

# Change • Challenge • Opportunity

## Injury & Disability Schemes Seminar

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12 - 14 November 2017 • Sofitel • Brisbane





# Queensland CTP

Neil Singleton &  
Kylie Horton

# Annual Report / 30 June 2017 data

## Premiums

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

Total premiums collected =

**\$1.35B**

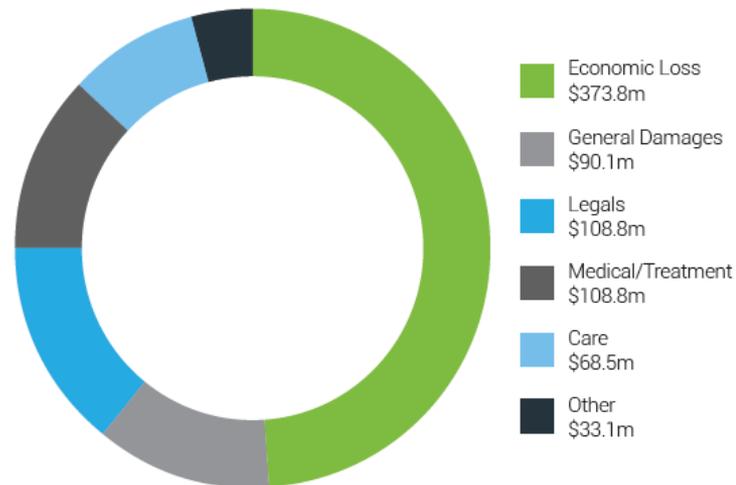
**↓ 4.5%**

## Claims



New Claims  
**7,691**

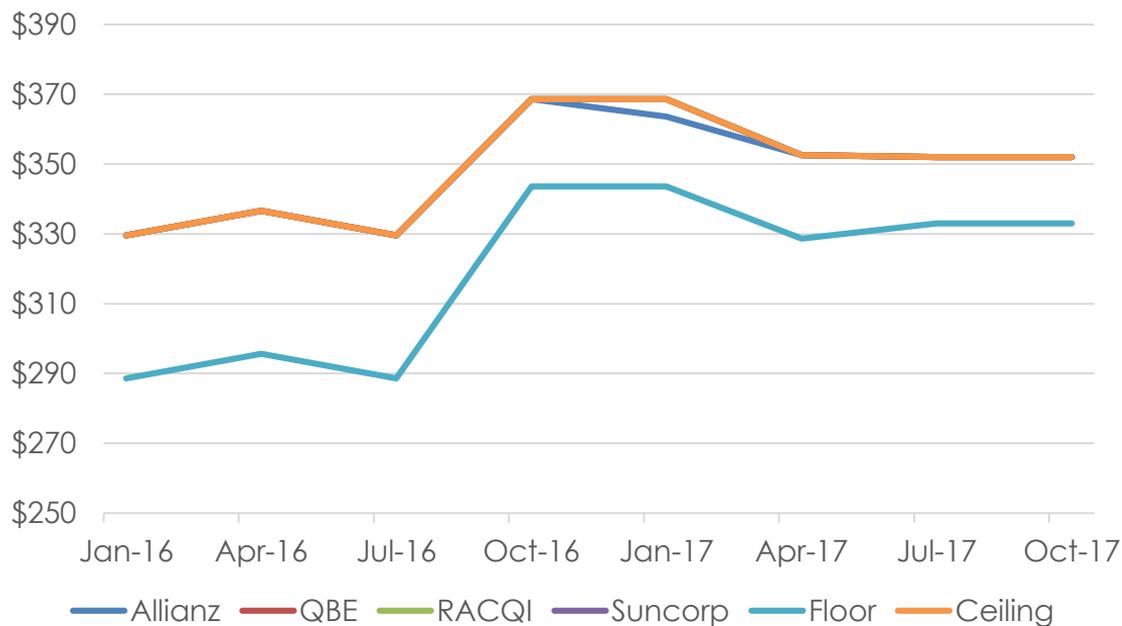
## Claim Payments



Total Payments **\$783m**

# Premiums....includes NISQ levy from October 2016

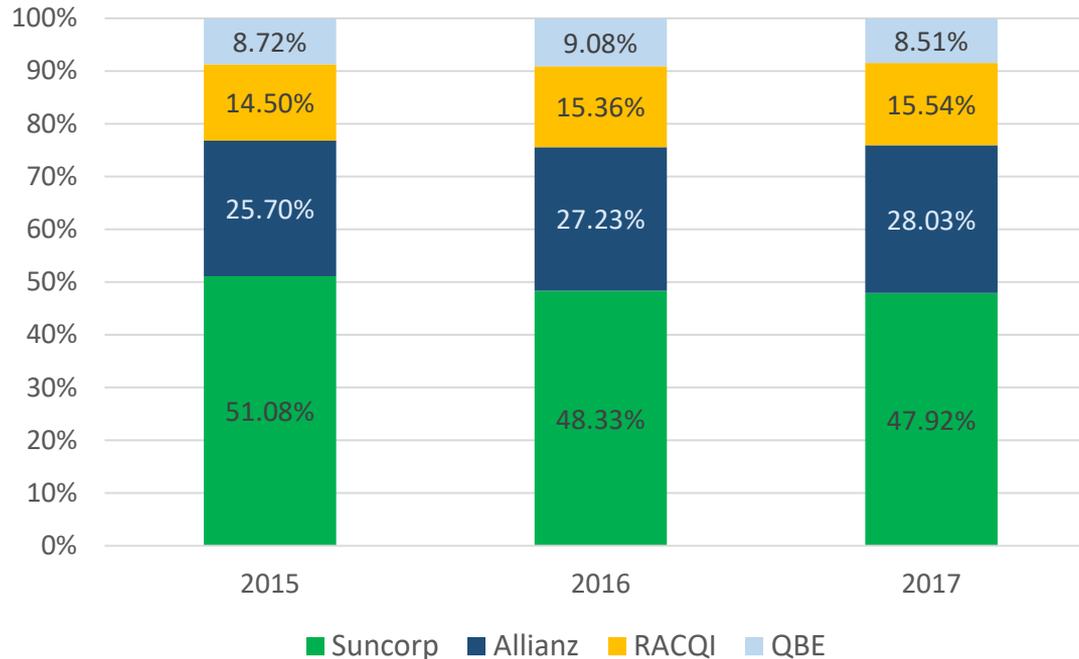
All insurers filed at ceiling for all classes - MAIC has tightened premium assumptions during 2017



Underwriting quarter commencing

# Market Share by premium

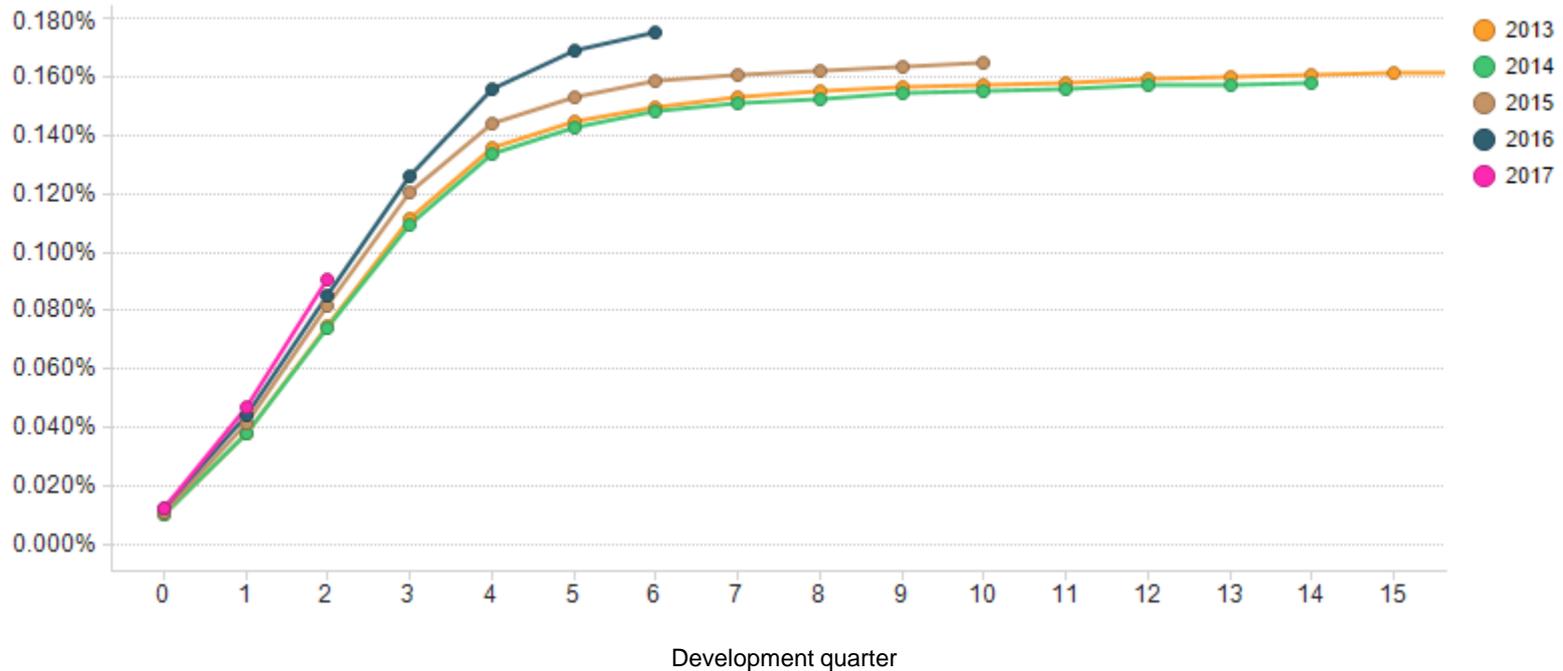
The slow grind of market share movement continues...





# Claim Frequency

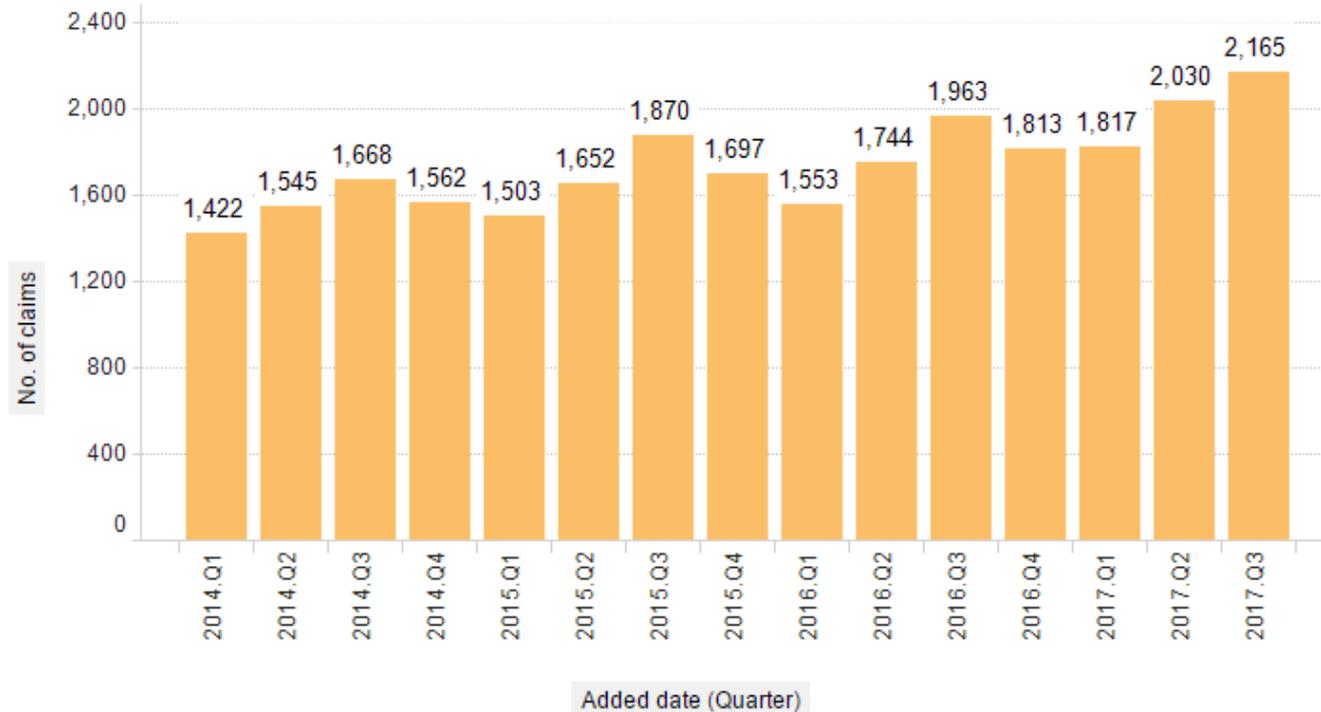
Claim frequency by development quarter (Ex WC & IS)





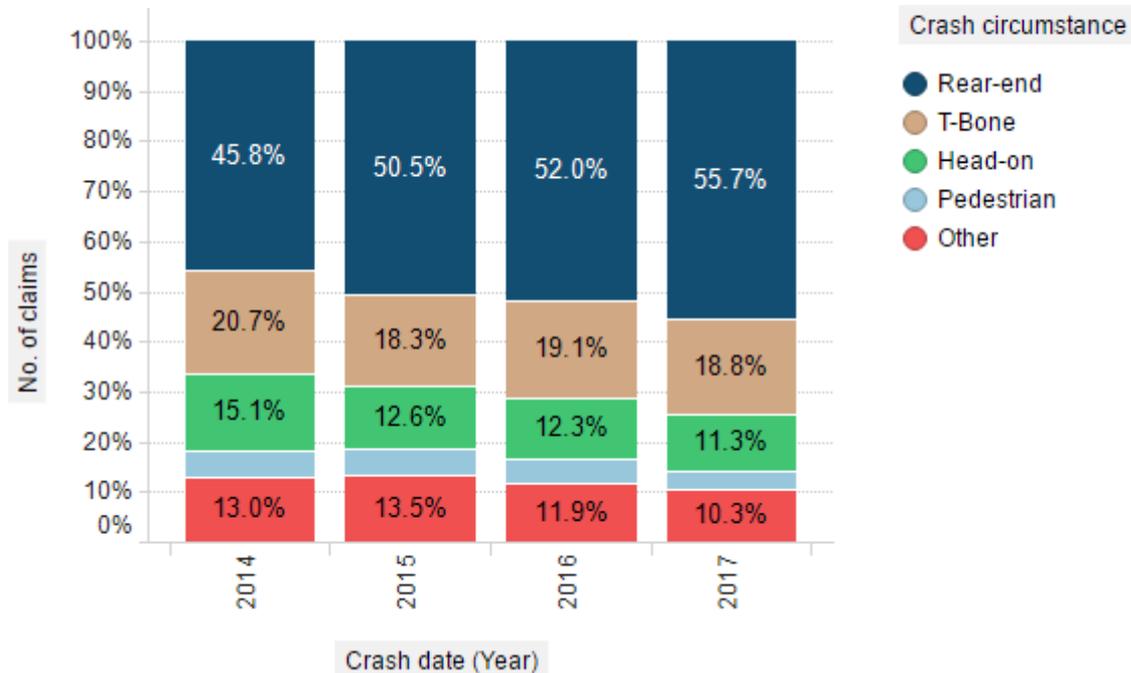
## Claims added by quarter

Rising level of new claims...(appears to be minor injury cohort, but injury coding too immature)



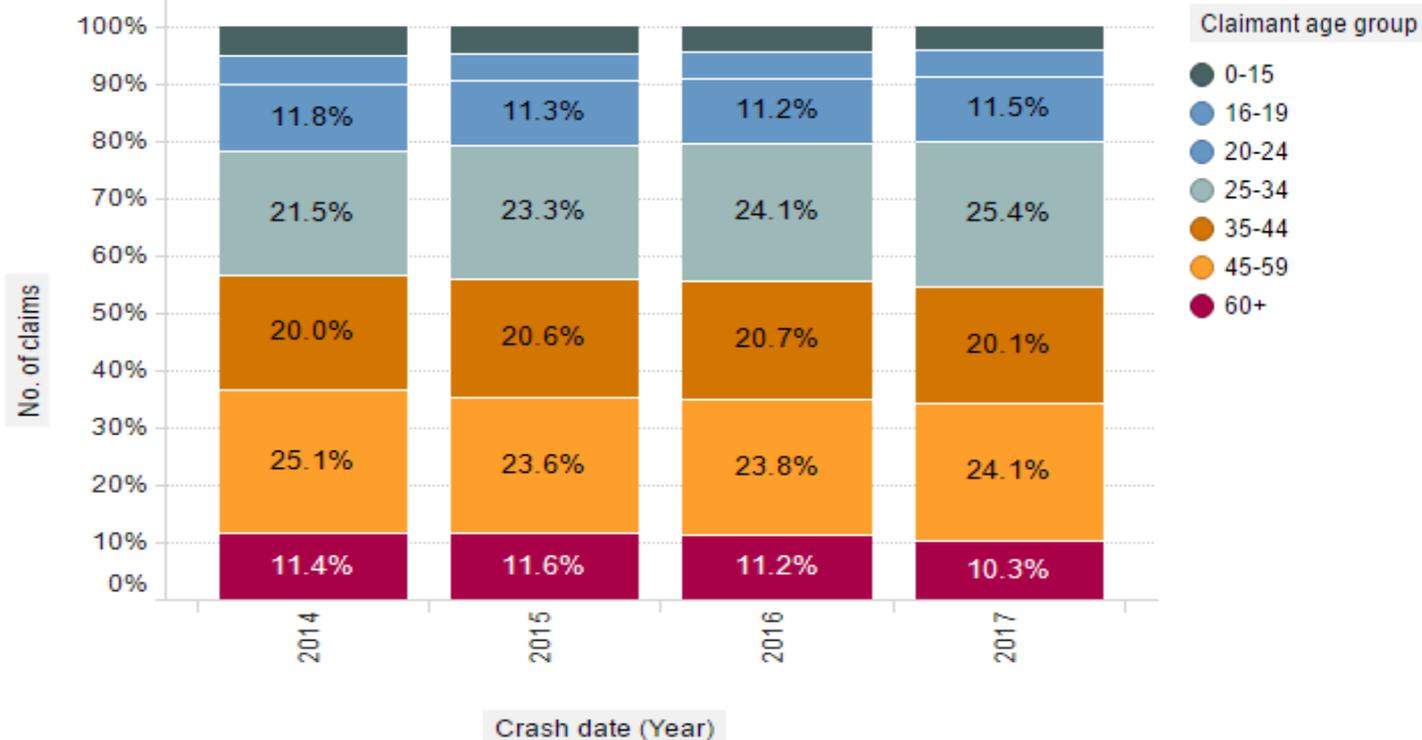
# Claim crash circumstance

Rising trend in 'same direction' crashes and at lower speeds – driver distraction?



## Claims by claimant age group

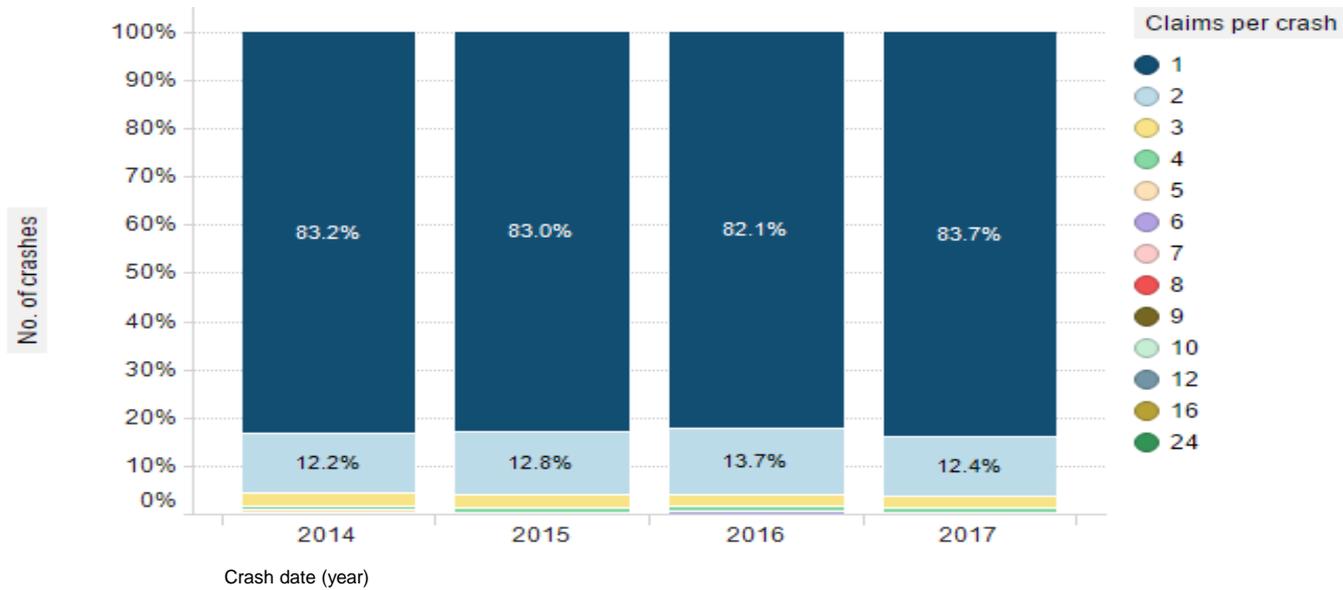
No material changes overall – only one segment (25-34yo) has seen movement





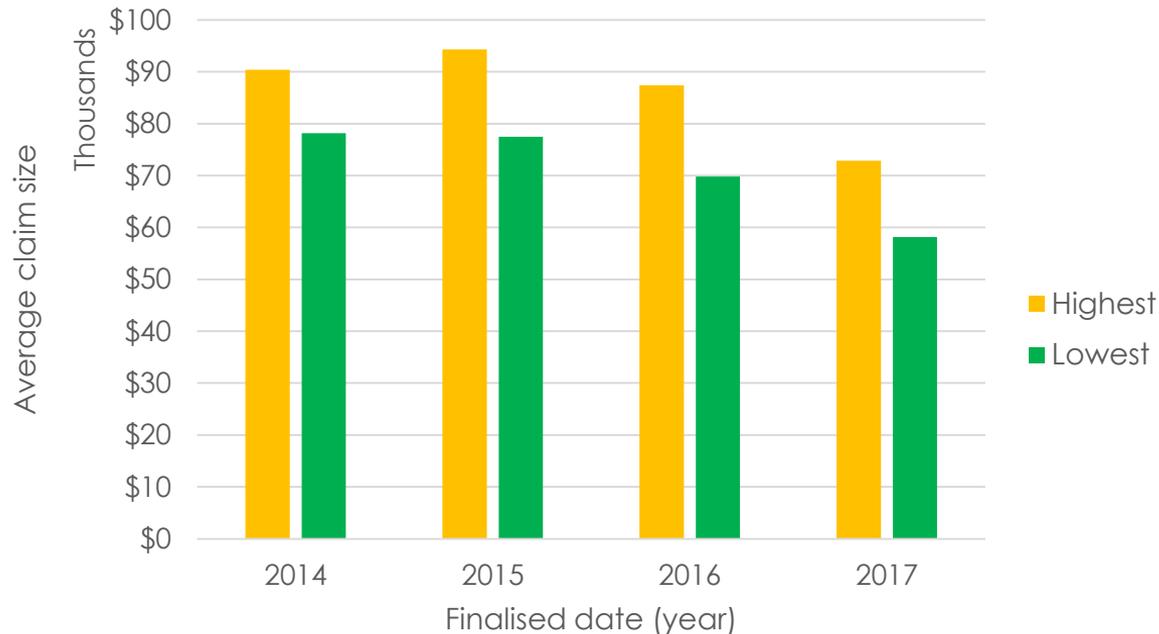
# Claims per accident

No observable trends or changes....



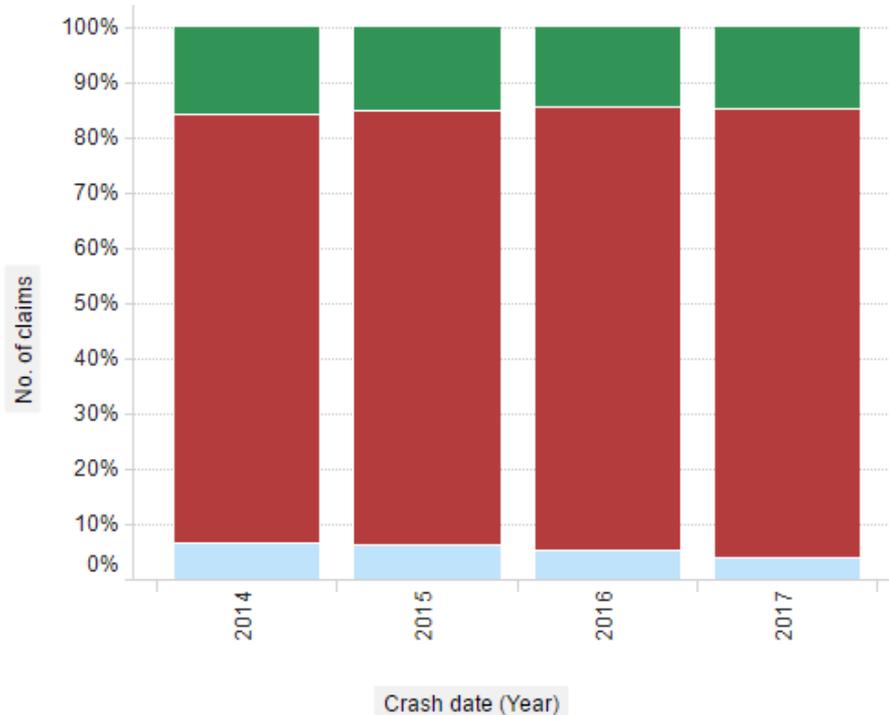
# Finalised Severity 1Y Average claim size

Experience improving but varies by insurers – represents an opportunity for improvement



## Legal firm representation

Data issue addressed – but not in time to prevent the ‘facts’ making the story...



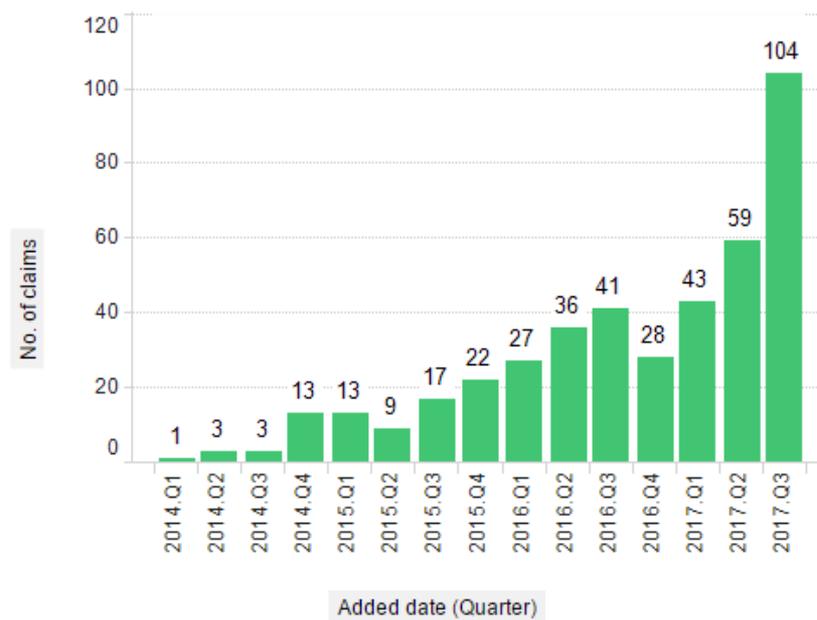
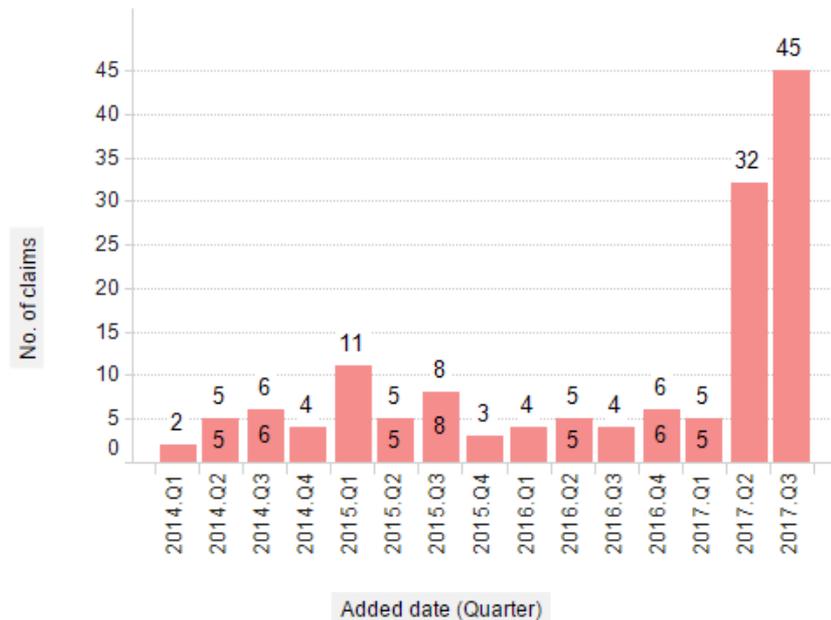
- Direct
- QLD legal
- Interstate legal

**Fees rise to fund compo racket**  
The Courier Mail Brisbane, 27 Aug 2017

**MOTORISTS face third-party insurance premium hikes as NSW-based lawyers and scammers drive a surge in claims against Queensland's compulsory scheme.**

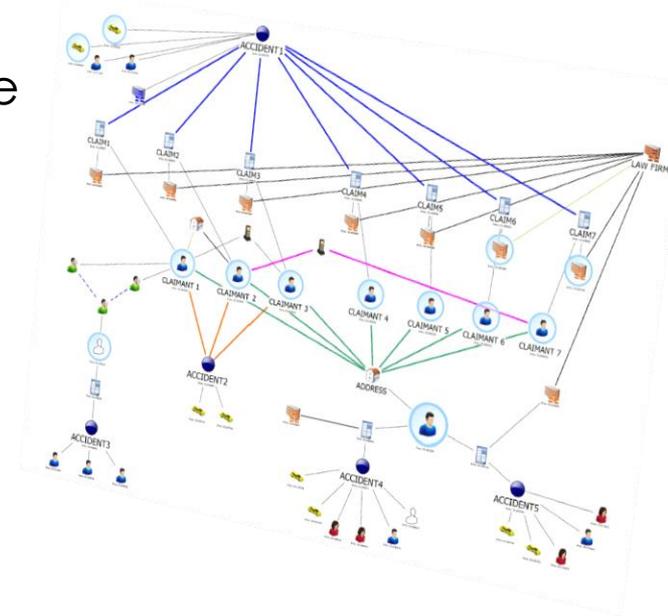
## Legal firm trends

MAIC and licensed insurers monitoring trends – some explainable, others may warrant closer analysis



## Claim farming, claims fraud

- Cold, warm and hot...the evolving models of claim farming
- Monitoring changes in law firm activity/new claims volumes
- Geographic focus
- Exploring reforms with Department of Justice and Attorney General
- Working with insurers on areas of focus, increased monitoring and additional analytical capabilities





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## Injury & Disability Schemes Seminar

# CTP Scheme Review



### IMPLEMENT NOW

- Take action to address high insurer profits in the scheme
- Improve consumer awareness of choice of CTP insurer at both renewal and when purchasing a vehicle
- Develop appropriate benchmarks to enable enhanced assessment of scheme performance around issues of affordability, efficiency and satisfaction
- Implement a legal fee reporting model to allow for greater transparency of scheme efficiency
- Eliminate areas of overlap and lack of clarity in the current prudential supervision arrangements
- Strengthen insurer performance monitoring, benchmarking and reporting
- Make information on scheme trends and performance more readily available to stakeholders

### Explore

- Investigate limited risk rating to identify potential opportunities for improving price competition and affordability
- Move the CTP renewal process online as soon as practicable noting the practical limitations associated with the current system
- Enhance governance by amending the *Motor Accident Insurance Act 1994* to require a review of the scheme at least every five years.
- Amend the *Motor Accident Insurance Act 1994* to remove reference to the Affordability Index and Average Weekly Earnings as a measure of scheme affordability
- Amend the *Motor Accident Insurance Act 1994* to establish an appropriate hierarchy of regulatory responses to licence compliance breaches

### Monitor

- Retain a private underwriting model, noting opportunities for improvement
- Monitor scheme circumstances and in the event of significant adverse change in scheme circumstances, examine a public underwriting model
- Retain the community rating model and vehicle class filing system
- Retain the current CTP premium collection model
- Retain the current Nominal Defendant scheme
- Retain the common law defence of inevitable accidents
- Do not introduce no-fault cover for children at this time

	January 17	July 17	December 17
Premium Savings	Tighter premium assumptions	Actively monitor premium inputs	
Explore limited risk rating	Actuarial analysis/preparation	Discussion paper released	Assess options and report
Online renewal	Explore options	Analyse pros/cons & costing	Road map options and report
Improve consumer awareness	Market research	Creative campaign options	Implement creative strategy
Insurer performance monitoring	Actuarial analysis	Establish framework	
Prudential supervision and compliance	Regulatory body meetings	Develop options	Legislative change?
Legal costs monitoring	Actuarial report - sample selection	QLS/ALA engagement	Implementation
Scheme trends & performance reporting	Develop insights and trend analysis reports		On-line/social media

### Key Outcomes

- Scheme insights & reporting
- Brief to Treasurer on exploring options
- Publicly available material, information and reports

## Looking forward

- Autonomous vehicle reforms – complex doesn't begin to describe it
- Where does the road start and end... (being provocative)



## What's coming up

- Scheme Review actions
  - Determine next steps based on government priorities
- Monitor ride booking vehicle trends and experience
- NHVL, NTC reforms continue to progress
- Continued focus on claims fraud and claim farming
- Increasing sophistication and resourcing in scheme monitoring



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**Welcome to Queensland – Home of the State of Origin**