

Motor Accident Insurance Commission

Annual review of premium components as at 31 December 2019

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17 March 2020



Agenda

1. Summary
2. Core claim frequency
3. Severity profile
4. Baseline core claim size
5. Lead indicators of claim size
6. Risk premium
7. Economic parameters
8. Stakeholder submissions
9. Relativities



Summary

Changes at a glance

Since the last quarterly review



Core claim frequency

- » Notifications for 2019Q4 were **4% lower** than baseline expectations last quarter
- » Our estimates of ultimate core claim frequency for recent accident quarters have reduced slightly in response to this experience, however our advised frequency from the last quarter remains appropriate and is unchanged.



Claim severity profile

- » We have fully reviewed the severity profile and **slightly strengthened** it
- » After a long history of change, it appears to have largely **stabilised** over the past 2-3 accident years



Baseline core average claim size

- » Claim payments for 2019Q4 were **5% less** than expected, after several quarters of more payments than expected
- » The baseline core average claim size has **barely moved**



Advised risk premium (Dec-19 values)

- » As for the last few quarters, we've **incorporated** the Claims Mix model trends into our advice. This **reduces** the Advised risk premium by **\$6**
- » However, there is **growing upward pressure** from the increasing number of claims with a **psychological injury** code. We have incorporated an **\$8** allowance in our advice. This broadly **offsets** the trend reduction.



Economic assumptions

- » The latest **ABS AWE release** for QLD is **very high** compared with the remaining states. Last year, a similar release was followed by a reduction. We have **partially smoothed** the latest release
- » The forecast discount/inflation gap decreased from -1.96% p.a. at the last quarter to -2.06% p.a.
- » This **increases** the headline Class 1 CTP premium by **\$1** compared to the previous gap

Quarterly reconciliation

Change in our Advised Risk Premium from last quarterly review

- » 7% increase in advised risk premium
- » Allowance for possible impact of growth in claims with a psychological injury code accounts for 4% of the increase
- » Inflation over the quarter has been about 2%. There's some uncertainty about recent inflation due to increasingly volatile ABS releases and the 2% incorporates some smoothing.
- » A slight strengthening in severity profile
- » We've continued to incorporate Claims Mix leading indicators into formal advice

	Risk premium (\$)
Advised risk premium at 30 Sep 2019	181.58
Change in baseline risk premium due to:	
AWE	+3.81
Core claim frequency	-
Severity profile	+0.59
Claim size	+0.43
Change in modelling of NSW postcode claims	-0.18
Overlays to baseline	
Change in Claims Mix model trends in non-serious claims	-0.42
Impact of growth in claims with a psychological injury	+8.08
Total change	12.31
Advised risk premium at 31 Dec 2019	193.89

Changes at a glance

Since the last annual review



Core claim frequency

- » Notifications for 2019 were **5% lower** than baseline expectations last year
- » Our advised frequency **decreased** by **5%** since last year



Claim severity profile

- » We have **slightly strengthened** the severity profile
- » After a long history of change, it appears to have largely **stabilised** over the past 2-3 accident years



Baseline core average claim size

- » Claim payments for 2019 were **4% higher** than expected
- » Our baseline core average claim size has **increased** by **1%** in real terms over the year plus the change to the severity profile



Advised risk premium (Dec-19 values)

- » We've **incorporated** the Claims Mix model trends into our advice. This **reduces** the Advised risk premium by **\$6**
- » However, there is **growing upward pressure** from the increasing number of claims with a **psychological injury** code. We have incorporated an **\$8** allowance in our advice. This broadly **offsets** the trend reduction.



Economic assumptions

- » The latest **ABS AWE release** for QLD is **very high** compared with the remaining states. Last year, a similar release was followed by a reduction. We have **partially smoothed** the latest release
- » The forecast discount/inflation gap decreased from -0.90% p.a. last year to -2.06% p.a.
- » This **increases** the headline Class 1 CTP premium by **\$10** compared to the previous gap

Annual reconciliation

Change in our Advised Risk Premium from last annual review

- » Moderate change over the year – but lots of offsetting factors
- » Inflation over the year has been about 2%. There's some uncertainty about recent inflation due to increasingly volatile ABS releases and the 2% incorporates some smoothing.
- » A 5% decrease in claim frequency, driven by low levels of claim notifications
 - Slightly offset by a strengthening severity profile
- » A 2% increase in claim size
 - Partial response to a few large claims
- » Incorporation of Claims mix leading indicator into formal advice
- » Allowance for possible impact of growth in claims with a psychological injury code

	Risk premium (\$)
Advised risk premium at 31 Dec 2018	189.27
Aligning gratuitous care coding across insurers	-1.88
Including missing NSW claims allowance	+4.30
Restated advised risk premium at 31 Dec 2018	191.68
Change in baseline risk premium due to:	
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Total change	2.22
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Scenarios

Plausible alternative outcomes

- » We show the sensitivity of the risk premium to some different scenarios below

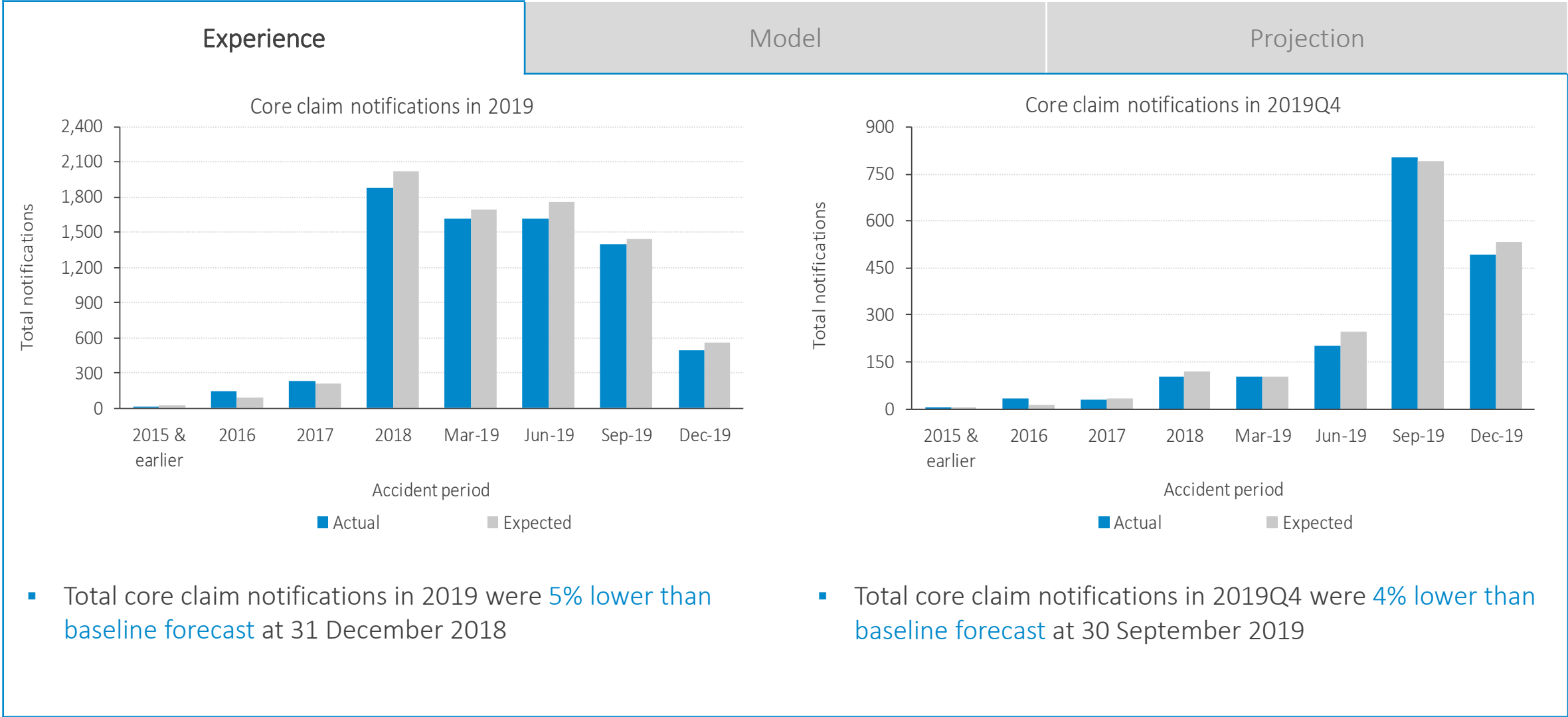
Risk premium scenarios	Impact on advised risk premium
Frequency scenarios	
Increase by 5% (excluding severities 4-6)	+\$8
NSW post reform claim frequency 20% lower than expected	-\$1
Decrease by 5% (excluding severities 4-6)	-\$8
AY2015 claim frequency and severity profile	-\$8
Average claim size scenarios	
Developed AY2018 psychological claims proportion	+\$9
AY2015 developed incurred cost	+\$7
Reverse adjustment for established trends in non-serious claims	+\$6
AY2016 developed incurred cost	-\$4
Pre AY2017 psychological claims proportion	-\$8
AY2018 developed incurred cost	-\$9
AY2017 developed incurred cost	-\$10

- » There is considerable variation in risk premium indicated by a number of realistic scenarios.

Core claim frequency

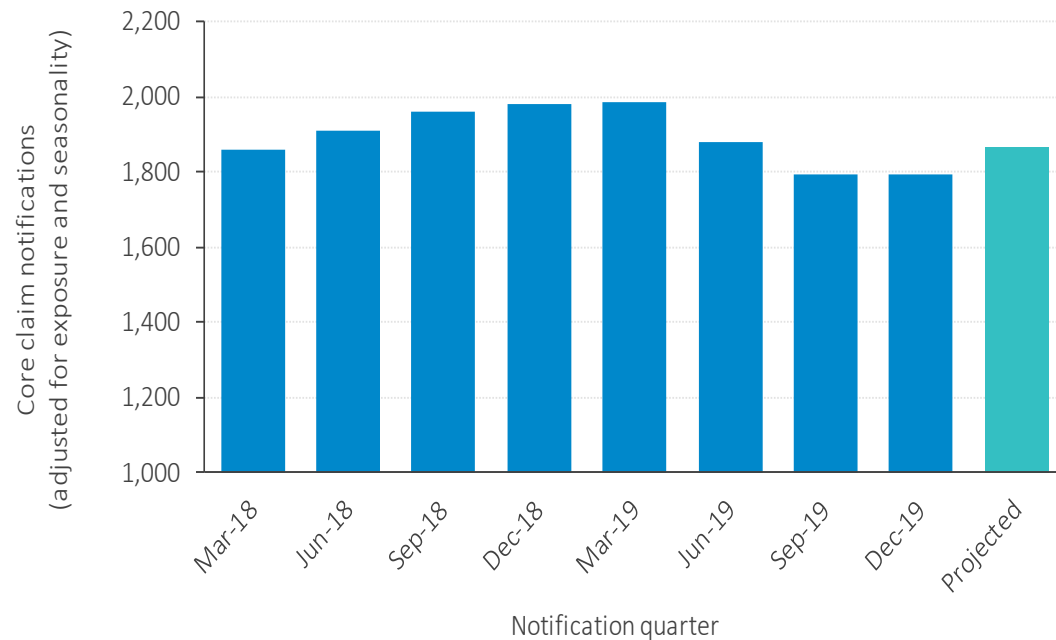
Core = excl. Workers compensation, Interstate sharing claims and NSW accident postcode claims

Core claim frequency

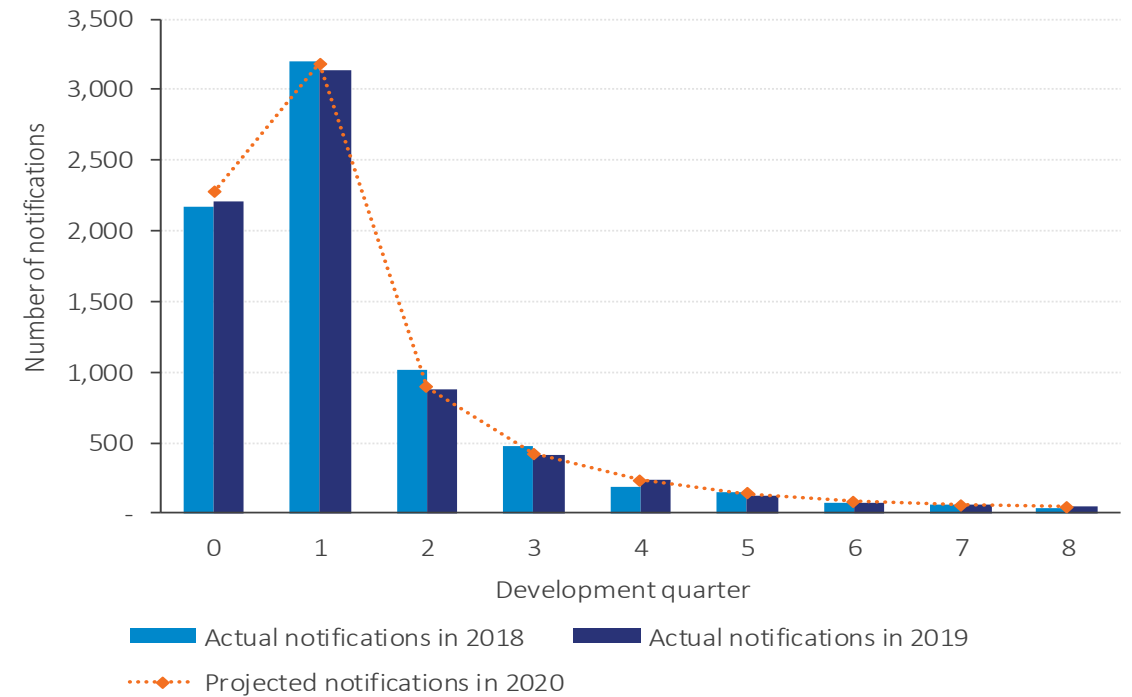


Core claim frequency

Experience



Model

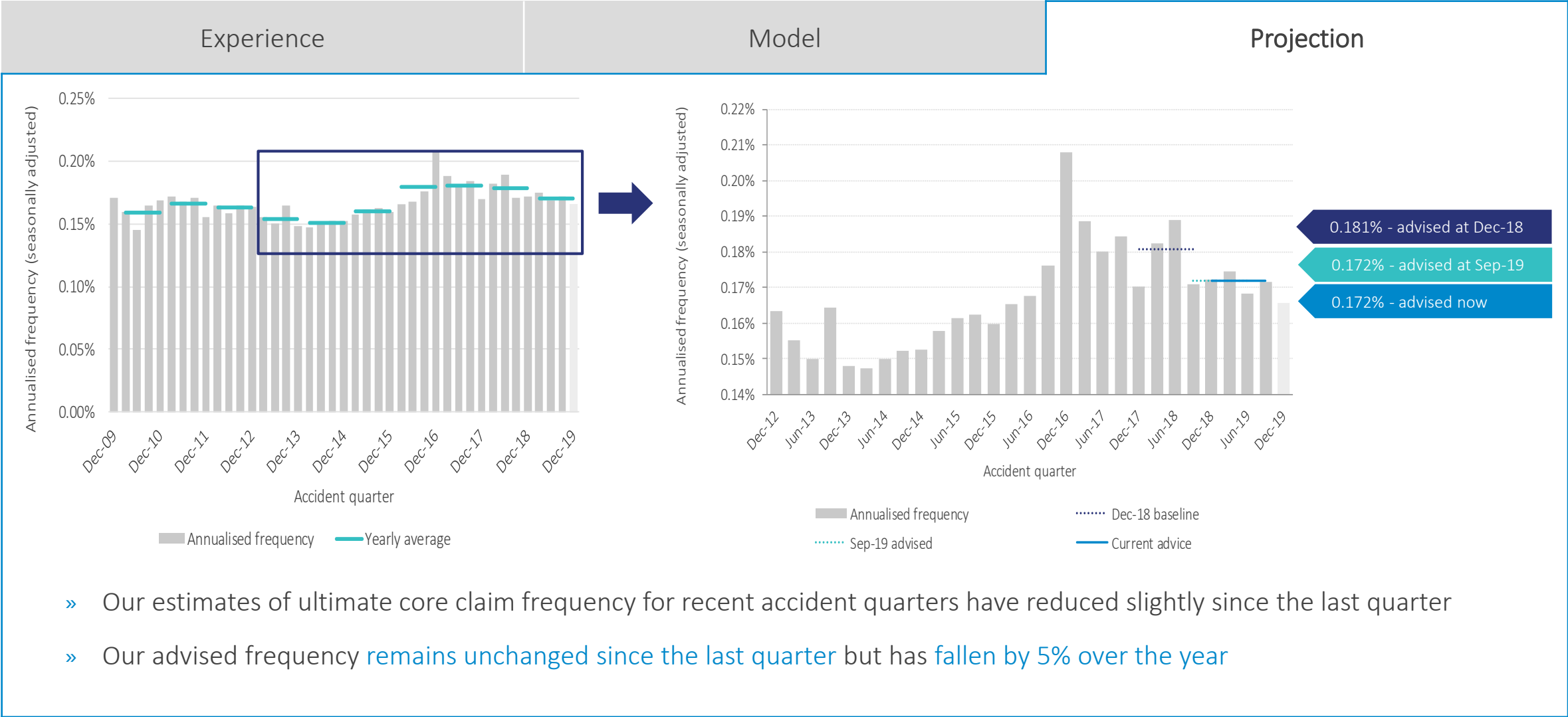


Projection

- » Our notification model is calibrated to the overall **level of notifications over 2019**

- » Our notification model is calibrated to a **shape** based **mostly on 2019** but more years in the tail

Core claim frequency

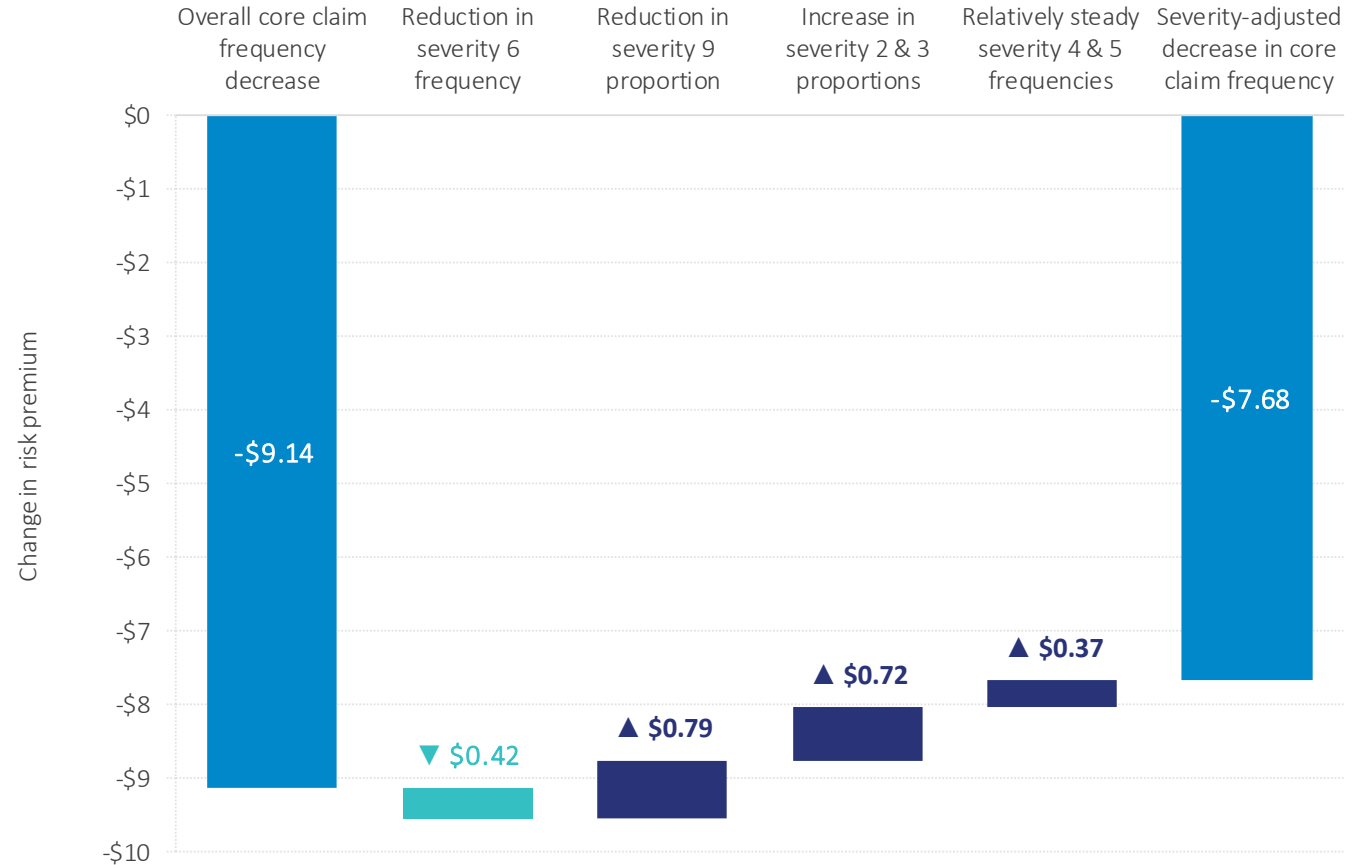


Severity profile

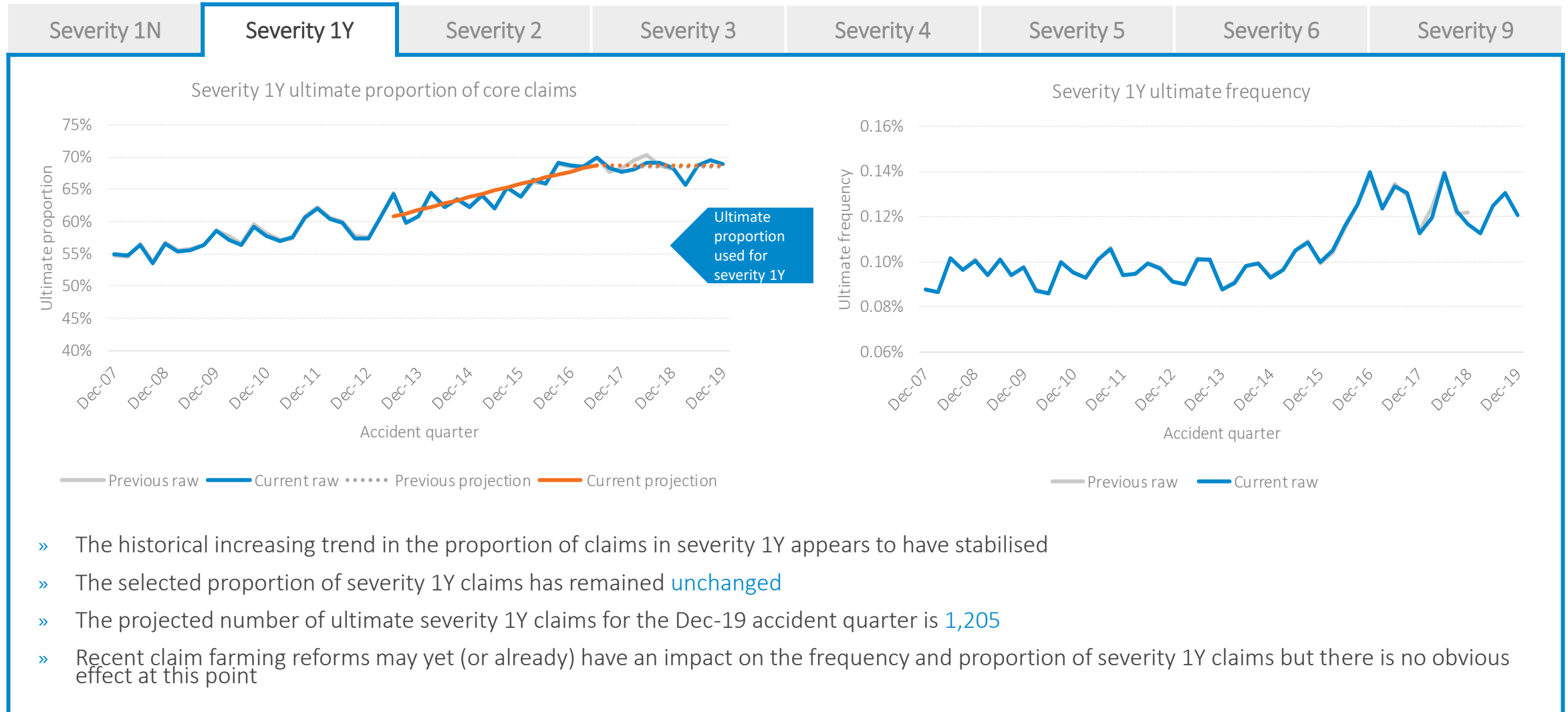
Severity profile

Summary of changes and their impact

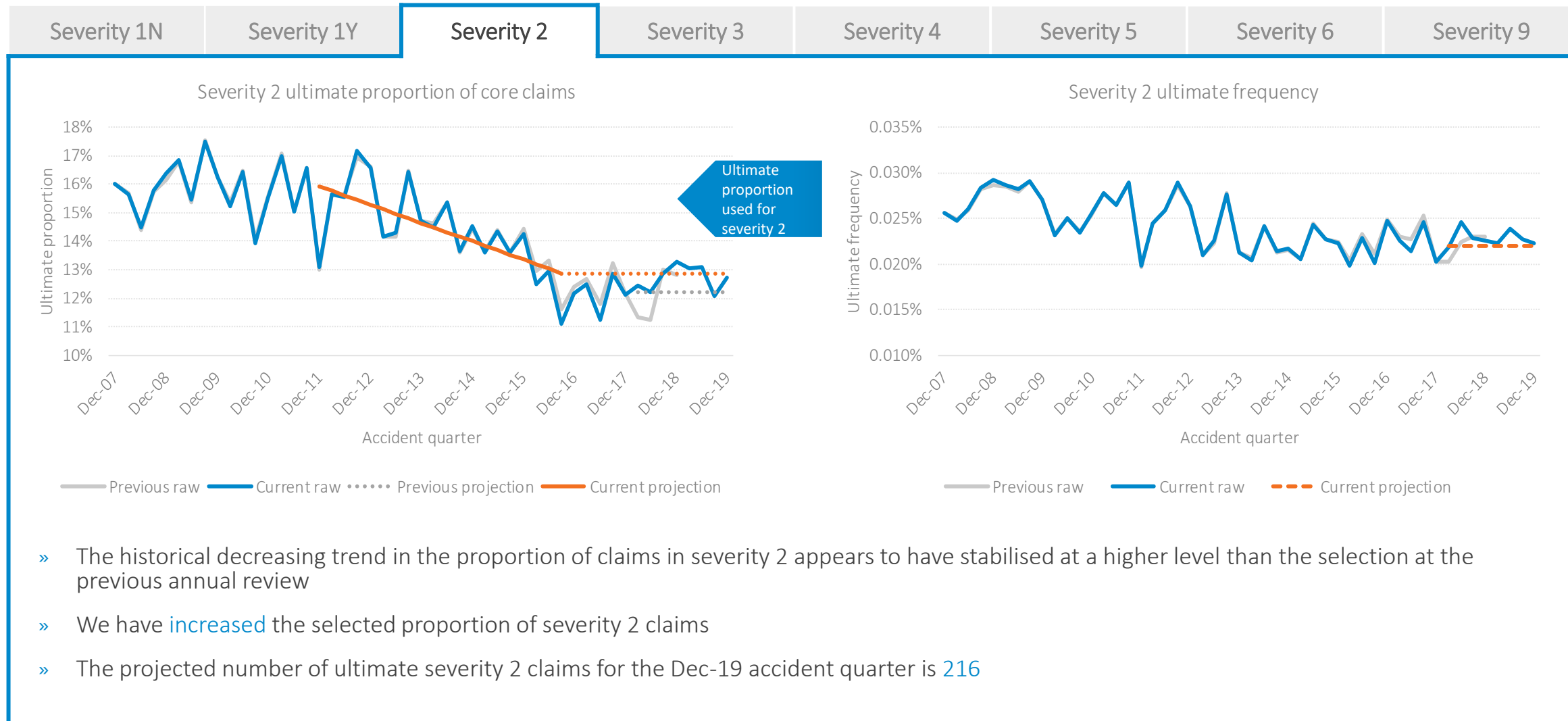
- » The 5% decrease in core claim frequency decreases the estimated risk premium by \$9.14
- » The mild strengthening in the severity profile partially offsets this, giving a decrease in the advised risk premium of \$7.68
- » There are four changes in the severity profile:
 - A decrease in severity 6 frequency
 - A decrease in the proportion of severity 9NA
 - An increase in the proportions of severities 2 and 3
 - A small decrease in severity 4 frequency



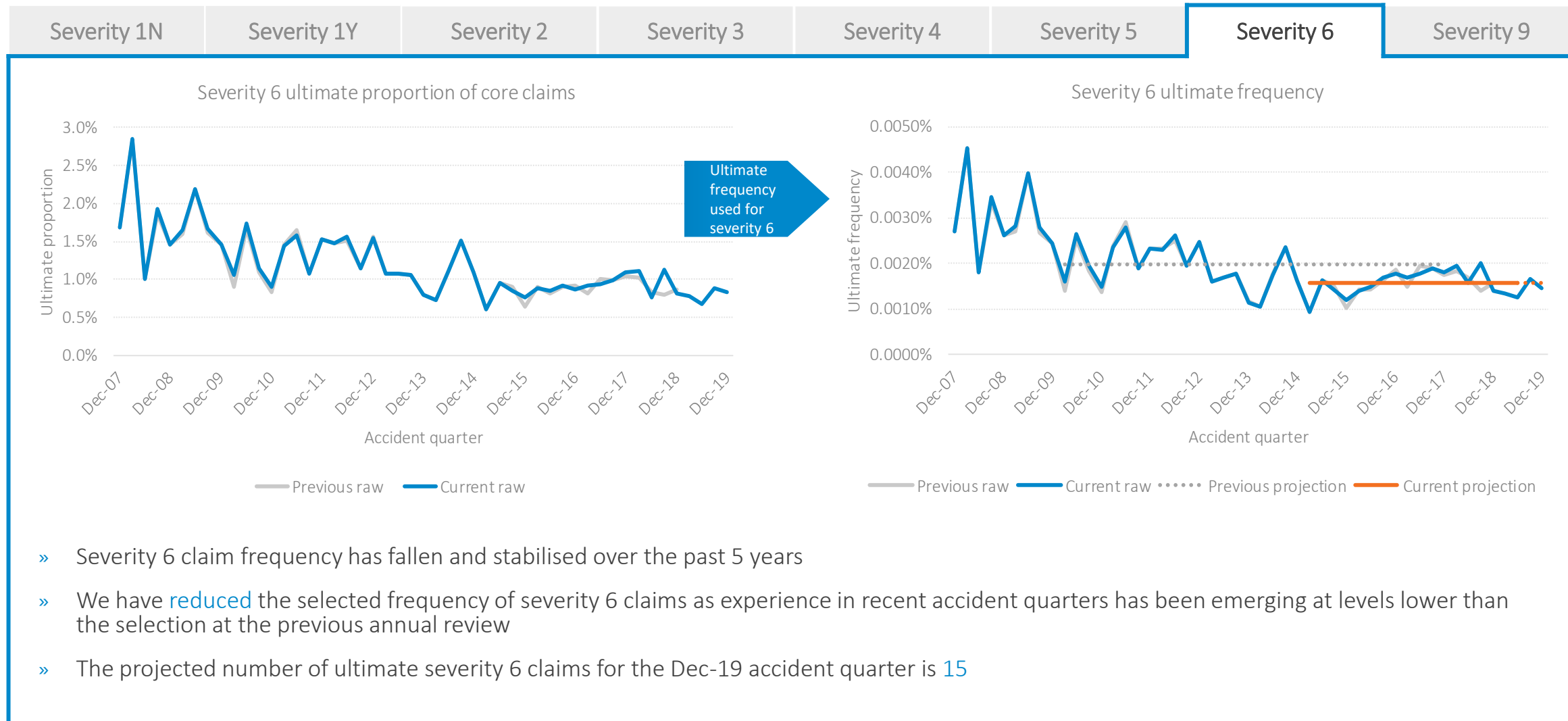
Severity profile



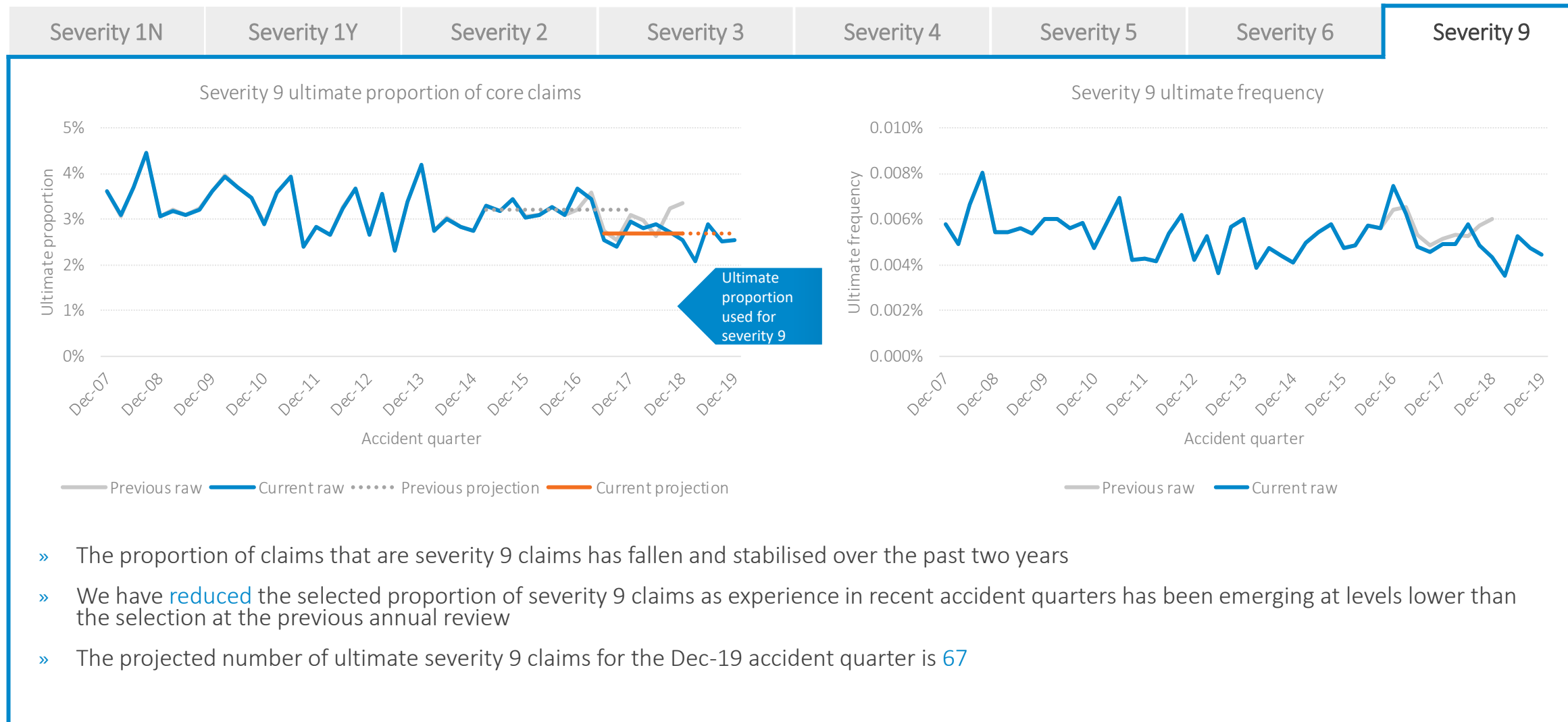
Severity profile



Severity profile



Severity profile



Baseline core claim size

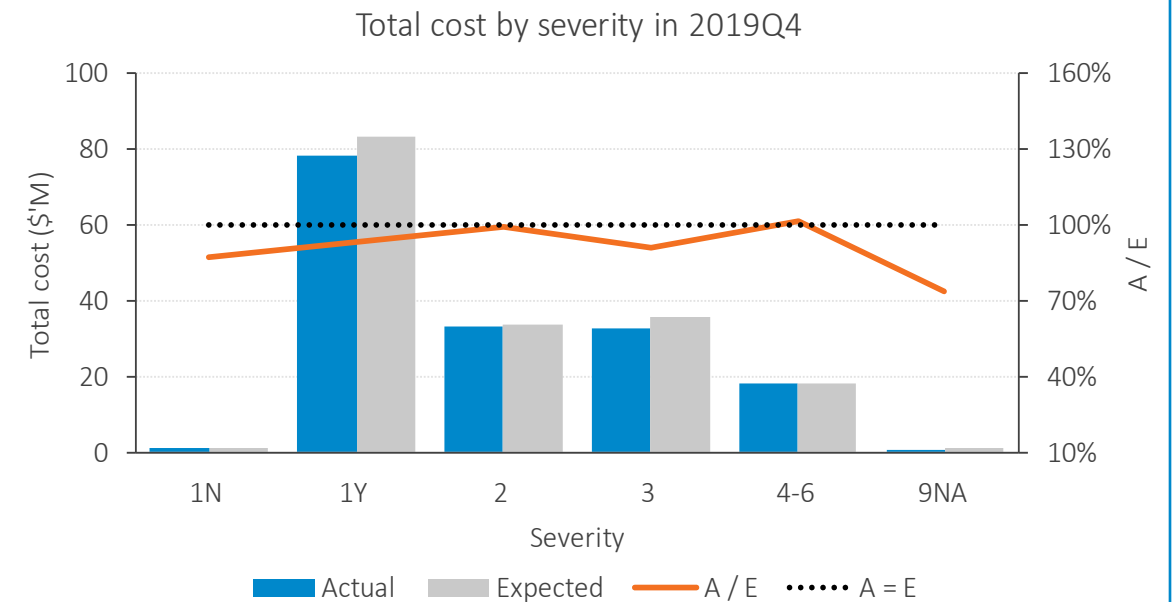
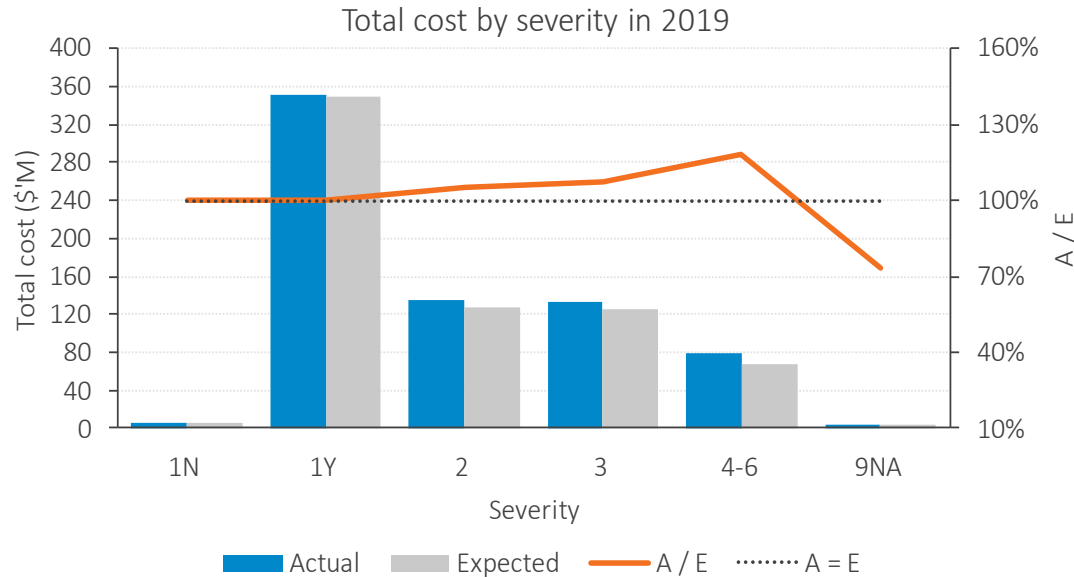
Baseline core claim size

Experience against baseline model

Experience

Model

Projection



- » Actual cost for 2019 across all severities was **4% higher** than expected by our Dec-18 model, driven by a number of large finalisations in the higher severities
- » Cost for severity 1Y was in line with expected

- » Actual cost for the Dec-19 quarter across all severities was **5% lower** than expected by our Sep-19 model, driven by low costs for severity 1Y

Baseline core claim size

Experience against baseline model

Experience

Model

Projection

Average claim size in 2019 - based on Dec-18 model

ACS (\$000s)	Severity						
	0	1	2	3	4-6	9NA	All
Actual	7	76	155	348	569	14	102
Expected	7	76	147	325	480	19	98
AvE	100%	100%	105%	107%	118%	73%	104%

- » Average finalised cost for 2019 across all severities was **4% higher** than expected by our Dec-18 model, driven by a number of large finalisations in the higher severities
- » Average finalised cost for severity 1Y was in line with expected

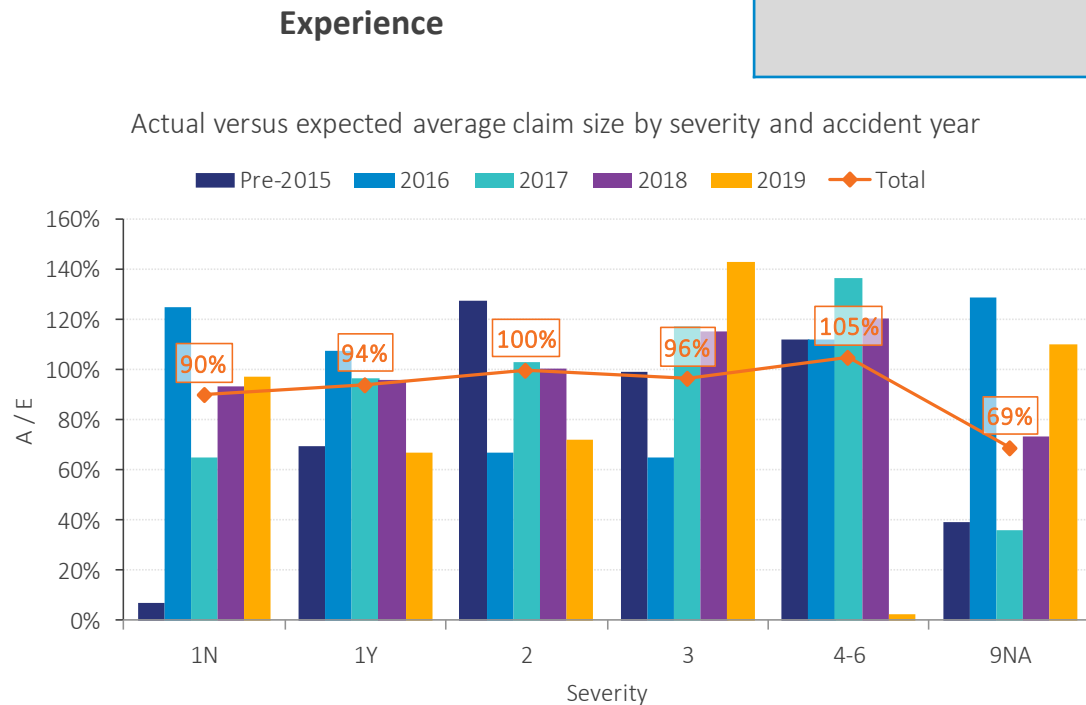
Average claim size in 2019Q4 - based on Sep-19 model

ACS (\$000s)	Severity						
	0	1	2	3	4-6	9NA	All
Actual	7	71	153	321	508	14	98
Expected	7	76	154	352	501	19	103
AvE	87%	94%	99%	91%	101%	73%	95%

- » Average finalised cost for the Dec-19 quarter across all severities was **5% lower** than expected by our Sep-19 model, driven by low costs for severity 1Y

Baseline core claim size

Experience against baseline model

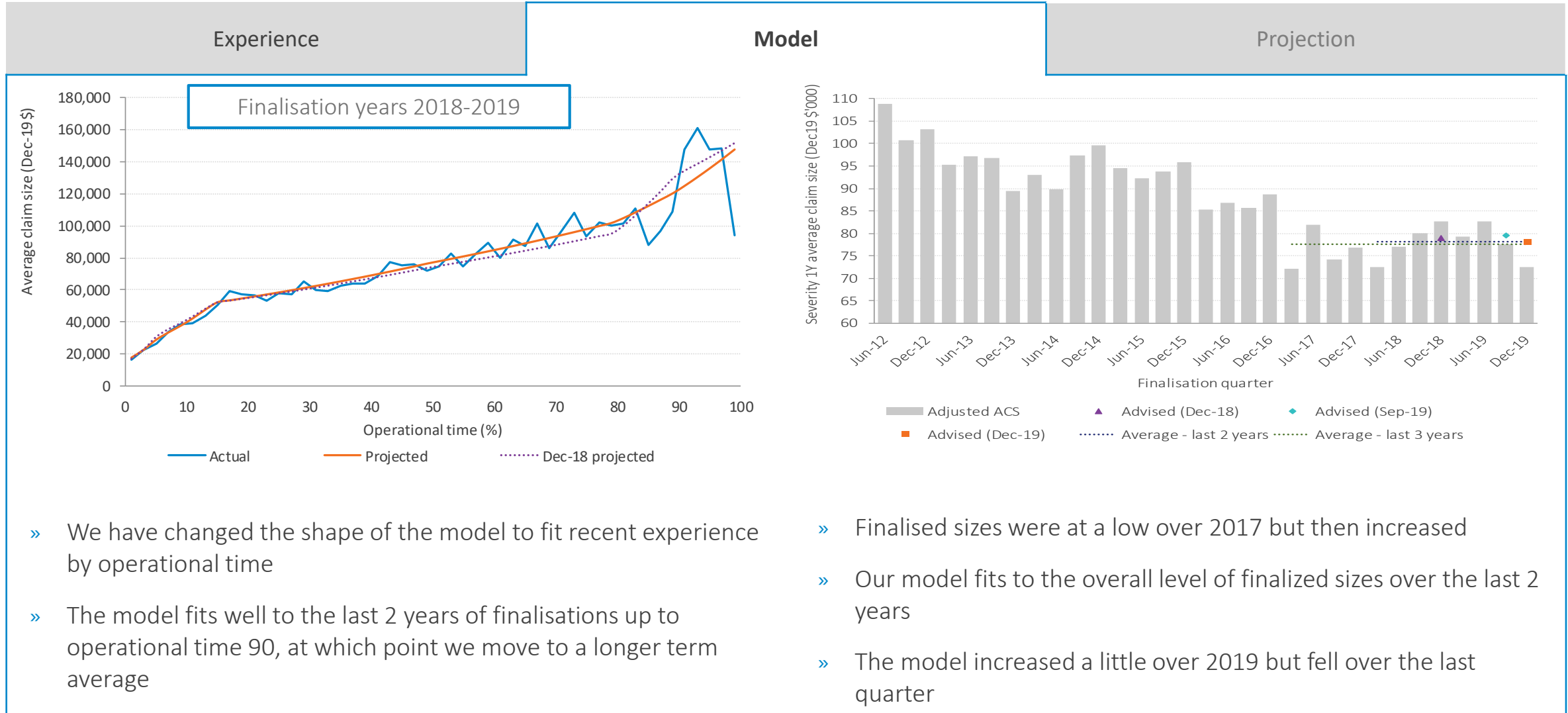


- » There is no pattern by accident year (except perhaps severity 9NA), indicating
 - The models are performing well across different development years, and
 - No obvious superimposed inflation

**Insurer specific
experience redacted**

Baseline core claim size

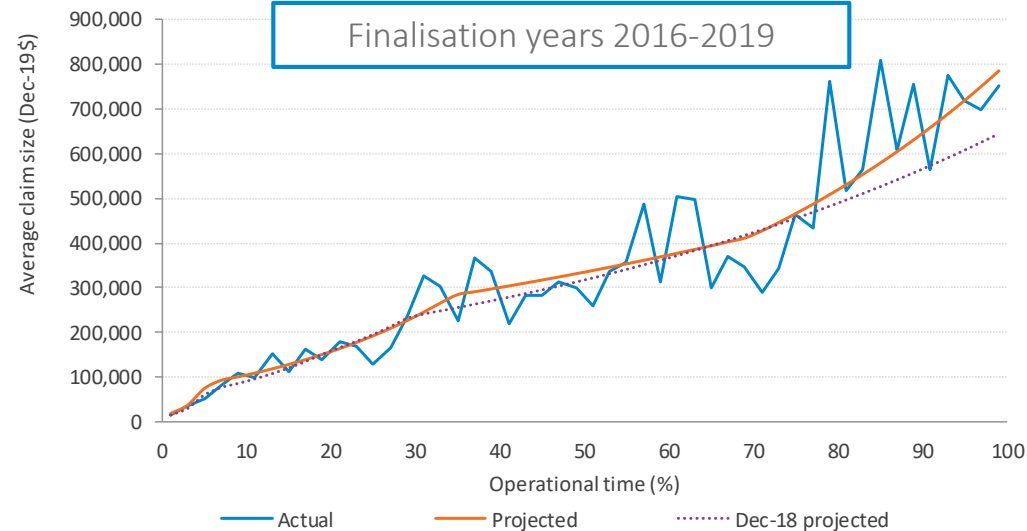
Severity 1Y



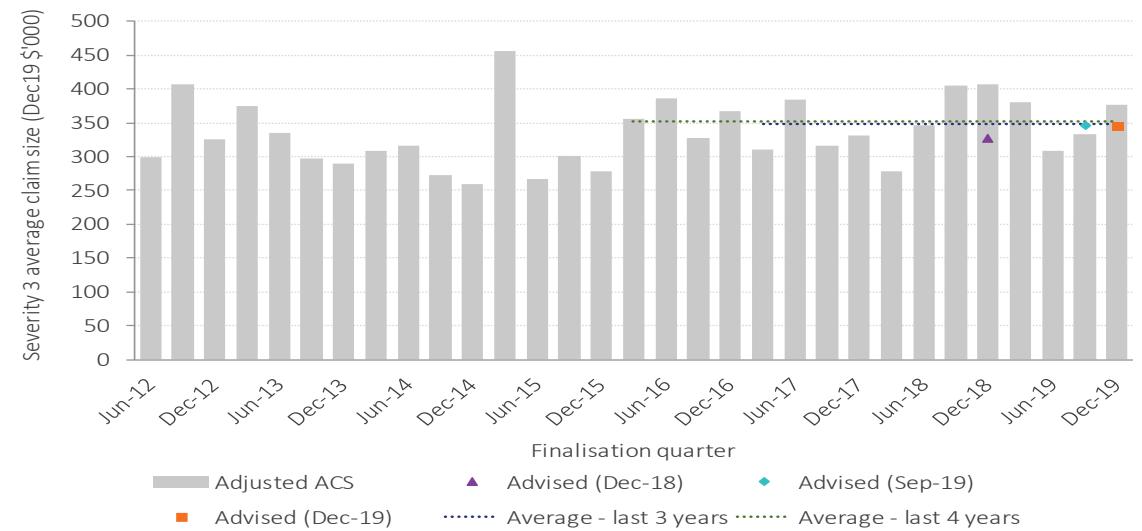
Baseline core claim size

Severity 3

Experience



Model



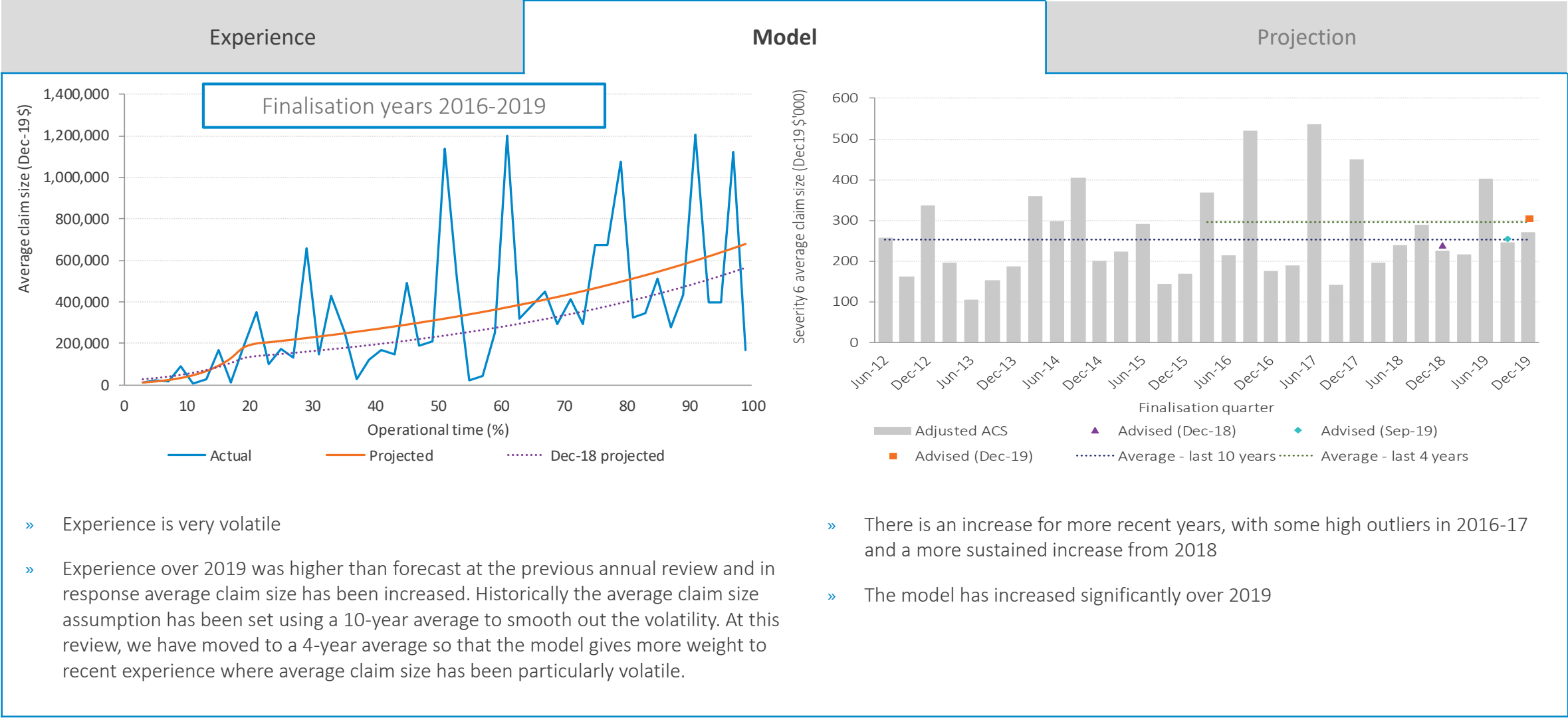
Projection

- » We have changed the shape of the model to fit recent experience by operational time. There is an increase in the tail
- » The model fits well to the last 4 years of finalisations

- » Finalised sizes were high for the 3 quarters from Sep-18 but appear to have since decreased a little
- » Our model fits to the overall level of finalized sizes over the last 4 years
- » The model has increased significantly over 2019

Baseline core claim size

Severity 6



Baseline core claim size

Experience					Model					Projection				
2% increase in baseline core claim size since last year					Little change in baseline core claim size since last quarter									
Severity	Estimated average claim size (Dec-19 \$000s)				Severity	Estimated average claim size (Dec-19 \$000s)				Severity	Estimated average claim size (Dec-19 \$000s)			
	Recommended as at Dec-18	Recommended as at Dec-19	Change (%)	Change in risk premium (\$)		Recommended as at Sep-19	Recommended as at Dec-19	Change (%)	Change in risk premium (\$)		Recommended as at Sep-19	Recommended as at Dec-19	Change (%)	Change in risk premium (\$)
1N	7	7	2%	+0.02	1N	7	7	-2%	-0.02	1N	7	7	-2%	-0.02
1Y	79	78	-1%	-0.95	1Y	79	78	-2%	-1.49	1Y	79	78	-2%	-1.49
2	156	156	1%	+0.19	2	156	156	0%	+0.00	2	156	156	0%	+0.00
3	327	345	6%	+1.67	3	346	345	0%	-0.03	3	346	345	0%	-0.03
4	638	650	2%	+0.17	4	662	650	-2%	-0.18	4	662	650	-2%	-0.18
5	1,075	1,135	6%	+0.42	5	1,070	1,135	6%	+0.46	5	1,070	1,135	6%	+0.46
6	239	304	28%	+1.03	6	253	304	20%	+0.81	6	253	304	20%	+0.81
9NA	15	13	-16%	-0.11	9NA	15	13	-13%	-0.08	9NA	15	13	-13%	-0.08
Total (New SP)	104	106	1%	+2.44	Total (New SP)	106	106	0%	-0.54	Total (New SP)	106	106	0%	-0.54
Change in SP	104		1%	+1.51	Change in SP	106		0%	+0.59	Change in SP	106		0%	+0.59
Total	104	106	2%	+3.95	Total	106	106	0%	+0.05	Total	106	106	0%	+0.05

Includes impact of separating NSW claims.
Impact on non-NSW core claims is +3.39 and +0.43.

» Over the year, the financially significant changes have been increases in severities 3, 5 and 6, offset by a decrease in 1Y

» Although small, this is the first real annual increase in baseline severity adjusted claim size for at least the last 5 years

» Severity 1Y was increased a little over the year and is now dropping back

» Severity 3 was increased during the year but severities 5 and 6 are only being increased this quarter

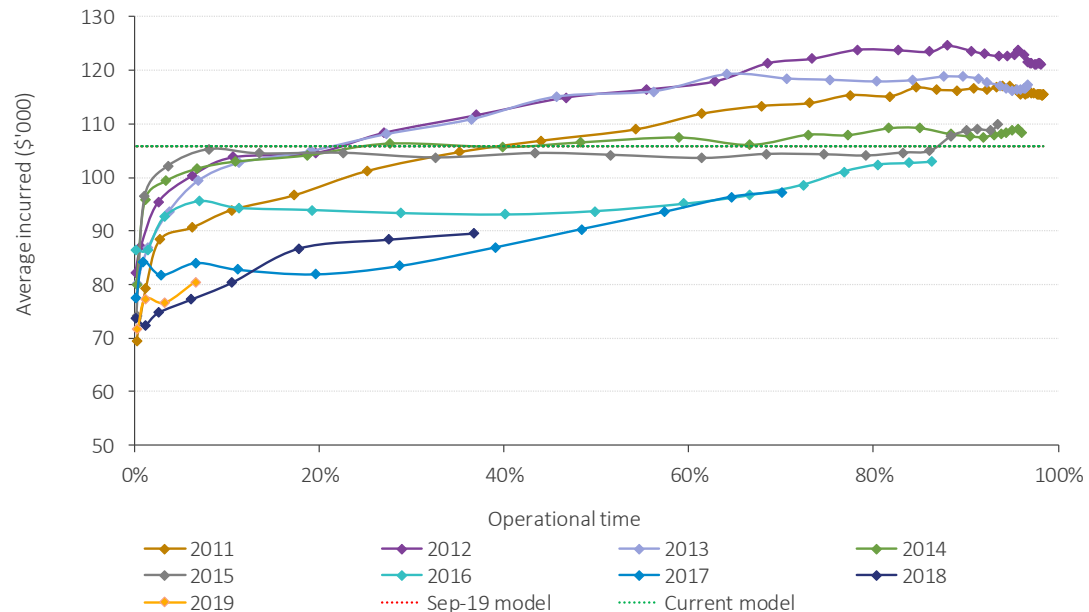
Lead indicators of claim size

Lead indicators of claim size

Case estimates

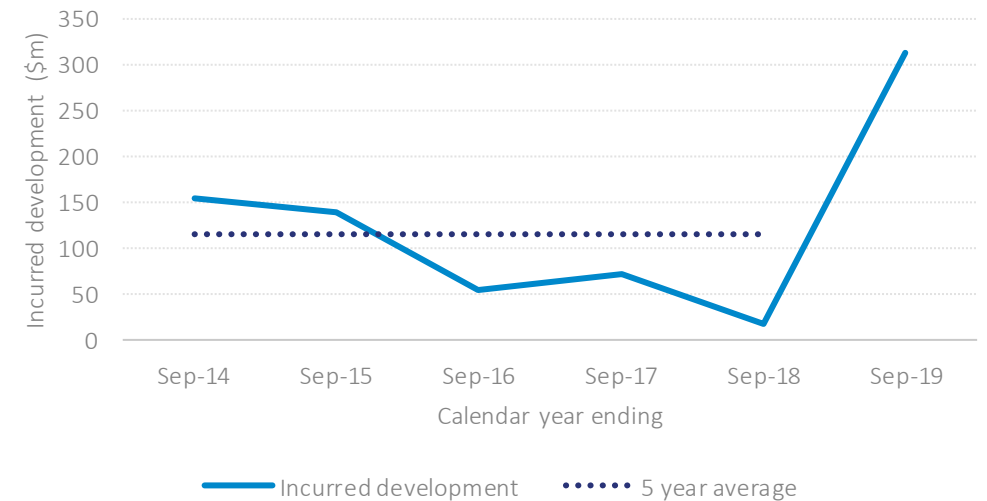
Segment monitoring and claims mix model

Psychological claims



- » Case estimate development has gone through various 'regimes', making it difficult to project
- » Strong decreasing trend until AY2017. Baseline model sits above AY2016. To what extent are further reductions required?

Incurred development by year - Scheme



- » Case estimate development for the year to Sep-19 was very high. Is this a 'catch-up' or will it be sustained?
- » Analysis by insurer reveals a mixture of 'one-off' causes and what might be more general development

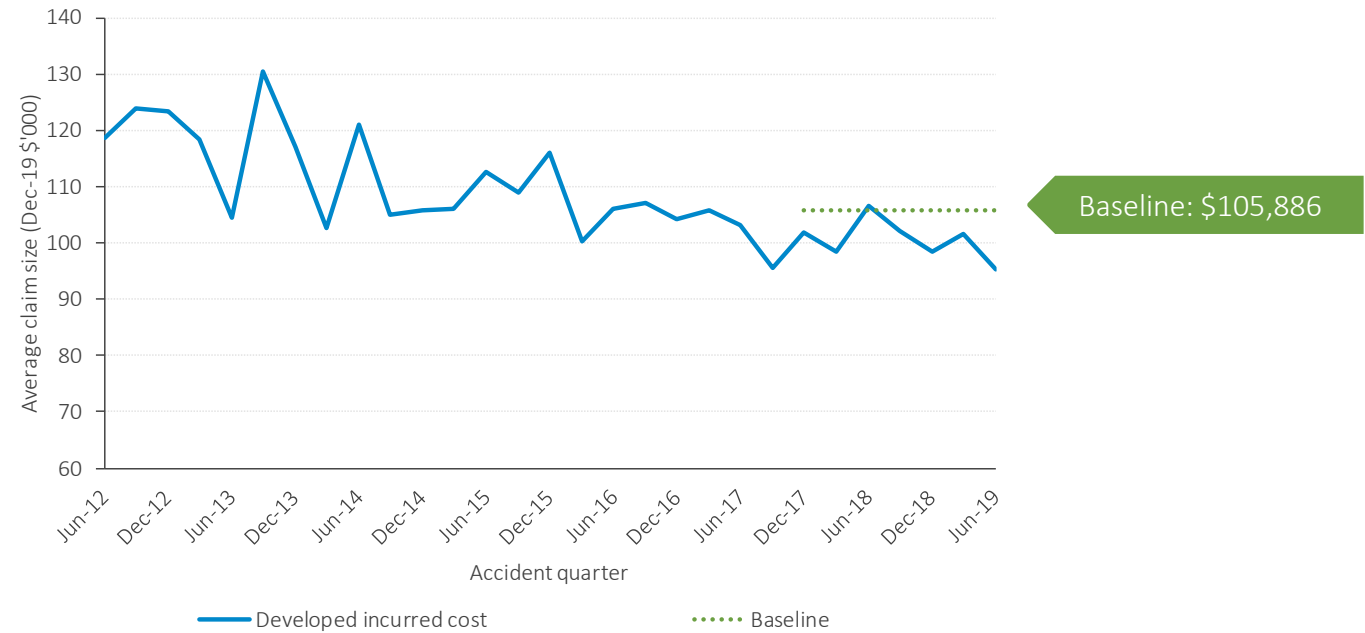
Lead indicators of claim size

Case estimates

- » We've developed the case estimates to ultimate although caution is required given the recent unpredictability
- » This shows our finalization size-based Baseline average claim size is consistent with AY2016 and provides some moderate evidence for a further reduction for AY2017 and AY2018
- » Evidence is much less clear than a year ago

Segment monitoring and claims mix model

Psychological claims



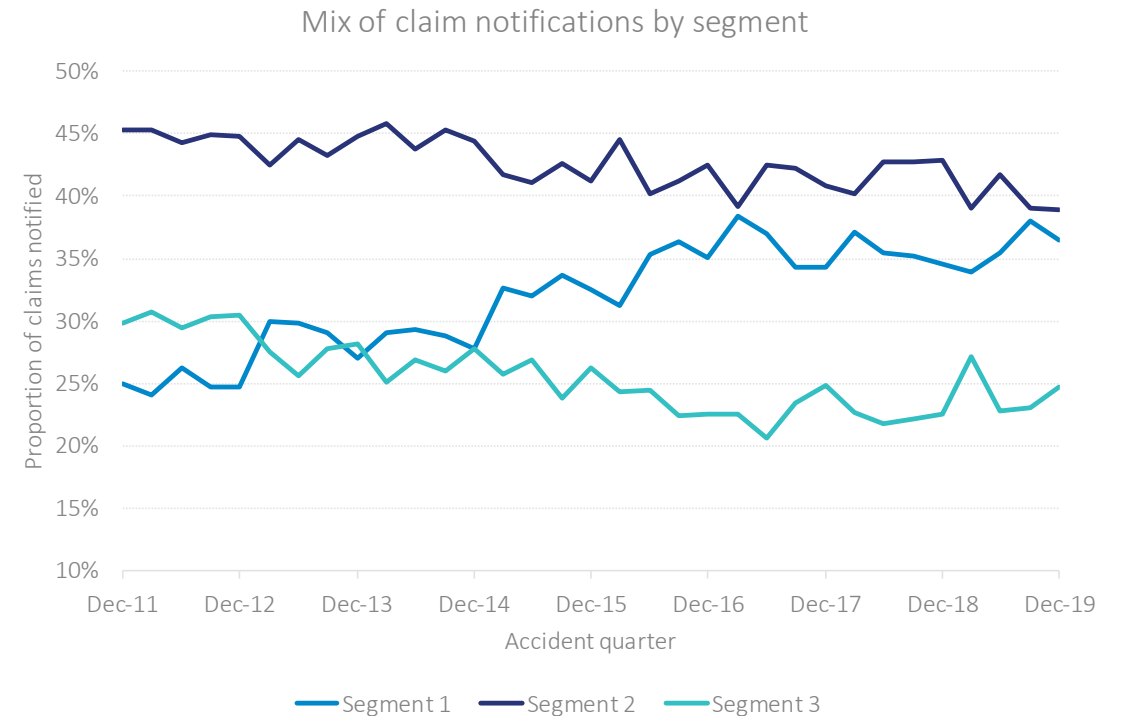
Lead indicators of claim size

Case estimates

Segment monitoring and claims mix model

Psychological claims

- » Monitor claims by segment
 - **Segment 1: Small non-serious claims** are defined as claims which *are legally represented, don't involve an overnight stay in hospital, don't involve an ambulance and where the accident involved vehicles travelling in the same direction*
 - **Segment 2: Other non-serious claims** are defined as claims which *are legally represented, don't involve an overnight stay in hospital and are not in Segment 1*
 - **Segment 3: Other claims** are defined as claims which *are not in Segments 1 or 2*
- » The proportion of Segment 1 increased markedly from 2012 to 2017, as claim size was falling. We monitor this because a decrease in proportion could be an advance warning of an increase



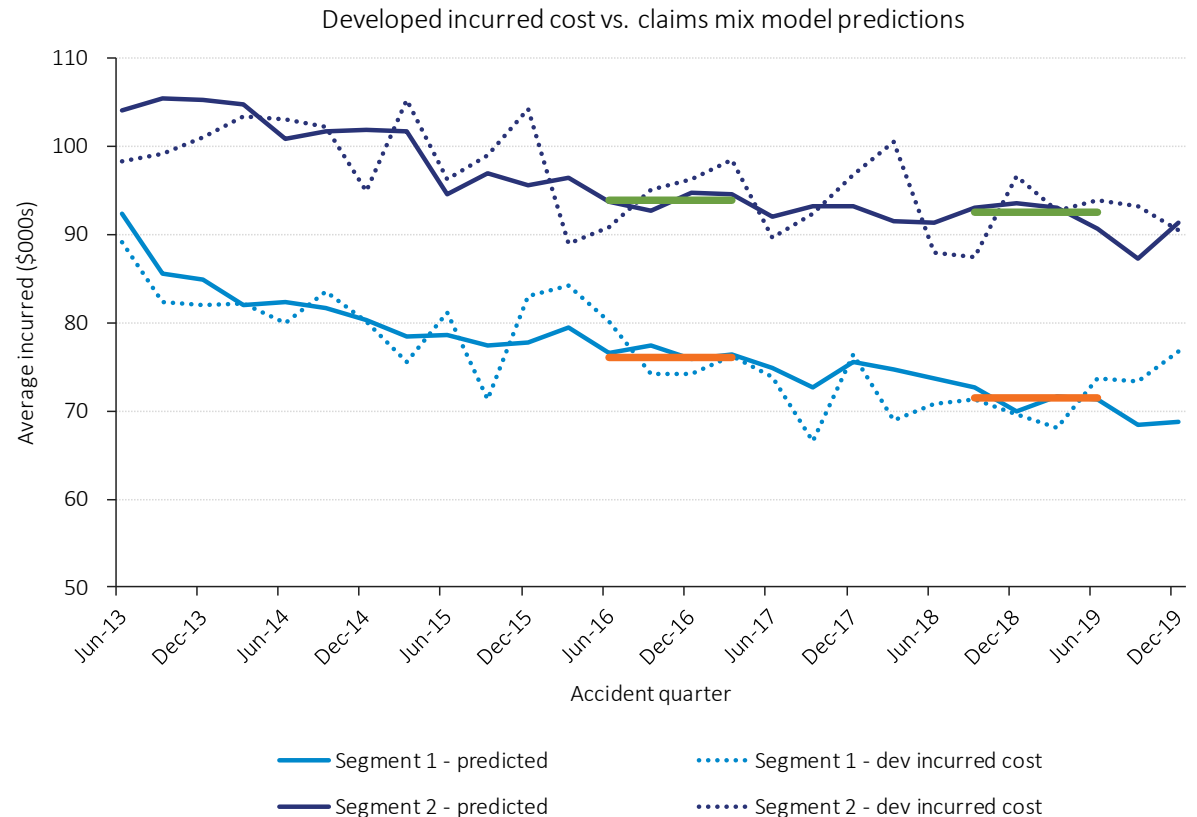
Lead indicators of claim size

Case estimates

- » We have fitted a claims mix model which uses claim characteristics at notification to predict claim size. Characteristics include claimant age, hospitalisation, treatment and weekly earnings
- » Segments 1 and 2 are non-serious claims and case estimates for them tend to stabilise quickly. The claims mix model predicts a decreasing claim size for these segments which is confirmed by projected ultimate case estimates
- » Our baseline average claim size is consistent with AY2016 and the claims mix model predicts a fall in average claim size for these segments (the drop in the **green** and **orange** lines in the graph to the right)
- » This reduces the overall claim size by 3% for the AY to 30 June 2019, compared to AY2016
- » We advise reducing our baseline average claim size by 3% for pricing purposes

Segment monitoring and claims mix model

Psychological claims



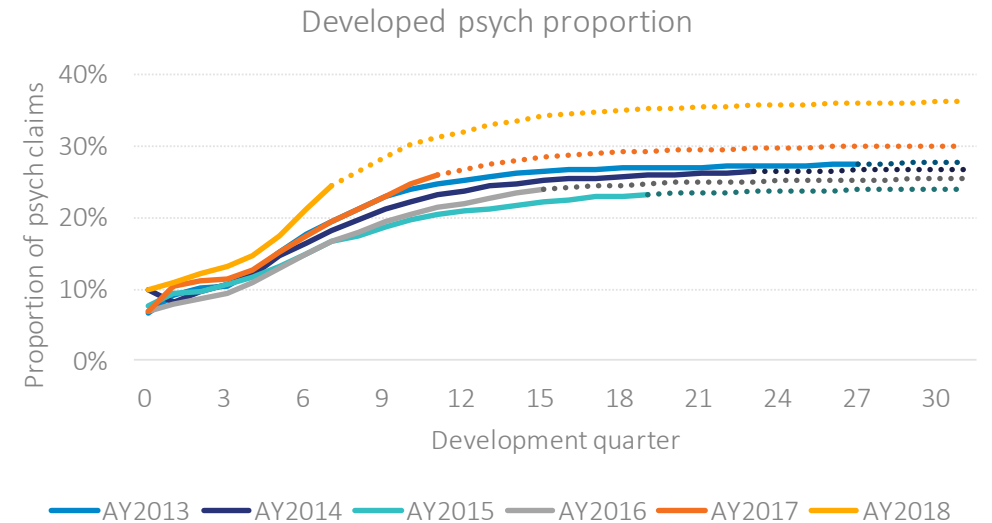
Lead indicators of claim size

Case estimates

Segment monitoring and claims mix model

Psychological claims

- » There have been several insurer submissions over the year expressing concern over the growing number of psychological claims
- » We define 'psychological claims as those having at least one injury code of anxiety/depression, nervous shock or PTSD. There are few nervous shock claims
- » There was a decreasing trend in the proportion of psychological claims up to AY2015. Since then it has been increasing with AY 2018 much higher
- » This trend can be seen in both PTSD and anxiety/depression claims
- » It's part of a national trend. But:
 - MAIC analysis indicates that psychological claims are concentrated in certain law firms
 - Rather than a change in the type of injury, the strength of the trend suggests that some claims are being identified as psychological when they would not have been in the past
 - What is a reasonable payment for such claims?



- » Based on historical trends, the ultimate proportion of psychological injury claims for accident years 2017 and 2018 could **increase to 30% and 36% respectively**
- » This is considerably higher than earlier years at around 25%

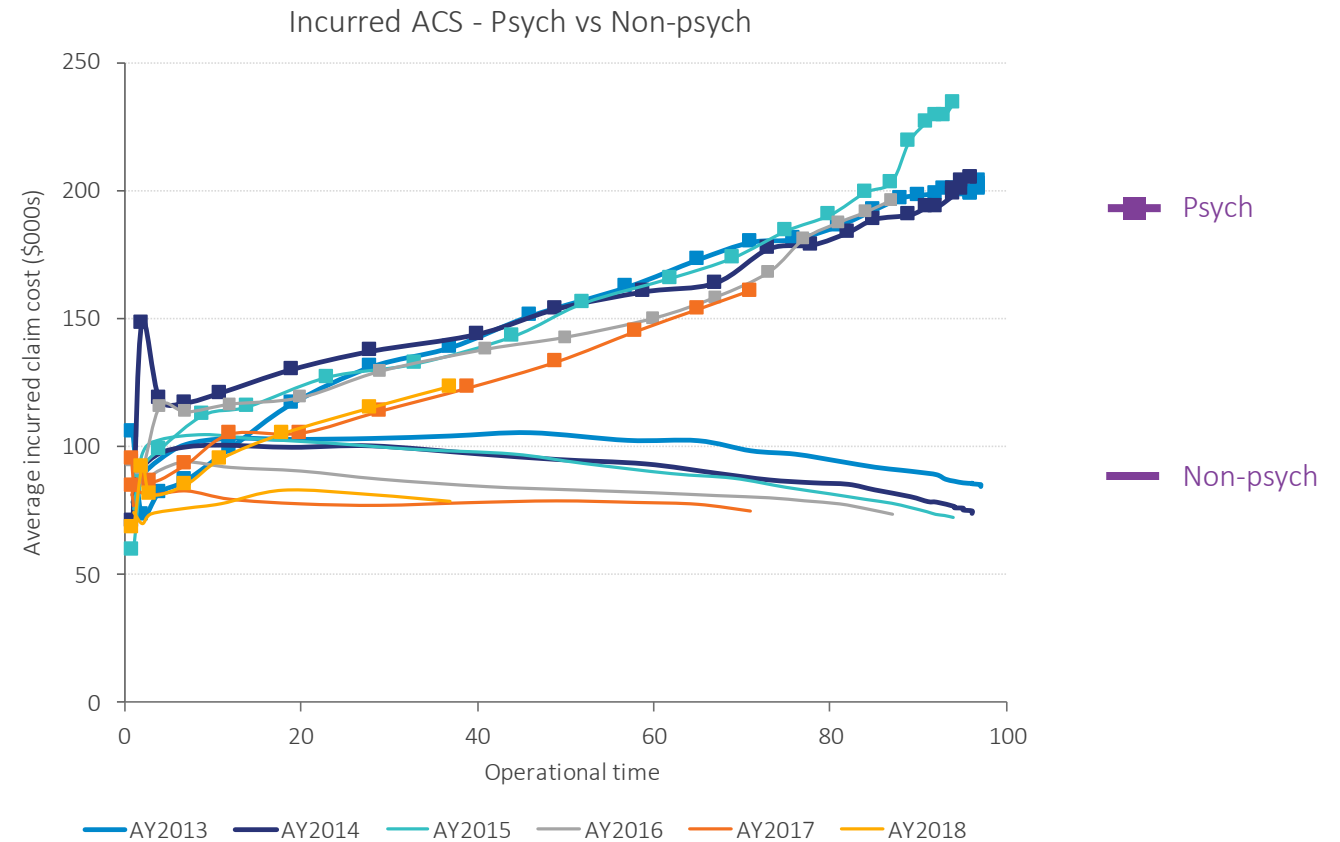
Lead indicators of claim size

Case estimates

Segment monitoring and claims mix model

Psychological claims

- » Incurred average claim size (ACS) for psychological claims is much higher than for non-psychological
- » The incurred ACSs for psychological claims for AY2017 and AY2018 later are lower than for AY2011-16 but not by enough to offset the increasing proportion
- » The incurred ACS for psychological and non-psychological claims progress at reasonably consistent rates
- » This gives us a way to project the impact of the increasing proportion of psychological claims



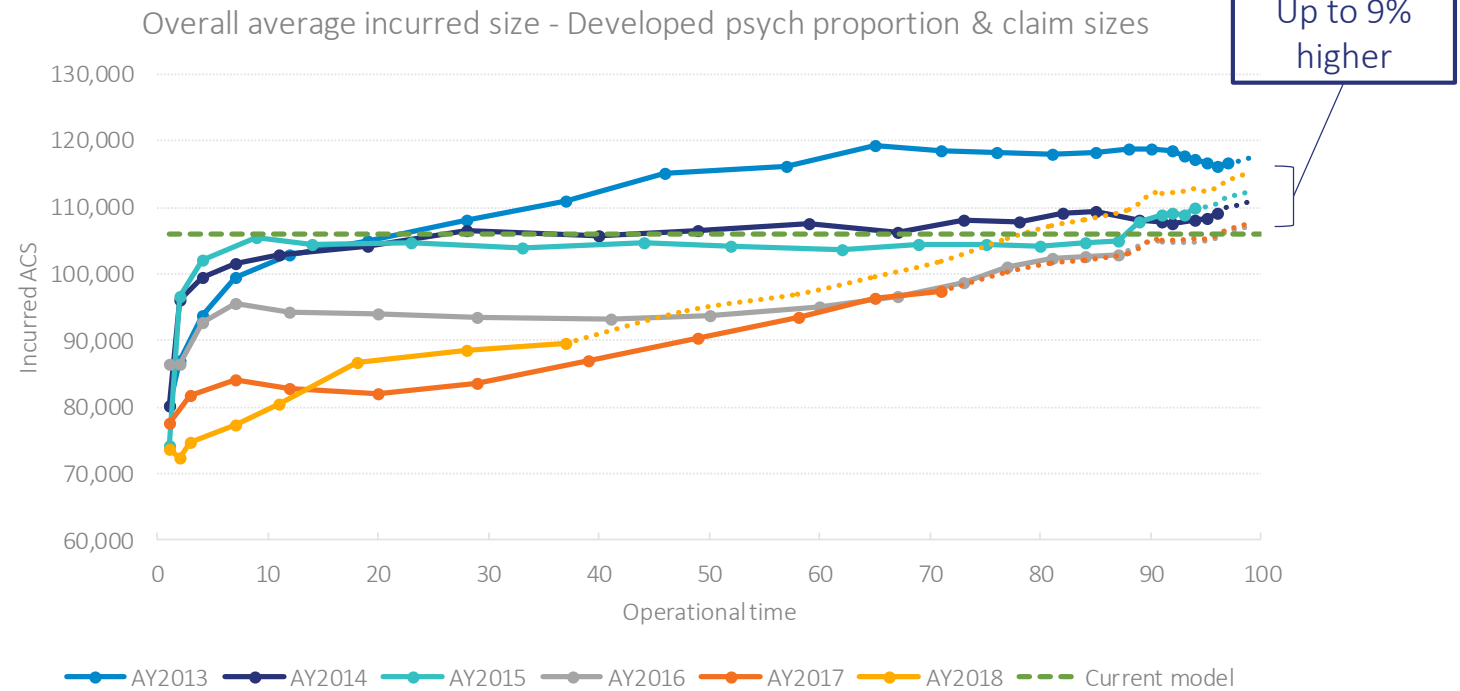
Lead indicators of claim size

Case estimates

- » The resulting projection gives an ultimate ACS for AY2017 which is close to our Baseline ACS so that gives us some confidence
- » The relative difference between the ultimate ACS for AY2018 and AY2017 is 9%
- » The projection is sensitive to the assumptions but, at present, the incurred ACSs for AY2018 are almost the same as AY2017. So the relative difference between AY2018 and AY2017 is driven primarily by the projected ultimate psychological claim proportion for AY2018 being 36%, compared to AY2017 at 30%
- » A 9% difference in ACS is equivalent to **\$17 of risk premium**

Segment monitoring and claims mix model

Psychological claims



Lead indicators of claim size

Case estimates

Segment monitoring and claims mix model

Psychological claims

- » In our opinion, the impact on risk premium for AY2018 of emerging psychological claims experience is **unlikely to be as high as \$17**
 - The higher proportion of psychological claims seen in more recent accident years could be partially due to an acceleration of recognition rather than an increase in the ultimate proportion
 - To the extent that the increased proportion is due to claims which would not, in previous years, have been classed as psychological claims, we would expect these new claims to be of a lower size. This is already evident in the incurred ACS for psychological claims for AY2017 and AY2018 but we think the full effect is yet to emerge, especially for AY2018
 - Only a small proportion of the claim cost for AY2018 has finalised. There is considerable uncertainty about the potential increase we have identified but there is also considerable scope for insurers to intervene and exercise control over the increasing costs
- » Balanced against this is that, although it is too early to tell from the data, a trend may have been established and the ultimate ACS for AY2019 may well end up higher than AY2018
- » On balance, we advise taking approximately 50% of the potential increase we have identified i.e. an **increase of \$8** to our Baseline ACS to reflect the recent increase in psychological claim frequency
- » We will monitor experience as it emerges and update our advice accordingly

Risk premium

Risk premium

Advised Risk Premium for the 2020Q3 underwriting quarter

- » We have added pricing overlays to the baseline risk premium to form our advised risk premium, including:
 - Claims mix model trends in non-serious claims
 - The possible impact of growth in claims with a psychological injury code
- » As the anticipated case estimate development on psychological injury claims emerges, it will be more difficult to get the visibility to verify the reduction indicated by the Claims mix model. So this may be down-weighted in the future
- » We have also modelled NSW accident postcode claims separately. The net impact of this change on advised risk premium is negligible.

Risk premium components	Frequency	Average claim size (\$)	Risk premium (\$)
Core claims			
Baseline	0.1720%	105,886	182.12
Overlay: claims mix trend		-3,566	-6.13
Overlay: Psychological claims		+4,697	8.08
Advised core claims	0.1720%	107,017	184.07
NSW accident postcode claims	0.0056%	123,039	6.94
Interstate sharing	0.0026%	65,007	1.69
Workers' compensation recovery	0.0123%	9,676	1.19
Advised risk premium at 31 Dec 2019	0.1930%	100,461	193.89

Quarterly reconciliation

Change in our Advised Risk Premium from last quarterly review

- » 7% increase in advised risk premium
- » Allowance for possible impact of growth in claims with a psychological injury code accounts for 4% of the increase
- » Inflation over the quarter has been about 2%. There's some uncertainty about recent inflation due to increasingly volatile ABS releases and the 2% incorporates some smoothing.
- » A slight strengthening in severity profile
- » We've continued to incorporate Claims Mix leading indicators into formal advice

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- » Moderate change over the year – in line with wage inflation – but lots of offsetting factors
- » Inflation over the year has been about 2%. There's some uncertainty about recent inflation due to increasingly volatile ABS releases and the 2% incorporates some smoothing.
- » A 5% decrease in claim frequency, driven by low levels of claim notifications
 - Slightly offset by a strengthening severity profile
- » A 2% increase in claim size
 - Partial response to a few large claims
- » Incorporation of Claims mix leading indicators into formal advice
- » Allowance for possible impact of growth in claims with a psychological injury code

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Average claim size scenarios	
Developed AY2018 psychological claims proportion	+\$9
AY2015 developed incurred cost	+\$7
Reverse adjustment for established trends in non-serious claims	+\$6
AY2016 developed incurred cost	-\$4
Pre AY2017 psychological claims proportion	-\$8
AY2018 developed incurred cost	-\$9
AY2017 developed incurred cost	-\$10

- » There is considerable variation in risk premium indicated by a number of realistic scenarios.

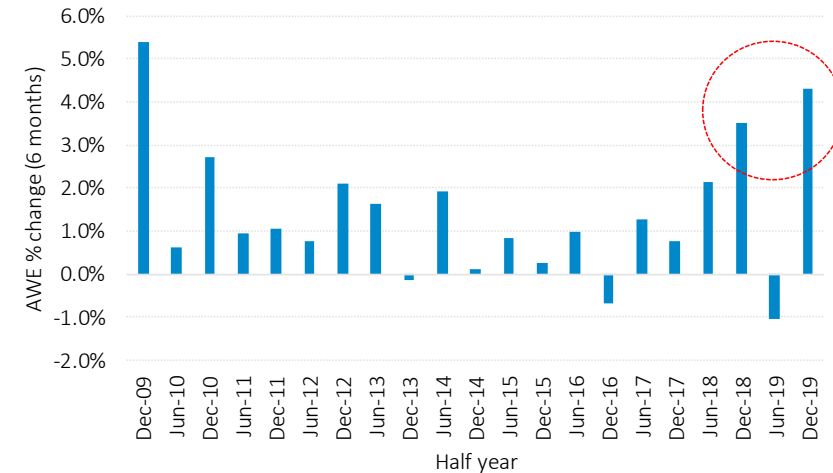
Economic parameters

Average Weekly Earnings (AWE)

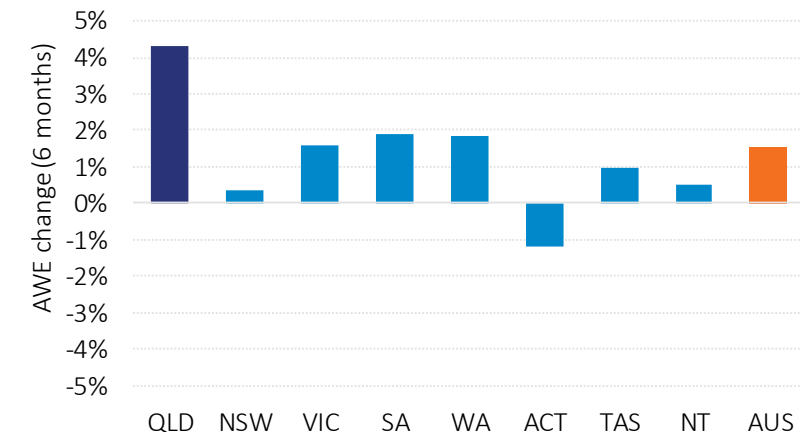
February 2020 ABS release

- » AWE in Queensland **increased by 4.3%** in the 6 months to November 2019 (based on total earnings)
- » This was the highest increase across all states and territories in Australia – the national average was an **increase of 1.5%**
- » The result was driven by an **increase in part-time male and female earnings**
- » The Deloitte Access Economics (DAE) forecast does not incorporate the latest AWE index value
- » A similarly large increase was recorded last year over the same period (3.5%) which was followed by a reduction of 1% in the 6 months to June 2019
- » Our baseline inflation forecast allows for the possibility of a similar future reduction by placing **equal weight** on the latest ABS AWE index value and the equivalent DAE forecast
- » If a similar reduction does not occur, the risk premium would **increase by \$1.65**

QLD AWE 6-month % changes

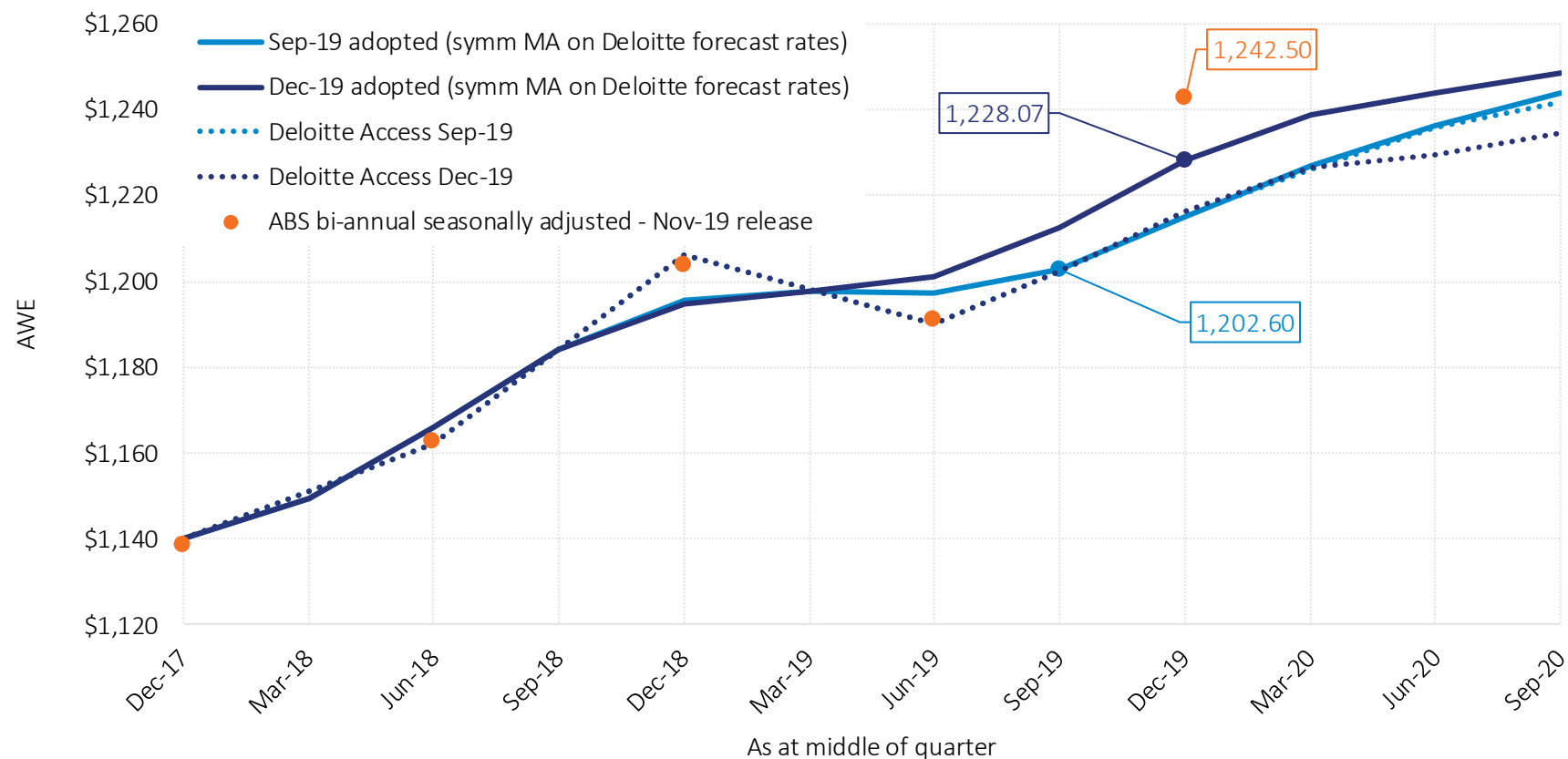


AWE inflation by state (6 months to Nov-2019)
Total earnings



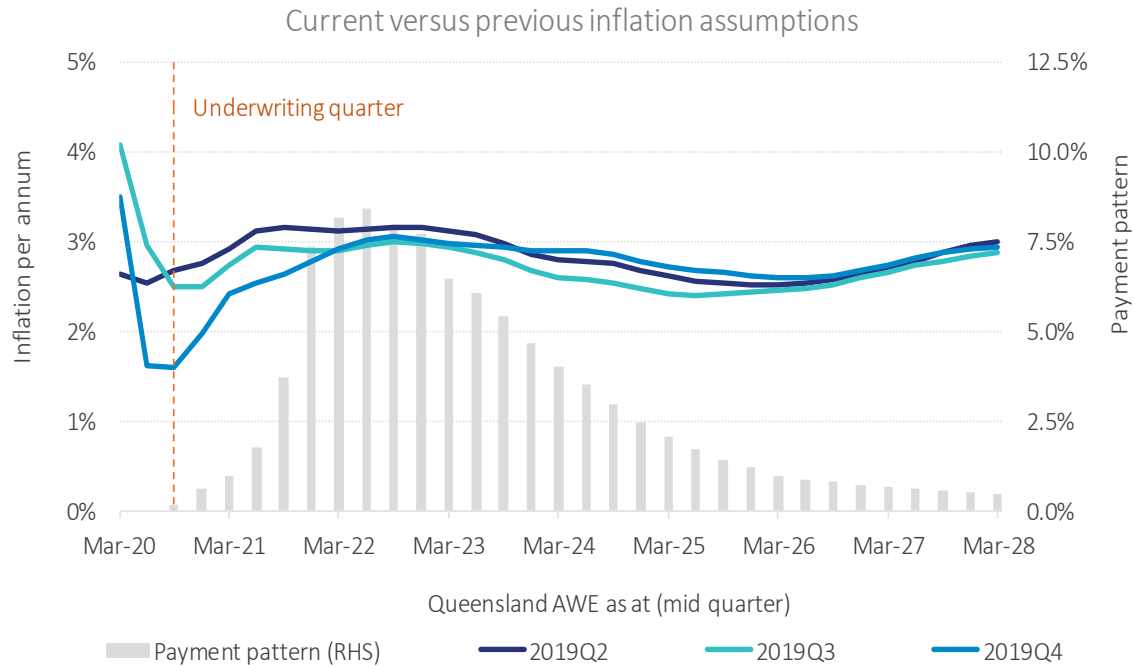
Wage inflation to 31 December 2019

- » We have applied the future inflation rates forecast by Deloitte to our baseline inflation forecast which places **equal weight** on the latest ABS AWE index value¹ and the equivalent DAE forecast²
 - This gives an AWE increase of **2.03%** from the Sep-19 quarter to the Dec-19 quarter

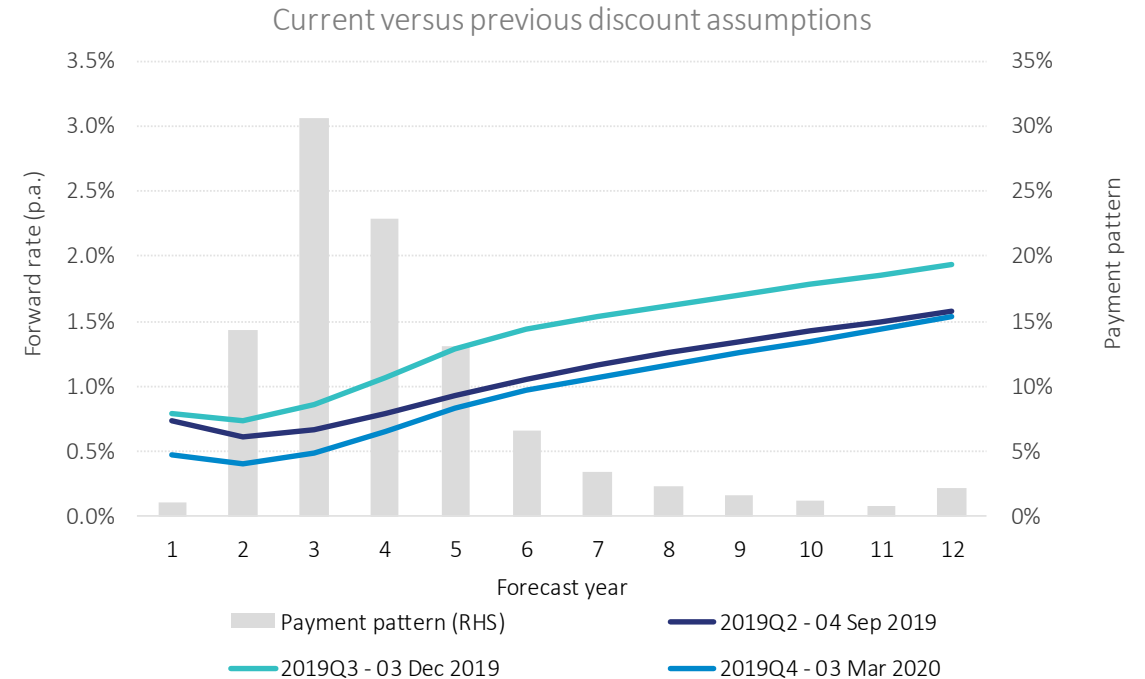


1. ABS data released on 20 February 2020
2. Deloitte forecast released mid-Jan 2020

Future wage inflation and discount rates



- » Deloitte has made a revision down to short to medium term inflation rates
- » This has led to a **0.24% decrease** in the inflation flat rate

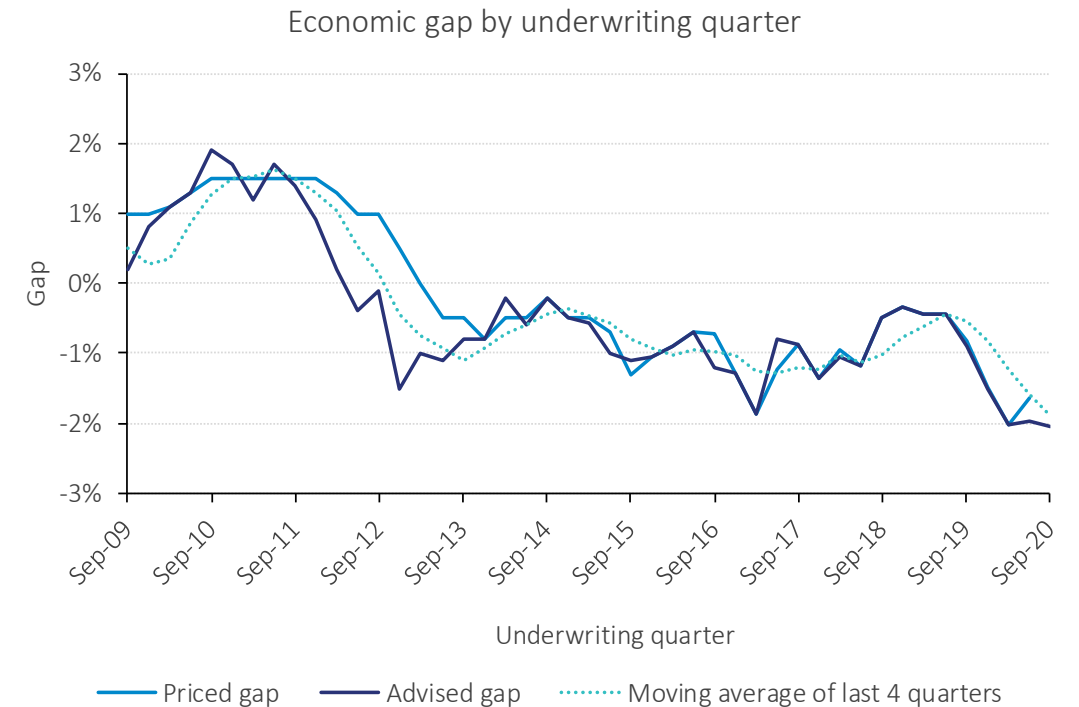


- » We updated the discount rates on 3th March 2020
- » Discount rates have decreased over the past quarter due to the recent reduction in the RBA cash rate

Future wage inflation and discount rates

Gap using Deloitte Access Economics forecasts

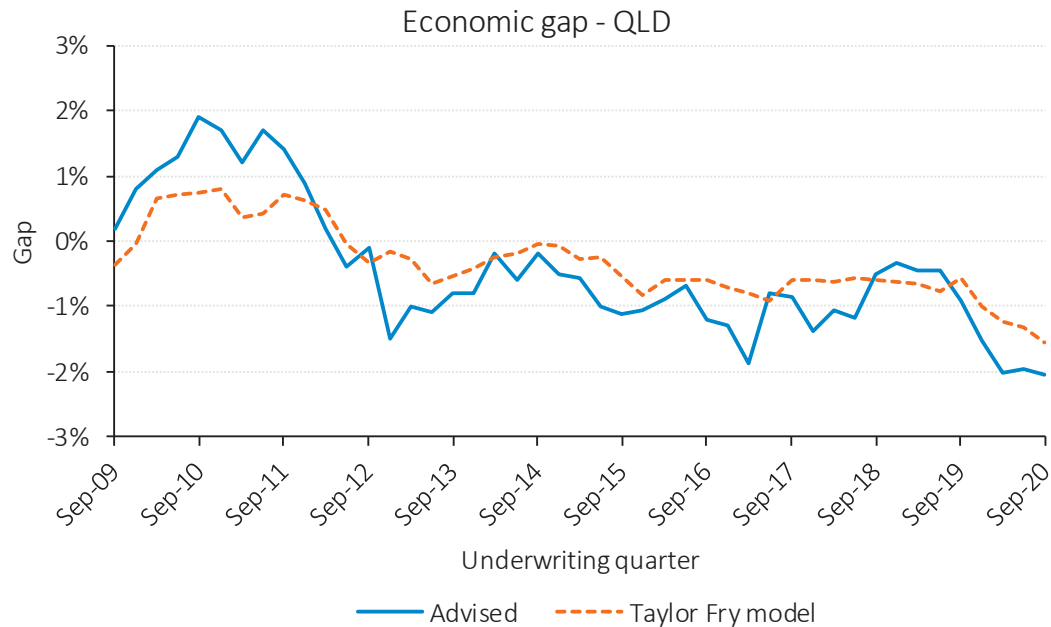
Review	Economic assumption (%p.a.)		
	Discount rate	Wage inflation	Economic gap
Current	0.59%	2.65%	-2.06%
Last quarter	0.93%	2.89%	-1.96%
Last annual review	1.84%	2.75%	-0.90%
Change since:			
Last quarter	-0.34%	-0.24%	-0.10%
Last annual review	-1.25%	-0.10%	-1.15%



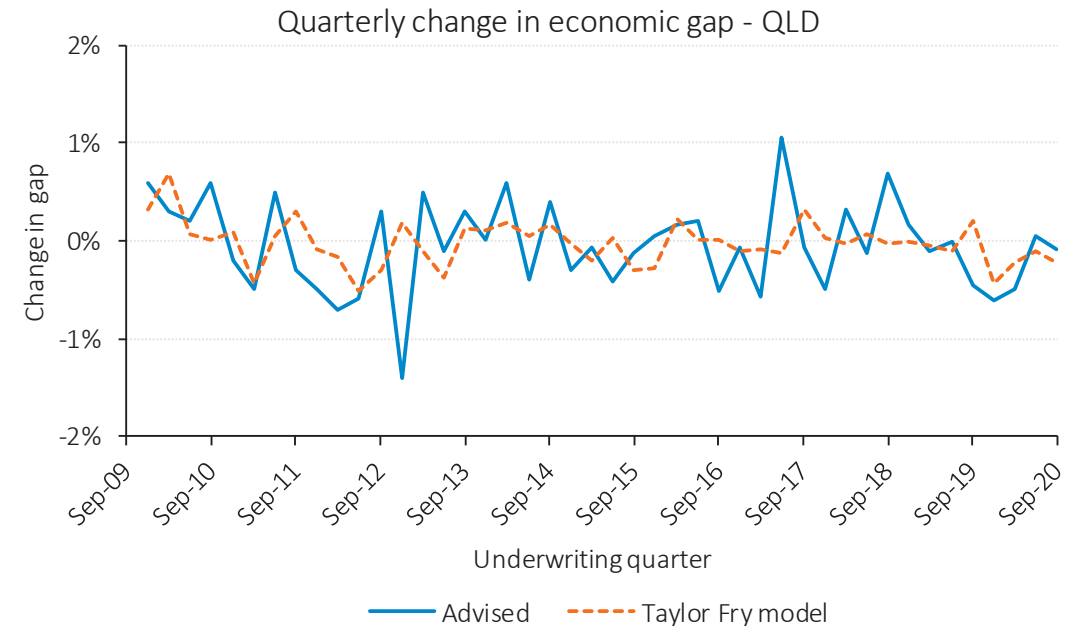
» The gap is at a historical low

Future wage inflation and discount rates

Gap using Taylor Fry inflation model



- » The alternative economic gap using the Taylor Fry market based model is **-1.54%** which is made up of
 - A flat discount rate of **0.59%**, and
 - A flat inflation rate of **2.13%**
- Using the alternative economic gap would **reduce** the headline Class 1 CTP premium by **\$5**



- » A comparison of the quarterly change in economic gap indicates significantly less variability in the movement of economic gap over time from the Taylor Fry model
- » We've had to amend the model from that given in the original paper to cope with the unusual economic conditions

Relativities

Relativities

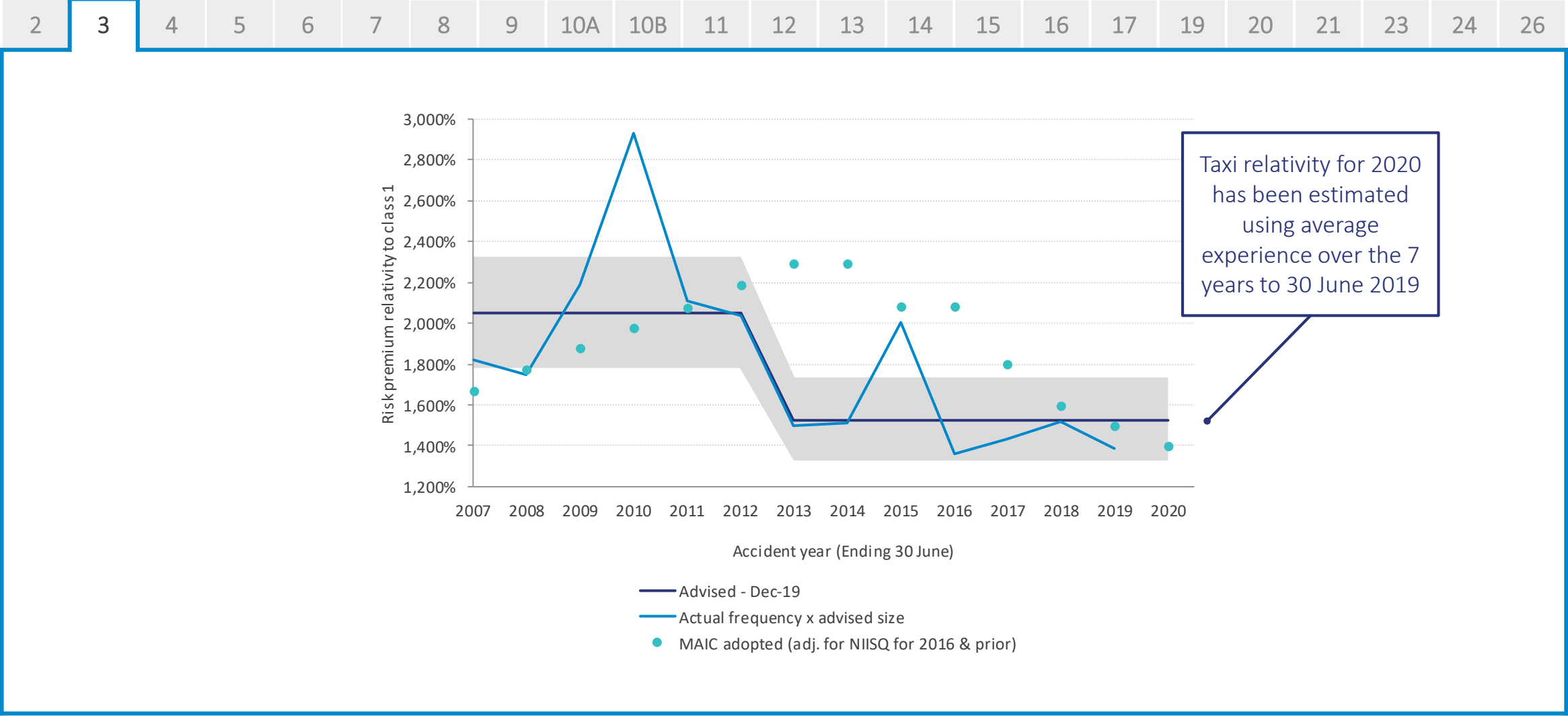
- » Vehicle class relativities are determined for frequency and size and combined into a risk premium relativity
 - The frequency relativities are based on trends in accidents up to 30 June 2019
 - The size relativities are based on the average incurred costs in the 12 accident years to 30 June 2018
- » This year we've built on "post-NIISQ" information. In previous years, we built on "pre-NIISQ" information and adjusted all results to be "post-NIISQ"
- » First we show the table of results. Cases where the latest MAIC adopted relativity sits outside the 90% confidence interval are **highlighted**.
- » Then we present graphs showing the historical net of NIISQ risk premium relativity for selected classes:
 - For comparative purposes, historical MAIC adopted relativities shown in the graphs have been adjusted to reflect the expected change in average claim size following the introduction of the NIISQ
 - The "actual frequency" in each figure shows the variation due to frequency only. We do not show the variation due to size
- » Finally, we show results for class 26, which is estimated separately due to the short time since it was established

Relativities

			90% confidence limits			
		Number of vehicles at Dec-19 (000s)	Central estimate	Lower	Upper	Current MAIC adopted
1	Cars and station wagons	2,856	100			100
2	Motorised homes	17	32	21	45	100
3	Taxis	2	1,526	1,332	1,731	1,400
4	Hire vehicles	50	188	170	208	200
5	Vintage, veteran, historic or street rod motor vehicles	34	7	3	14	12
6	Trucks, utilities and vans 4.5t GVM or less	929	123	118	128	120
7	Trucks, utilities and vans more than 4.5t GVM	80	419	395	444	420
8	Buses: charitable, community service, driver tuition, not otherwise for business or commercial use	6	213	157	276	160
9	Buses: school, therapy, rehabilitation, remedial or special education	4	172	125	226	140
10A	Buses: not class 8, 9 or 10B but used within 350 km of base	3	681	542	833	630
10B	Buses: Translink service contract other than school or restricted school service	2	1,294	1,119	1,480	1,300
11	Buses: not class 8, 9, 10A or 10B	7	576	497	660	520

Relativities

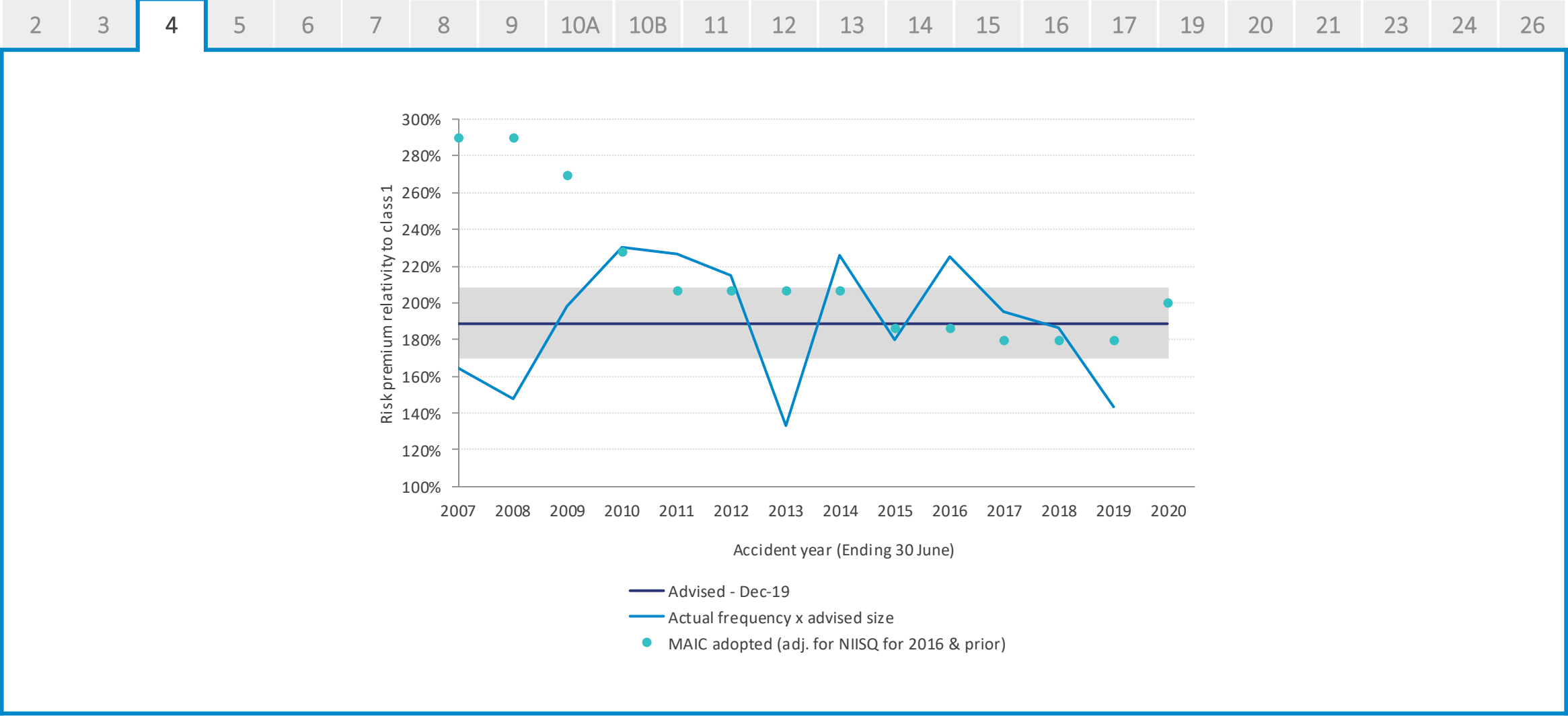
			90% confidence limits			
		Number of vehicles at Dec-19 (000s)	Central estimate	Lower	Upper	Current MAIC adopted
12	Motorcycles: for driver only	91	20	15	26	20
13	Motorcycles: with pillion passenger/sidecar	122	41	35	48	50
14	Tractors	25	9	4	14	15
15	Self-propelled machinery or equipment, fire engines, bush fire brigade and other emergency vehicles	7	149	108	196	100
16	Ambulances	1	271	158	407	200
17	Primary production vehicles	38	54	42	66	45
19	Motor vehicles conditionally registered - limited access	49	25	16	35	35
20	Motor vehicles conditionally registered - zoned access	12	3	1	6	15
21	Self-propelled machinery other than a vehicle of class 14, 15, 19 or 20	9	17	6	34	30
22	Unregistered vehicle permits					
23	Dealer's plate issued	6	23	11	38	100
24	Supplementary trailer insurance including Federal/Interstate	4	5	1	12	20
26	Booked hire vehicles and limousines	18	325	N/A	N/A	200



Relativities

51

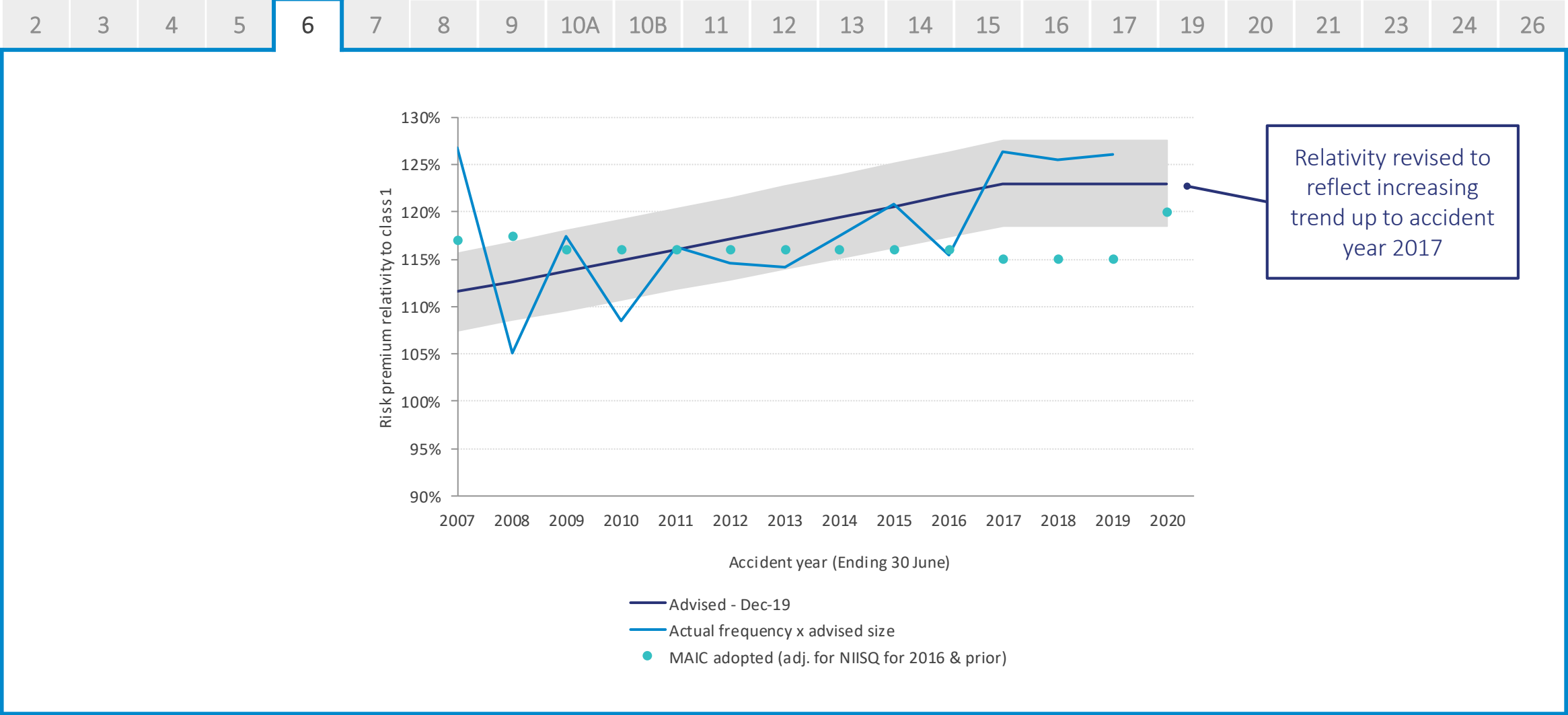
004: Hire vehicles



Relativities

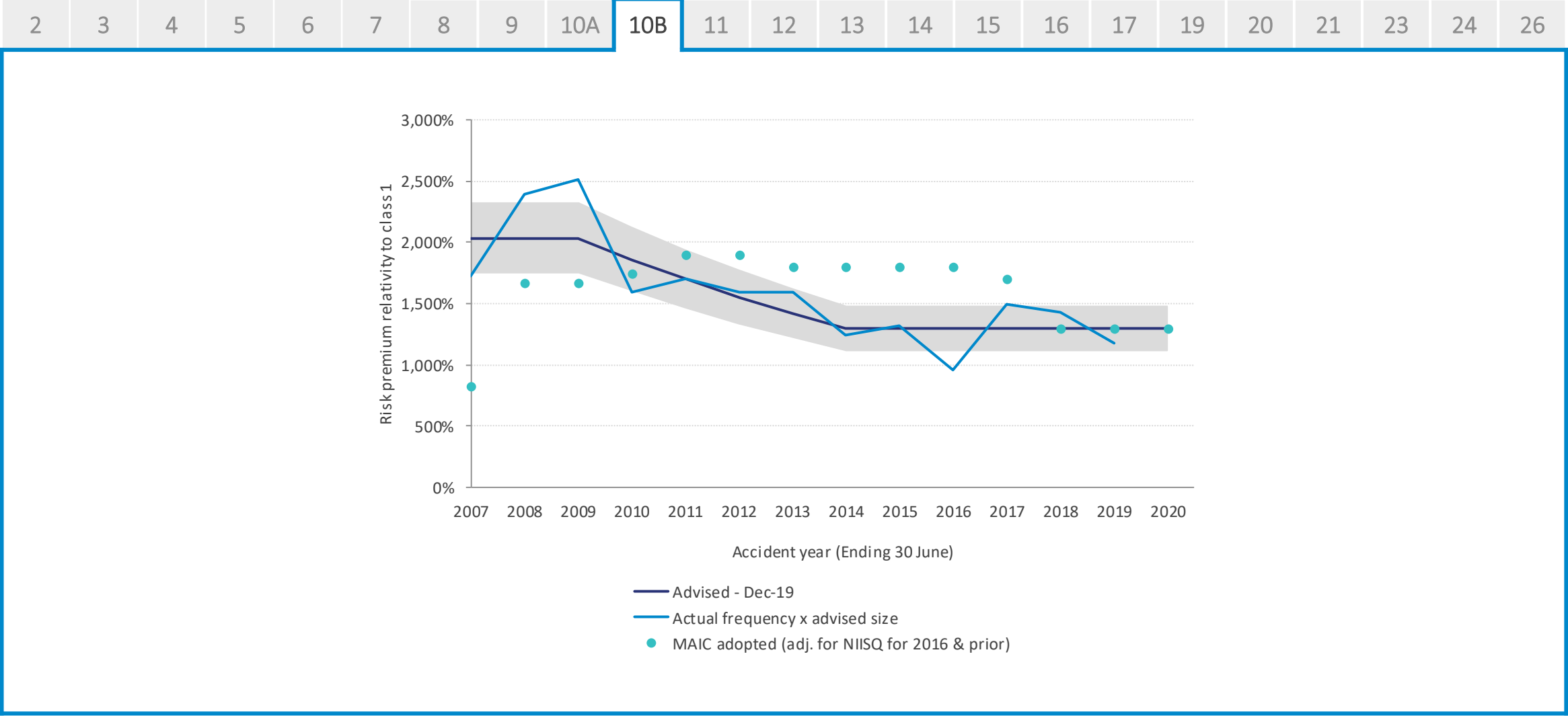
52

006: Trucks, utilities and vans 4.5t GVM or less



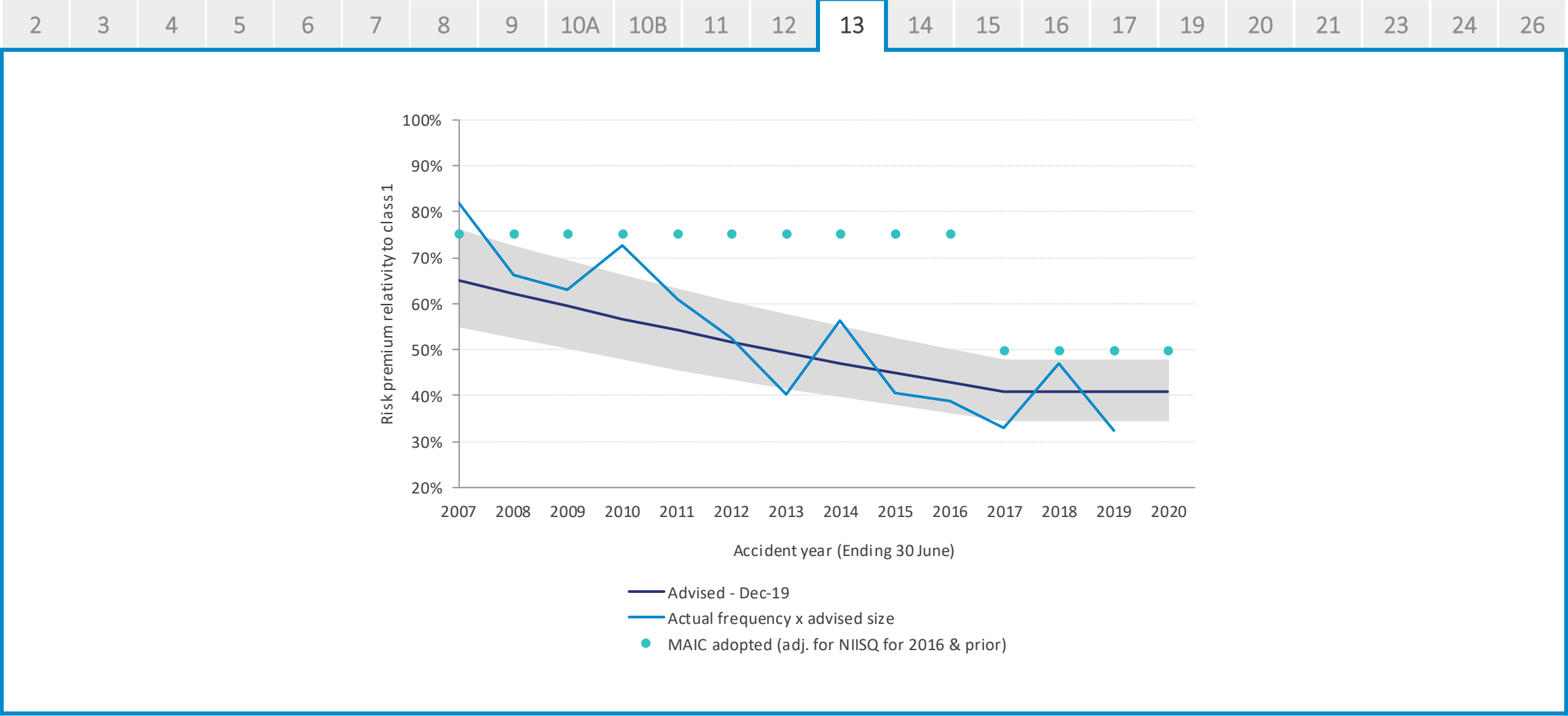
10B: Buses

Translink service contract other than school or restricted school service



013: Motorcycles

with pillion passenger/sidecar



Class 26: Ride booking and limousines

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- » There have been 128 Class 26 claims notified to date with 49 finalised. This is consistent with a [frequency relativity of 325%](#)
- » Although the number of claims to date is small and we expect future volatility, the evidence suggests that the eventual relativity will be higher than the latest [MAIC adopted assumption of 200%](#)
- » One complicating factor which MAIC should be aware of is that the claims incurred so far appear to be lower than average, consistent with a claim size relativity of 62%. In our opinion, there is a good chance that this low claim size relativity to date is simply due to chance and that it settles closer to 100%. However, if both the 62% and 325% are sustained, the overall relativity will be very close to the current MAIC adopted
- » As at 31 December 2019, there were 18,144 vehicles registered in Class 26



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