.00	5.5%	25.00	5.47	-9.1%	7.8%	13.18	1.75	7.60	299.79
Mar-10	261.02	296.06	0.00	0.00	5.5%	25.00	5.47	-9.1%	7.8%	13.18	1.75	7.60	293.32
Jun-10	260.93	297.83	0.00	0.00	5.5%	25.00	5.47	-9.1%	7.8%	13.18	1.75	7.60	295.81
Sep-10	258.80	292.31	0.00	0.00	5.5%	25.00	5.49	-9.1%	7.8%	14.32	1.80	7.60	291.41
Dec-10	237.65	274.55	0.00	0.00	5.5%	5.00	5.48	-9.1%	7.8%	14.32	1.80	7.60	273.81
Mar-11	234.68	274.51	0.00	0.00	5.5%	5.00	5.48	-9.1%	7.8%	14.32	1.80	7.60	273.76
Jun-11	234.80	274.62	0.00	0.00	5.5%	5.00	5.48	-9.1%	7.8%	14.32	1.80	7.60	273.12
Sep-11	234.07	275.14	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.01	1.85	7.70	273.33
Dec-11	234.02	275.08	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.01	1.85	7.70	273.27
Mar-12	234.15	275.20	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.01	1.85	7.70	274.10
Jun-12	238.85	279.90	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.01	1.85	7.70	279.28
Sep-12	243.02	280.15	0.00	0.00	5.5%	5.00	5.52	-9.1%	7.8%	16.82	1.85	7.70	280.12
Dec-12	248.32	285.45	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.81	1.85	7.70	285.42
Mar-13	252.98	290.07	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.81	1.85	7.70	290.05
Jun-13	260.78	292.81	0.00	0.00	5.5%	5.00	5.51	-9.1%	7.8%	16.80	1.85	7.70	292.80
Sep-13	253.63	285.39	0.00	0.00	5.5%	7.00	4.37	-9.1%	7.8%	18.45	1.85	7.70	285.39
Dec-13	260.80	292.59	0.00	0.00	5.5%	7.00	4.37	-9.1%	7.8%	18.45	1.85	7.70	292.59
Mar-14	255.01	292.75	0.00	0.00	5.5%	7.00	4.37	-9.1%	7.8%	18.44	1.85	7.70	292.75
Jun-14	256.52	294.24	0.00	0.00	5.5%	7.00	4.37	-9.1%	7.8%	18.44	1.85	7.70	293.90
Sep-14	256.59	293.22	0.00	0.00	5.5%	7.00	4.35	-9.1%	7.8%	18.43	1.85	7.70	292.88
Dec-14	256.07	292.69	0.00	0.00	5.5%	6.99	4.34	-9.1%	7.8%	18.42	1.85	7.70	292.23
Mar-15	253.86	292.27	0.00	0.00	5.5%	6.99	4.34	-9.1%	7.8%	18.41	1.85	7.70	291.82
Jun-15	253.59	291.99	0.00	0.00	5.5%	6.99	4.34	-9.1%	7.8%	18.40	1.85	7.70	287.80
Sep-15	246.80	285.22	0.00	0.00	5.5%	7.99	4.34	-9.1%	7.8%	19.44	1.50	7.50	283.40
Dec-15	247.83	285.26	0.00	0.00	5.5%	7.99	4.34	-9.1%	7.8%	19.43	1.50	7.50	284.88
Mar-16	244.51	284.78	0.00	0.00	5.5%	7.99	4.33	-9.1%	7.8%	19.42	1.50	7.50	284.40
Jun-16	251.33	291.60	0.00	0.00	5.5%	7.99	4.33	-9.1%	7.8%	19.42	1.50	7.50	291.22
Sep-16	244.05	284.29	0.00	0.00	5.5%	7.99	4.33	-9.1%	7.8%	19.41	1.50	7.50	284.29
Dec-16	228.08	252.42	0.00	0.00	5.7%	7.99	1.71	-9.1%	7.8%	19.41	1.50	7.50	252.42
Mar-17	227.52	251.82	0.00	0.00	5.7%	7.99	1.71	-9.1%	7.8%	19.41	1.50	7.50	250.93
Jun-17	213.30	236.68	0.00	0.00	5.7%	7.99	1.71	-9.1%	7.8%	19.41	1.50	7.50	236.68
Sep-17	203.90	222.12	0.00	0.00	5.7%	7.99	1.70	-9.1%	7.8%	17.82	1.50	7.50	222.12
Dec-17	204.16	222.39	0.00	0.00	5.7%	7.99	1.71	-9.1%	7.8%	17.84	1.50	7.50	222.39

Notes: Supplied by MAIC
Insurer average filed gross premium excludes levies but includes ANTS impact

Appendix B Claimant Benefit Proportion

- B.1 Estimate of average all class hindsight premium

- B.2 Cumulative ratio of claimant benefits to all claim payments

- B.3 Historical development factors



Appendix B

Appendix B. 1 Hindsight estimation of average all class premium

Underwriting	Claim frequency	Claim size (\$)	Hindsight premium (\$)		
			0% p.a. SI scenario	1% p.a. SI scenario	2% p.a. SI scenario
Dec-07	0.196%	80,818	158.72	158.78	158.83
Mar-08	0.201%	83,497	167.56	167.63	167.70
Jun-08	0.202%	84,804	171.71	171.79	171.87
Sep-08	0.200%	91,774	183.88	183.99	184.10
Dec-08	0.197%	98,563	194.09	194.25	194.41
Mar-09	0.193%	97,433	187.91	188.08	188.24
Jun-09	0.187%	89,275	167.05	167.19	167.34
Sep-09	0.184%	83,930	154.50	154.63	154.77
Dec-09	0.185%	80,525	148.76	148.88	149.00
Mar-10	0.186%	78,786	146.71	146.83	146.96
Jun-10	0.191%	82,109	156.66	156.82	156.99
Sep-10	0.195%	83,673	162.86	163.07	163.29
Dec-10	0.193%	84,176	162.84	163.08	163.32
Mar-11	0.191%	86,051	164.01	164.27	164.54
Jun-11	0.188%	87,043	164.01	164.28	164.57
Sep-11	0.187%	90,633	169.21	169.52	169.84
Dec-11	0.187%	93,956	175.25	175.62	176.01
Mar-12	0.186%	94,017	174.43	174.84	175.27
Jun-12	0.182%	96,151	175.19	175.70	176.22
Sep-12	0.180%	94,041	169.12	169.71	170.31
Dec-12	0.178%	91,899	163.41	164.05	164.71
Mar-13	0.176%	89,950	158.23	158.92	159.64
Jun-13	0.176%	90,905	159.94	160.71	161.50
Sep-13	0.176%	91,796	161.22	162.10	163.00
Dec-13	0.175%	89,213	156.21	157.13	158.08
Mar-14	0.177%	89,279	157.93	158.93	159.96
Jun-14	0.180%	91,841	164.90	166.12	167.37
Sep-14	0.181%	91,882	166.51	167.93	169.40
Dec-14	0.182%	94,751	172.47	174.19	175.96
Mar-15	0.183%	95,345	174.35	176.37	178.46
Jun-15	0.184%	91,390	167.94	170.08	172.30
Sep-15	0.186%	91,630	170.72	173.24	175.84
Dec-15	0.194%	92,076	178.71	181.71	184.82
Mar-16	0.202%	94,557	190.89	194.58	198.39
Jun-16	0.206%	97,880	201.39	205.81	210.38
Sep-16	0.208%	98,779	205.50	210.51	215.70
Dec-16	0.207%	90,484	186.96	191.48	196.15
Mar-17	0.205%	91,282	186.67	191.72	196.93
Jun-17	0.205%	92,041	188.34	193.95	199.77
Sep-17	0.205%	92,386	189.68	195.87	202.28
Dec-17	0.206%	93,004	191.65	198.45	205.50

Notes; Sourced from the Retrospective Profit Advice

Appendix B

Appendix B. 2 Cumulative ratio of claimant benefits to all claim payments

Development																																											
Accident	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Later	
Dec-03	1.000	0.898	0.951	0.937	0.932	0.930	0.927	0.918	0.920	0.908	0.908	0.912	0.911	0.914	0.915	0.914	0.915	0.915	0.915	0.915	0.915	0.915	0.916	0.916	0.915	0.915	0.915	0.914	0.914	0.914	0.914	0.911	0.911	0.911	0.909	0.909	0.909	0.910	0.910	0.909	0.909		
Mar-04		0.976	0.977	0.963	0.943	0.927	0.879	0.901	0.908	0.916	0.919	0.923	0.927	0.927	0.928	0.929	0.930	0.929	0.930	0.926	0.926	0.925	0.925	0.926	0.926	0.926	0.925	0.925	0.924	0.923	0.923	0.921	0.922	0.922	0.922	0.922	0.921	0.921	0.921	0.921	0.921	0.921	0.920
Jun-04		0.987	0.980	0.879	0.899	0.901	0.918	0.925	0.906	0.917	0.918	0.916	0.918	0.920	0.923	0.928	0.925	0.925	0.923	0.923	0.922	0.924	0.921	0.921	0.921	0.920	0.920	0.919	0.919	0.919	0.920	0.920	0.919	0.919	0.919	0.919	0.918	0.918	0.918	0.918	0.918	0.918	
Sep-04		0.975	0.954	0.948	0.952	0.937	0.941	0.943	0.926	0.933	0.936	0.933	0.937	0.940	0.942	0.943	0.944	0.945	0.942	0.942	0.941	0.941	0.940	0.940	0.938	0.938	0.938	0.937	0.937	0.937	0.937	0.937	0.937	0.937	0.937	0.937	0.936	0.936	0.936	0.936	0.936	0.936	
Dec-04		0.966	0.963	0.941	0.948	0.939	0.938	0.941	0.945	0.949	0.950	0.946	0.947	0.949	0.946	0.944	0.943	0.942	0.940	0.939	0.939	0.940	0.940	0.939	0.938	0.938	0.937	0.937	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.937	0.937
Mar-05		0.959	0.974	0.963	0.952	0.959	0.956	0.962	0.960	0.959	0.955	0.953	0.951	0.951	0.953	0.950	0.950	0.949	0.947	0.945	0.942	0.942	0.941	0.941	0.940	0.939	0.939	0.938	0.938	0.937	0.940	0.941	0.940	0.940	0.939	0.939	0.939	0.939	0.939	0.939	0.939	0.939	0.939
Jun-05		1.000	0.970	0.955	0.950	0.945	0.950	0.960	0.954	0.955	0.951	0.952	0.952	0.951	0.949	0.946	0.944	0.944	0.946	0.944	0.944	0.943	0.943	0.943	0.943	0.943	0.943	0.943	0.943	0.944	0.944	0.944	0.944	0.944	0.944	0.944	0.943	0.943	0.943	0.943	0.943		
Sep-05		1.000	0.980	0.968	0.962	0.964	0.967	0.964	0.963	0.958	0.958	0.953	0.953	0.950	0.951	0.951	0.950	0.952	0.950	0.949	0.949	0.948	0.947	0.947	0.947	0.947	0.947	0.947	0.946	0.946	0.945	0.945	0.945	0.945	0.945	0.945	0.945	0.945	0.945	0.945	0.944	0.944	
Dec-05		1.000	0.983	0.974	0.971	0.969	0.970	0.969	0.967	0.961	0.959	0.955	0.943	0.945	0.945	0.945	0.944	0.942	0.943	0.942	0.942	0.942	0.942	0.942	0.942	0.942	0.942	0.941	0.941	0.940	0.940	0.940	0.940	0.939	0.939	0.939	0.939	0.939	0.939	0.940	0.940		
Mar-06		1.000	0.987	0.973	0.970	0.955	0.957	0.955	0.958	0.958	0.955	0.950	0.952	0.952	0.947	0.944	0.945	0.943	0.942	0.942	0.942	0.940	0.939	0.938	0.937	0.938	0.938	0.938	0.938	0.938	0.938	0.937	0.937	0.937	0.936	0.936	0.936	0.936	0.936	0.936	0.936		
Jun-06		0.983	0.979	0.966	0.963	0.973	0.965	0.962	0.956	0.954	0.951	0.951	0.951	0.949	0.948	0.948	0.947	0.946	0.946	0.945	0.944	0.944	0.943	0.943	0.943	0.940	0.940	0.939	0.939	0.939	0.939	0.939	0.939	0.939	0.936	0.936	0.934	0.934	0.934	0.934	0.935	0.935	
Sep-06		1.000	0.986	0.965	0.948	0.969	0.971	0.960	0.956	0.950	0.950	0.946	0.946	0.947	0.946	0.945	0.946	0.946	0.943	0.943	0.942	0.941	0.941	0.941	0.940	0.940	0.939	0.939	0.939	0.939	0.940	0.940	0.940	0.940	0.940	0.940	0.940	0.940	0.940	0.939	0.939		
Dec-06		1.000	0.999	0.988	0.975	0.959	0.966	0.965	0.960	0.959	0.956	0.955	0.953	0.950	0.949	0.947	0.945	0.945	0.946	0.946	0.945	0.944	0.942	0.942	0.941	0.942	0.942	0.941	0.942	0.942	0.941	0.940	0.939	0.939	0.939	0.938	0.940	0.940	0.941	0.941	0.941	0.942	0.942
Mar-07		1.000	0.963	0.948	0.963	0.970	0.963	0.960	0.960	0.958	0.957	0.957	0.957	0.953	0.951	0.949	0.948	0.948	0.946	0.946	0.944	0.945	0.945	0.944	0.942	0.941	0.941	0.941	0.940	0.940	0.940	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.937	0.937	0.937	0.937	
Jun-07		0.965	0.974	0.975	0.974	0.977	0.972	0.960	0.957	0.954	0.953	0.953	0.950	0.949	0.948	0.948	0.945	0.944	0.942	0.942	0.941	0.941	0.941	0.939	0.939	0.939	0.939	0.938	0.938	0.938	0.933	0.932	0.932	0.932	0.932	0.932	0.932	0.932	0.932	0.932	0.932	0.932	
Sep-07		0.987	0.980	0.971	0.973	0.970	0.974	0.973	0.966	0.963	0.962	0.958	0.951	0.951	0.950	0.949	0.950	0.946	0.944	0.942	0.940	0.940	0.939	0.939	0.937	0.937	0.936	0.936	0.935	0.935	0.935	0.935	0.935	0.935	0.935	0.935	0.934	0.934	0.934	0.933	0.933		
Dec-07		0.980	0.949	0.954	0.961	0.974	0.972	0.965	0.962	0.960	0.956	0.951	0.951	0.948	0.948	0.947	0.946	0.946	0.946	0.942	0.940	0.940	0.939	0.939	0.938	0.938	0.938	0.934	0.935	0.935	0.934	0.934	0.934	0.934	0.932	0.932	0.931	0.930	0.930	0.929	0.929		
Mar-08		1.000	0.952	0.963	0.973	0.973	0.967	0.965	0.960	0.950	0.947	0.944	0.943	0.941	0.939	0.936	0.936	0.935	0.935	0.934	0.936	0.935	0.934	0.933	0.933	0.933	0.933	0.932	0.932	0.932	0.932	0.932	0.931	0.931	0.931	0.931	0.931	0.931	0.934	0.935	0.935		
Jun-08		1.000	0.987	0.978	0.973	0.971	0.970	0.971	0.960	0.958	0.958	0.950	0.949	0.948	0.947	0.947	0.946	0.946	0.944	0.943	0.943	0.942	0.941	0.941	0.940	0.940	0.937	0.937	0.938	0.937	0.937	0.929	0.929	0.929	0.929	0.930	0.930	0.930	0.930				
Sep-08		1.000	0.988	0.953	0.965	0.968	0.974	0.972	0.965	0.961	0.958	0.956	0.954	0.952	0.951	0.950	0.948	0.946	0.946	0.948	0.947	0.945	0.944	0.943	0.942	0.942	0.942	0.942	0.942	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.940	0.940					
Dec-08		0.990	0.990	0.971	0.971	0.973	0.965	0.965	0.962	0.962	0.957	0.953	0.953	0.954	0.953	0.950	0.949	0.947	0.947	0.946	0.944	0.943	0.942	0.942	0.940	0.940	0.939	0.939	0.937	0.937	0.937	0.936	0.936	0.936	0.936	0.936	0.936	0.936	0.936				
Mar-09		0.929	0.983	0.953	0.959	0.962	0.967	0.964	0.961	0.960	0.955	0.953	0.951	0.950	0.949	0.946	0.944	0.942	0.941	0.940	0.940	0.939	0.939	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938	0.938			
Jun-09		1.000	0.995	0.971	0.973	0.978	0.965	0.966	0.963	0.959	0.959	0.956	0.956	0.956	0.952	0.949	0.947	0.946	0.945	0.944	0.947	0.945	0.944	0.943	0.943	0.943	0.942	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941					
Sep-09		0.884	0.992	0.986	0.990	0.984	0.973	0.968	0.965	0.962	0.953	0.951	0.944	0.941	0.941	0.940	0.943	0.942	0.941	0.939	0.937	0.936	0.935	0.935	0.934	0.933	0.933	0.933	0.934	0.934	0.934	0.934	0.934	0.933	0.933	0.933							
Dec-09		1.000	0.939	0.961	0.972	0.962	0.968	0.964	0.962	0.956	0.951	0.949	0.947	0.946	0.945	0.944	0.942	0.941	0.939	0.941	0.939	0.938	0.938	0.937	0.937	0.937	0.936	0.936	0.936	0.936	0.936	0.935	0.934	0.934									
Mar-10		0.999	0.996	0.987	0.983	0.984	0.971	0.966	0.949	0.949	0.952	0.950	0.949	0.945	0.943	0.940	0.940	0.938	0.938	0.937	0.937	0.936	0.935	0.934	0.930	0.930	0.926	0.917	0.917	0.916	0.916	0.916	0.914										
Jun-10		0.992	0.982	0.																																							

- C.1 Scheme delivery calculation (0% pa superimposed inflation scenario)
- C.2 Scheme delivery calculation (1% pa superimposed inflation scenario)
- C.3 Scheme delivery calculation (2% pa superimposed inflation scenario)



Appendix C

Appendix C. 1 Estimate of Scheme Delivery based on data to 31 December 2017 (0% p.a. superimposed inflation scenario)

Underwriting	Hindsight premium (\$)	Estimate of the proportion of claimant benefits	Amount of hindsight premium attributed to claimant benefits (\$)	Levies attributed to claimant benefits (\$)	Risk premium	Levies	Insurer average collected premium (\$)	CHE	Profit	Scheme delivery
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Dec-03	130.38	92.37%	120.43	0.00	253.53	-	29.70	13.94	24.82	37.4%
Mar-04	134.38	93.00%	124.97	0.00	253.93	-	29.70	13.97	24.27	38.8%
Jun-04	134.89	93.52%	126.16	0.00	248.51	-	33.00	13.67	24.10	39.5%
Sep-04	139.93	93.93%	131.43	0.00	230.00	-	34.10	12.65	23.03	43.8%
Dec-04	143.77	94.06%	135.23	0.00	223.01	-	34.10	12.27	23.03	46.2%
Mar-05	140.82	94.05%	132.44	0.00	217.59	-	34.10	11.97	22.65	46.3%
Jun-05	140.91	93.92%	132.35	0.00	211.74	-	34.10	11.65	22.65	47.2%
Sep-05	155.11	93.77%	145.44	0.00	218.68	-	34.75	13.23	23.27	50.2%
Dec-05	159.91	93.72%	149.87	0.00	216.25	-	34.75	13.08	23.28	52.2%
Mar-06	162.15	93.76%	152.03	9.16	213.48	18.21	34.75	12.92	21.84	53.5%
Jun-06	160.77	93.75%	150.73	9.16	211.77	18.21	34.76	12.81	22.02	53.4%
Sep-06	159.51	93.65%	149.37	10.00	206.35	19.20	34.90	12.48	20.92	54.2%
Dec-06	150.13	93.41%	140.23	10.00	206.68	19.20	34.90	12.50	21.38	51.0%
Mar-07	144.71	93.21%	134.88	10.00	205.38	19.19	34.89	12.43	21.37	49.4%
Jun-07	146.43	93.15%	136.40	9.99	202.48	19.18	34.89	12.25	21.37	50.4%
Sep-07	153.34	93.21%	142.93	10.90	183.61	20.10	37.13	11.11	19.38	56.7%
Dec-07	158.72	93.39%	148.23	10.90	182.99	20.10	37.14	11.07	19.39	58.8%
Mar-08	167.56	93.48%	156.63	10.90	182.81	20.10	37.14	11.06	19.40	61.9%
Jun-08	171.71	93.60%	160.73	10.90	183.30	20.10	37.14	11.09	19.40	63.3%
Sep-08	183.88	93.67%	172.23	12.34	197.20	21.64	34.11	13.01	19.42	64.7%
Dec-08	194.09	93.57%	181.60	12.34	209.24	21.64	34.11	13.81	20.51	64.8%
Mar-09	187.91	93.30%	175.32	12.33	218.19	21.63	34.10	14.40	21.27	60.6%
Jun-09	167.05	93.00%	155.36	12.33	237.53	21.63	34.10	15.68	23.05	50.5%
Sep-09	154.50	92.85%	143.45	13.18	249.88	22.53	33.52	15.12	23.35	45.5%
Dec-09	148.76	92.74%	137.97	13.18	256.76	22.53	33.52	15.53	23.95	42.9%
Mar-10	146.71	92.96%	136.37	13.18	250.92	22.53	33.52	15.18	23.03	43.3%
Jun-10	156.66	93.16%	145.95	13.18	252.81	22.53	33.52	15.29	23.77	45.7%
Sep-10	162.86	93.30%	151.95	14.32	248.42	23.72	33.53	15.03	23.57	48.3%
Dec-10	162.84	93.43%	152.14	14.32	252.58	23.72	11.53	15.28	21.79	51.2%
Mar-11	164.01	93.38%	153.15	14.32	252.78	23.72	11.53	15.29	21.54	51.6%
Jun-11	164.01	93.31%	153.03	14.32	252.10	23.72	11.53	15.25	21.55	51.6%
Sep-11	169.21	93.24%	157.77	16.01	252.35	25.56	11.56	15.27	21.49	53.3%
Dec-11	175.25	93.29%	163.49	16.01	252.29	25.56	11.56	15.26	21.48	55.0%
Mar-12	174.43	93.34%	162.82	16.01	253.05	25.56	11.56	15.31	21.58	54.7%
Jun-12	175.19	93.25%	163.37	16.01	258.05	25.56	11.56	15.61	21.98	53.9%
Sep-12	169.12	93.17%	157.57	16.82	258.58	26.37	11.57	15.64	22.34	52.1%
Dec-12	163.41	93.05%	152.07	16.81	263.66	26.36	11.56	15.95	22.79	49.6%
Mar-13	158.23	92.95%	147.07	16.81	268.09	26.36	11.56	16.22	23.19	47.4%
Jun-13	159.94	93.04%	148.81	16.80	270.31	26.35	11.55	16.35	23.85	47.5%
Sep-13	161.22	93.01%	149.95	18.45	262.31	28.00	12.51	15.87	23.23	49.3%
Dec-13	156.21	92.99%	145.25	18.45	269.21	28.00	12.51	16.29	23.84	46.8%
Mar-14	157.93	93.26%	147.29	18.44	269.84	27.99	12.51	16.32	23.35	47.4%
Jun-14	164.90	93.43%	154.07	18.44	270.92	27.99	12.50	16.39	23.48	49.1%
Sep-14	166.51	93.47%	155.64	18.43	269.89	27.98	12.48	16.33	23.46	49.7%
Dec-14	172.47	93.34%	160.98	18.42	269.27	27.97	12.47	16.29	23.42	51.3%
Mar-15	174.35	92.99%	162.13	18.41	269.01	27.96	12.47	16.28	23.24	51.7%
Jun-15	167.94	92.73%	155.73	18.40	264.88	27.95	12.46	16.03	23.21	50.5%
Sep-15	170.72	92.54%	157.98	19.44	259.82	28.44	13.56	15.72	22.64	52.2%
Dec-15	178.71	92.46%	165.23	19.43	261.27	28.43	13.56	15.81	22.72	54.0%
Mar-16	190.89	92.43%	176.43	19.42	261.05	28.42	13.55	15.79	22.44	57.4%
Jun-16	201.39	92.43%	186.15	19.42	267.58	28.42	13.55	16.19	23.02	58.9%
Sep-16	205.50	92.59%	190.28	19.41	260.98	28.41	13.55	15.79	22.40	61.5%
Dec-16	186.96	92.73%	173.37	19.41	231.36	28.41	10.67	14.61	21.02	63.0%
Mar-17	186.67	92.84%	173.30	19.41	229.87	28.41	10.67	14.51	20.97	63.3%
Jun-17	188.34	92.88%	174.93	19.41	216.34	28.41	10.67	13.66	19.68	67.3%
Sep-17	189.68	92.86%	176.15	17.82	202.14	26.82	10.66	12.76	18.77	71.5%
Dec-17	191.65	92.87%	177.99	17.84	202.40	26.84	10.66	12.78	18.79	72.1%

Notes: (a) Sourced from Appendix B.1
 (b) Based on the selected development factors shown in Appendix B.3, adjusted to the underwriting quarter basis
 (c) (a) * (b)
 (d) Sourced from Appendix A.3
 (e) Sourced from Appendix A.3
 (f) Sourced from Appendix A.3
 (g) Sourced from Appendix A.3
 (h) Sourced from Appendix A.3
 (i) Sourced from Appendix A.3
 (j) [(c)+(d)]/[(e)+(f)+(g)+(h)+(i)]

Appendix C

Appendix C. 2 Estimate of Scheme Delivery based on data to 31 December 2017 (1% p.a. superimposed inflation scenario)

Underwriting premium (\$)	Hindsight premium (\$)	Estimate of the proportion of claimant benefits	Amount of hindsight premium attributed to claimant benefits (\$)	Levies attributed to claimant benefits (\$)	Risk premium	Insurer average collected premium (\$)	Levies	Acquisition & reinsurance	CHE	Profit	Scheme delivery
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Dec-03	130.38	92.37%	120.43	0.00	253.53	-	29.70	13.94	24.82		37.4%
Mar-04	134.38	93.00%	124.97	0.00	253.93	-	29.70	13.97	24.27		38.8%
Jun-04	134.90	93.52%	126.16	0.00	248.51	-	33.00	13.67	24.10		39.5%
Sep-04	139.94	93.93%	131.45	0.00	230.00	-	34.10	12.65	23.03		43.8%
Dec-04	143.79	94.06%	135.26	0.00	223.01	-	34.10	12.27	23.03		46.3%
Mar-05	140.85	94.05%	132.47	0.00	217.59	-	34.10	11.97	22.65		46.3%
Jun-05	140.95	93.92%	132.39	0.00	211.74	-	34.10	11.65	22.65		47.3%
Sep-05	155.13	93.77%	145.46	0.00	218.68	-	34.75	13.23	23.27		50.2%
Dec-05	159.94	93.72%	149.89	0.00	216.25	-	34.75	13.08	23.28		52.2%
Mar-06	162.17	93.76%	152.05	9.16	213.48	18.21	34.75	12.92	21.84		53.5%
Jun-06	160.80	93.75%	150.75	9.16	211.77	18.21	34.76	12.81	22.02		53.4%
Sep-06	159.54	93.65%	149.40	10.00	206.35	19.20	34.90	12.48	20.92		54.2%
Dec-06	150.16	93.41%	140.26	10.00	206.68	19.20	34.90	12.50	21.38		51.0%
Mar-07	144.75	93.21%	134.92	10.00	205.38	19.19	34.89	12.43	21.37		49.4%
Jun-07	146.47	93.15%	136.44	9.99	202.48	19.18	34.89	12.25	21.37		50.5%
Sep-07	153.40	93.21%	142.97	10.90	183.61	20.10	37.13	11.11	19.38		56.7%
Dec-07	158.78	93.39%	148.29	10.90	182.99	20.10	37.14	11.07	19.39		58.8%
Mar-08	167.63	93.48%	156.69	10.90	182.81	20.10	37.14	11.06	19.40		62.0%
Jun-08	171.79	93.60%	160.80	10.90	183.30	20.10	37.14	11.09	19.40		63.4%
Sep-08	183.99	93.67%	172.34	12.34	197.20	21.64	34.11	13.01	19.42		64.7%
Dec-08	194.25	93.57%	181.75	12.34	209.24	21.64	34.11	13.81	20.51		64.8%
Mar-09	188.08	93.30%	175.48	12.33	218.19	21.63	34.10	14.40	21.27		60.7%
Jun-09	167.19	93.00%	155.49	12.33	237.53	21.63	34.10	15.68	23.05		50.6%
Sep-09	154.63	92.85%	143.57	13.18	249.88	22.53	33.52	15.12	23.35		45.5%
Dec-09	148.88	92.74%	138.08	13.18	256.76	22.53	33.52	15.53	23.95		42.9%
Mar-10	146.83	92.96%	136.49	13.18	250.92	22.53	33.52	15.18	23.03		43.4%
Jun-10	156.82	93.16%	146.10	13.18	252.81	22.53	33.52	15.29	23.77		45.8%
Sep-10	163.07	93.30%	152.14	14.32	248.42	23.72	33.53	15.03	23.57		48.4%
Dec-10	163.08	93.43%	152.36	14.32	252.58	23.72	11.53	15.28	21.79		51.3%
Mar-11	164.27	93.38%	153.40	14.32	252.78	23.72	11.53	15.29	21.54		51.6%
Jun-11	164.28	93.31%	153.29	14.32	252.10	23.72	11.53	15.25	21.55		51.7%
Sep-11	169.52	93.24%	158.06	16.01	252.35	25.56	11.56	15.27	21.49		53.4%
Dec-11	175.62	93.29%	163.84	16.01	252.29	25.56	11.56	15.26	21.48		55.1%
Mar-12	174.84	93.34%	163.20	16.01	253.05	25.56	11.56	15.31	21.58		54.8%
Jun-12	175.70	93.25%	163.84	16.01	258.05	25.56	11.56	15.61	21.98		54.0%
Sep-12	169.71	93.17%	158.11	16.82	258.58	26.37	11.57	15.64	22.34		52.3%
Dec-12	164.05	93.05%	152.66	16.81	263.66	26.36	11.56	15.95	22.79		49.8%
Mar-13	158.92	92.95%	147.71	16.81	268.09	26.36	11.56	16.22	23.19		47.6%
Jun-13	160.71	93.04%	149.53	16.80	270.31	26.35	11.55	16.35	23.85		47.7%
Sep-13	162.10	93.01%	150.77	18.45	262.31	28.00	12.51	15.87	23.23		49.5%
Dec-13	157.13	92.99%	146.10	18.45	269.21	28.00	12.51	16.29	23.84		47.0%
Mar-14	158.93	93.26%	148.22	18.44	269.84	27.99	12.51	16.32	23.35		47.6%
Jun-14	166.12	93.43%	155.21	18.44	270.92	27.99	12.50	16.39	23.48		49.4%
Sep-14	167.93	93.47%	156.97	18.43	269.89	27.98	12.48	16.33	23.46		50.1%
Dec-14	174.19	93.34%	162.59	18.42	269.27	27.97	12.47	16.29	23.42		51.8%
Mar-15	176.37	92.99%	164.01	18.41	269.01	27.96	12.47	16.28	23.24		52.3%
Jun-15	170.08	92.73%	157.73	18.40	264.88	27.95	12.46	16.03	23.21		51.1%
Sep-15	173.24	92.54%	160.31	19.44	259.82	28.44	13.56	15.72	22.64		52.8%
Dec-15	181.71	92.46%	168.01	19.43	261.27	28.43	13.56	15.81	22.72		54.8%
Mar-16	194.58	92.43%	179.85	19.42	261.05	28.42	13.55	15.79	22.44		58.4%
Jun-16	205.81	92.43%	190.23	19.42	267.58	28.42	13.55	16.19	23.02		60.1%
Sep-16	210.51	92.59%	194.92	19.41	260.98	28.41	13.55	15.79	22.40		62.8%
Dec-16	191.48	92.73%	177.57	19.41	231.36	28.41	10.67	14.61	21.02		64.4%
Mar-17	191.72	92.84%	177.98	19.41	229.87	28.41	10.67	14.51	20.97		64.8%
Jun-17	193.95	92.88%	180.15	19.41	216.34	28.41	10.67	13.66	19.68		69.1%
Sep-17	195.87	92.86%	181.89	17.82	202.14	26.82	10.66	12.76	18.77		73.7%
Dec-17	198.45	92.87%	184.30	17.84	202.40	26.84	10.66	12.78	18.79		74.5%

Notes: (a) Sourced from Appendix B.1
 (b) Based on the selected development factors shown in Appendix B.3, adjusted to the underwriting quarter basis
 (c) (a) * (b)
 (d) Sourced from Appendix A.3
 (e) Sourced from Appendix A.3
 (f) Sourced from Appendix A.3
 (g) Sourced from Appendix A.3
 (h) Sourced from Appendix A.3
 (i) Sourced from Appendix A.3
 (j) [(c) + (d)] / [(e) + (f) + (g) + (h) + (i)]

Appendix C

Appendix C.3 Estimate of Scheme Delivery based on data to 31 December 2017 (2% p.a. superimposed inflation scenario)

Underwriting	Hindsight premium (\$)	Estimate of the proportion of claimant benefits	Amount of hindsight premium attributed to claimant benefits (\$)	Levies attributed to claimant benefits (\$)	Risk premium	Insurer average collected premium (\$)	Levies	Acquisition & reinsurance	CHE	Profit	Scheme delivery
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(j)
Dec-03	130.38	92.37%	120.43	0.00	253.53	-	29.70	13.94	24.82		37.4%
Mar-04	134.39	93.00%	124.97	0.00	253.93	-	29.70	13.97	24.27		38.8%
Jun-04	134.91	93.52%	126.17	0.00	248.51	-	33.00	13.67	24.10		39.5%
Sep-04	139.96	93.93%	131.46	0.00	230.00	-	34.10	12.65	23.03		43.9%
Dec-04	143.82	94.06%	135.28	0.00	223.01	-	34.10	12.27	23.03		46.3%
Mar-05	140.89	94.05%	132.50	0.00	217.59	-	34.10	11.97	22.65		46.3%
Jun-05	140.99	93.92%	132.43	0.00	211.74	-	34.10	11.65	22.65		47.3%
Sep-05	155.15	93.77%	145.48	0.00	218.68	-	34.75	13.23	23.27		50.2%
Dec-05	159.96	93.72%	149.91	0.00	216.25	-	34.75	13.08	23.28		52.2%
Mar-06	162.19	93.76%	152.07	9.16	213.48	18.21	34.75	12.92	21.84		53.5%
Jun-06	160.83	93.75%	150.78	9.16	211.77	18.21	34.76	12.81	22.02		53.4%
Sep-06	159.57	93.65%	149.43	10.00	206.35	19.20	34.90	12.48	20.92		54.3%
Dec-06	150.19	93.41%	140.30	10.00	206.68	19.20	34.90	12.50	21.38		51.0%
Mar-07	144.79	93.21%	134.96	10.00	205.38	19.19	34.89	12.43	21.37		49.4%
Jun-07	146.52	93.15%	136.48	9.99	202.48	19.18	34.89	12.25	21.37		50.5%
Sep-07	153.45	93.21%	143.02	10.90	183.61	20.10	37.13	11.11	19.38		56.7%
Dec-07	158.83	93.39%	148.34	10.90	182.99	20.10	37.14	11.07	19.39		58.8%
Mar-08	167.70	93.48%	156.76	10.90	182.81	20.10	37.14	11.06	19.40		62.0%
Jun-08	171.87	93.60%	160.87	10.90	183.30	20.10	37.14	11.09	19.40		63.4%
Sep-08	184.10	93.67%	172.44	12.34	197.20	21.64	34.11	13.01	19.42		64.7%
Dec-08	194.41	93.57%	181.90	12.34	209.24	21.64	34.11	13.81	20.51		64.9%
Mar-09	188.24	93.30%	175.63	12.33	218.19	21.63	34.10	14.40	21.27		60.7%
Jun-09	167.34	93.00%	155.63	12.33	237.53	21.63	34.10	15.68	23.05		50.6%
Sep-09	154.77	92.85%	143.70	13.18	249.88	22.53	33.52	15.12	23.35		45.6%
Dec-09	149.00	92.74%	138.19	13.18	256.76	22.53	33.52	15.53	23.95		43.0%
Mar-10	146.96	92.96%	136.61	13.18	250.92	22.53	33.52	15.18	23.03		43.4%
Jun-10	156.99	93.16%	146.25	13.18	252.81	22.53	33.52	15.29	23.77		45.8%
Sep-10	163.29	93.30%	152.34	14.32	248.42	23.72	33.53	15.03	23.57		48.4%
Dec-10	163.32	93.43%	152.58	14.32	252.58	23.72	11.53	15.28	21.79		51.4%
Mar-11	164.54	93.38%	153.65	14.32	252.78	23.72	11.53	15.29	21.54		51.7%
Jun-11	164.57	93.31%	153.55	14.32	252.10	23.72	11.53	15.25	21.55		51.8%
Sep-11	169.84	93.24%	158.36	16.01	252.35	25.56	11.56	15.27	21.49		53.4%
Dec-11	176.01	93.29%	164.20	16.01	252.29	25.56	11.56	15.26	21.48		55.3%
Mar-12	175.27	93.34%	163.60	16.01	253.05	25.56	11.56	15.31	21.58		54.9%
Jun-12	176.22	93.25%	164.39	16.01	258.05	25.56	11.56	15.61	21.98		54.2%
Sep-12	170.31	93.17%	158.67	16.82	258.58	26.37	11.57	15.64	22.34		52.5%
Dec-12	164.71	93.05%	153.27	16.81	263.66	26.36	11.56	15.95	22.79		50.0%
Mar-13	159.64	92.95%	148.38	16.81	268.09	26.36	11.56	16.22	23.19		47.8%
Jun-13	161.50	93.04%	150.27	16.80	270.31	26.35	11.55	16.35	23.85		48.0%
Sep-13	163.00	93.01%	151.61	18.45	262.31	28.00	12.51	15.87	23.23		49.7%
Dec-13	158.08	92.99%	146.99	18.45	269.21	28.00	12.51	16.29	23.84		47.3%
Mar-14	159.96	93.26%	149.18	18.44	269.84	27.99	12.51	16.32	23.35		47.9%
Jun-14	167.37	93.43%	156.38	18.44	270.92	27.99	12.50	16.39	23.48		49.8%
Sep-14	169.40	93.47%	158.34	18.43	269.89	27.98	12.48	16.33	23.46		50.5%
Dec-14	175.96	93.34%	164.24	18.42	269.27	27.97	12.47	16.29	23.42		52.3%
Mar-15	178.46	92.99%	165.96	18.41	269.01	27.96	12.47	16.28	23.24		52.8%
Jun-15	172.30	92.73%	159.78	18.40	264.88	27.95	12.46	16.03	23.21		51.7%
Sep-15	175.84	92.54%	162.72	19.44	259.82	28.44	13.56	15.72	22.64		53.5%
Dec-15	184.82	92.46%	170.89	19.43	261.27	28.43	13.56	15.81	22.72		55.7%
Mar-16	198.39	92.43%	183.37	19.42	261.05	28.42	13.55	15.79	22.44		59.4%
Jun-16	210.38	92.43%	194.45	19.42	267.58	28.42	13.55	16.19	23.02		61.3%
Sep-16	215.70	92.59%	198.72	19.41	260.98	28.41	13.55	15.79	22.40		64.2%
Dec-16	196.15	92.73%	183.89	19.41	231.36	28.41	10.67	14.61	21.02		65.8%
Mar-17	196.93	92.84%	182.82	19.41	229.87	28.41	10.67	14.51	20.97		66.4%
Jun-17	199.77	92.88%	185.55	19.41	216.34	28.41	10.67	13.66	19.68		71.0%
Sep-17	202.28	92.86%	187.84	17.82	202.14	26.82	10.66	12.76	18.77		75.8%
Dec-17	205.50	92.87%	190.85	17.84	202.40	26.84	10.66	12.78	18.79		76.9%

Notes: (a) Sourced from Appendix B.1
 (b) Based on the selected development factors shown in Appendix B.3, adjusted to the underwriting quarter basis
 (c) (a) * (b)
 (d) Sourced from Appendix A.3
 (e) Sourced from Appendix A.3
 (f) Sourced from Appendix A.3
 (g) Sourced from Appendix A.3
 (h) Sourced from Appendix A.3
 (i) Sourced from Appendix A.3
 (j) [(c) + (d)] / [(e) + (f) + (g) + (h) + (i)]

D.1 Scheme affordability calculation

Appendix D

Appendix . 1 Scheme affordability

Underwriting quarter	Highest filed premium incl. NIISQ levy (\$)	Highest filed premium excl. NIISQ levy (\$)	Affordability index
Dec-03	357.00	357.00	366.38
Mar-04	357.00	357.00	371.18
Jun-04	357.00	357.00	376.64
Sep-04	335.80	335.80	383.05
Dec-04	335.80	335.80	390.30
Mar-05	327.80	327.80	395.21
Jun-05	320.80	320.80	400.52
Sep-05	311.20	311.20	403.79
Dec-05	305.20	305.20	408.31
Mar-06	306.20	306.20	415.58
Jun-06	303.20	303.20	420.22
Sep-06	294.20	294.20	425.98
Dec-06	299.20	299.20	430.90
Mar-07	299.20	299.20	433.68
Jun-07	292.20	292.20	437.42
Sep-07	272.00	272.00	441.37
Dec-07	272.00	272.00	446.07
Mar-08	272.00	272.00	451.01
Jun-08	272.00	272.00	456.68
Sep-08	286.00	286.00	462.47
Dec-08	299.00	299.00	467.28
Mar-09	308.00	308.00	472.87
Jun-09	329.00	329.00	478.24
Sep-09	340.00	340.00	486.65
Dec-09	347.00	347.00	496.32
Mar-10	347.00	347.00	503.90
Jun-10	347.00	347.00	519.99
Sep-10	337.00	337.00	529.55
Dec-10	313.00	313.00	538.16
Mar-11	313.00	313.00	546.09
Jun-11	313.00	313.00	552.13
Sep-11	313.00	313.00	557.80
Dec-11	313.00	313.00	561.98
Mar-12	313.00	313.00	567.91
Jun-12	318.00	318.00	573.22
Sep-12	318.80	318.80	576.93
Dec-12	323.80	323.80	584.76
Mar-13	328.80	328.80	590.23
Jun-13	331.80	331.80	598.93
Sep-13	327.60	327.60	605.81
Dec-13	334.60	334.60	605.81
Mar-14	334.60	334.60	628.58
Jun-14	336.60	336.60	640.62
Sep-14	336.60	336.60	639.90
Dec-14	336.60	336.60	639.90
Mar-15	336.60	336.60	647.46
Jun-15	336.60	336.60	647.46
Sep-15	329.60	329.60	655.61
Dec-15	329.60	329.60	655.61
Mar-16	329.60	329.60	648.41
Jun-16	336.60	336.60	648.41
Sep-16	329.60	329.60	651.02
Dec-16	368.60	299.60	651.02
Mar-17	368.60	299.60	657.14
Jun-17	352.60	283.60	657.14
Sep-17	352.00	267.00	666.95
Dec-17	352.00	267.00	666.95

Notes; As prescribed and provided by MAIC