



JP Morgan – ‘Meet the regulator’

Neil Singleton – Insurance Commissioner

Virtual presentation

28 May 2021



Agenda

- About MAIC
- Scheme overview
- Scheme key metrics and performance
- Looking ahead
- Wrapping up

Motor Accident Insurance Commission

Queensland's compulsory third party insurance scheme regulator

Functions

- **Licensing and supervising CTP insurers**
- **Monitoring the scheme**
- **Fixing CTP premium ceilings and floors**
- Setting levies and fees to support the scheme
- Promoting research, education and infrastructure to mitigate road trauma
- Claims and insurance policy data collection and analytics
- Compensating people who are injured as a result of the negligent driving of an unidentified or uninsured motor vehicle through the Nominal Defendant
- Administering the Nominal Defendant and Motor Accident Insurance funds





Scheme Overview



Scheme Snapshot

Total premiums collected (2019-20)*

\$1.68B

* Includes levies and admin fee



Total number of
registered vehicles in
Queensland as at
31 March 2021

4.45M

New
Claims

7,037
(2019-20)

Class 1
premium
\$343.20

2020-21 Annual levies per vehicle (Class 1)

Statutory
insurance
scheme levy
\$1.50

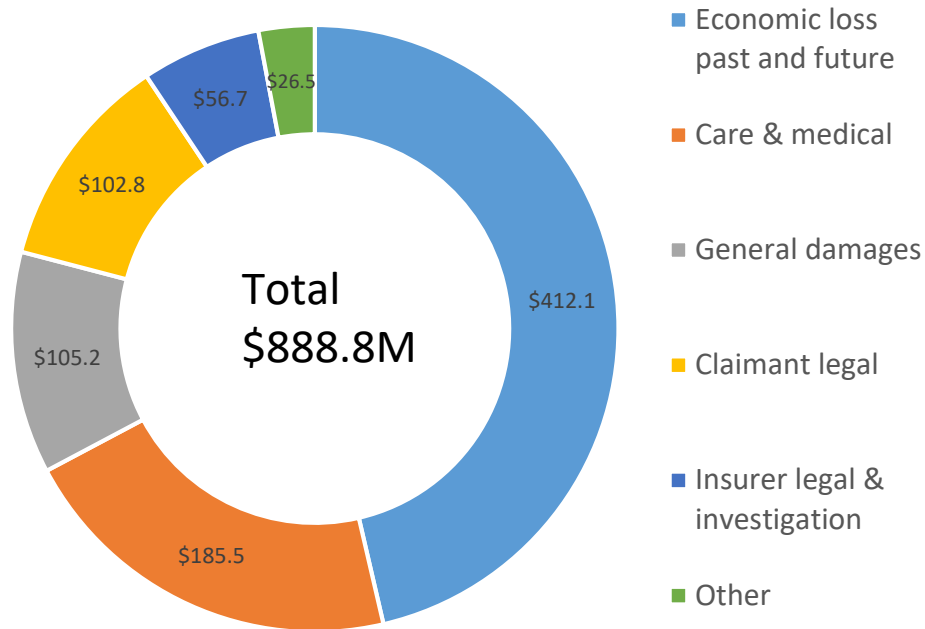
Nominal
Defendant
levy
\$8.45

NIISQ levy
\$90.50

DTMR
admin fee
\$8.00

Hospital and
emergency
services levy
\$18.15

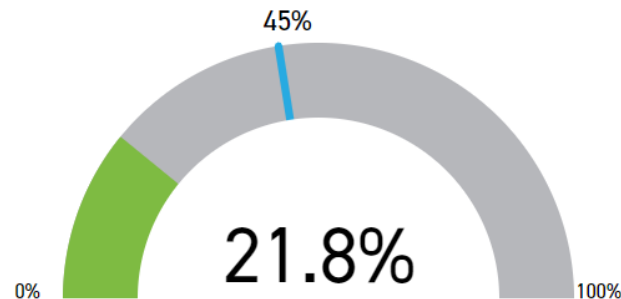
Heads of Damage – March 2020-21



Scheme Affordability and Efficiency

- Queensland CTP premium continues to be most affordable in mainland Australia.
- From 1 January to 31 March 2021, the Class 1 premium (\$351.60) was 21.8 per cent of Average Weekly Earnings.

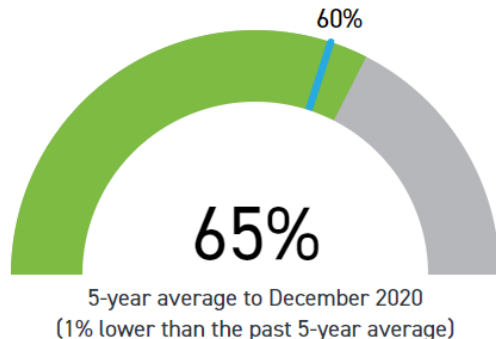
Affordability Level as at March 2021



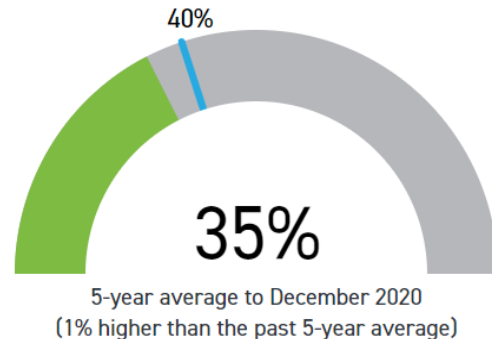
Efficiency measures

- Aiming to increase proportion of premium paid as a benefit to claimants
- Delivery costs has risen slightly – effect of reforms and COVID-19 restrictions

Current claimant benefits

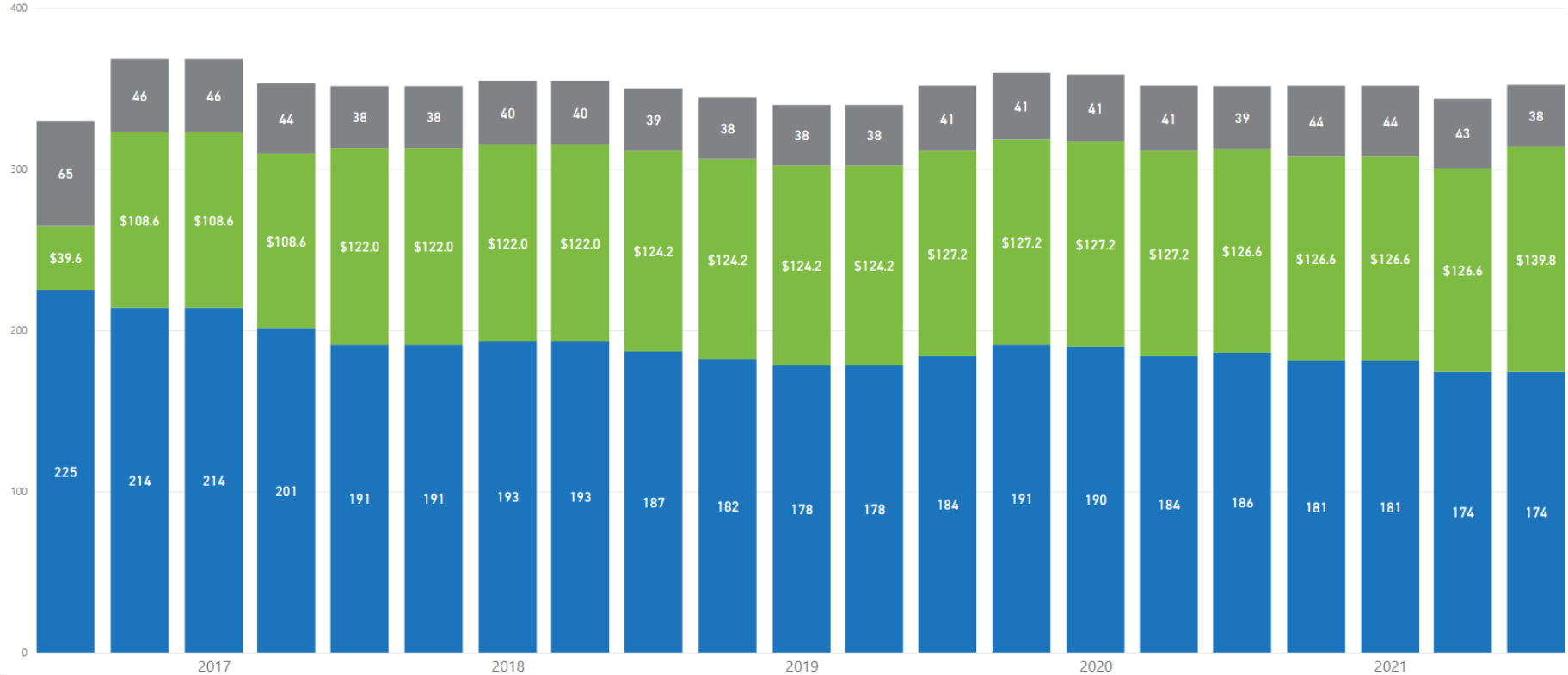


Current delivery costs



CTP premium Class 1 vehicle: July 2016 – July 2021

● Insurer risk premium ● Levies and fee ● Insurer allowance and profit



MAIC Scheme Insights report

Quarterly CTP Scheme Insights: Jan-Mar 2021

Overview

The first quarter of 2021 saw Queensland's CTP insurance scheme continue to perform well to meet the needs of motorists and people injured in motor vehicle crashes.

From January to March 2021:

- our CTP insurance scheme remained efficient and affordable
- the number of claims lodged each quarter remained lower than before we introduced car crash scammer ('claim farming') legislative reforms
- we enhanced our online form for CTP insurance claims following user feedback and saw increased adoption.

In the upcoming quarter, we will:

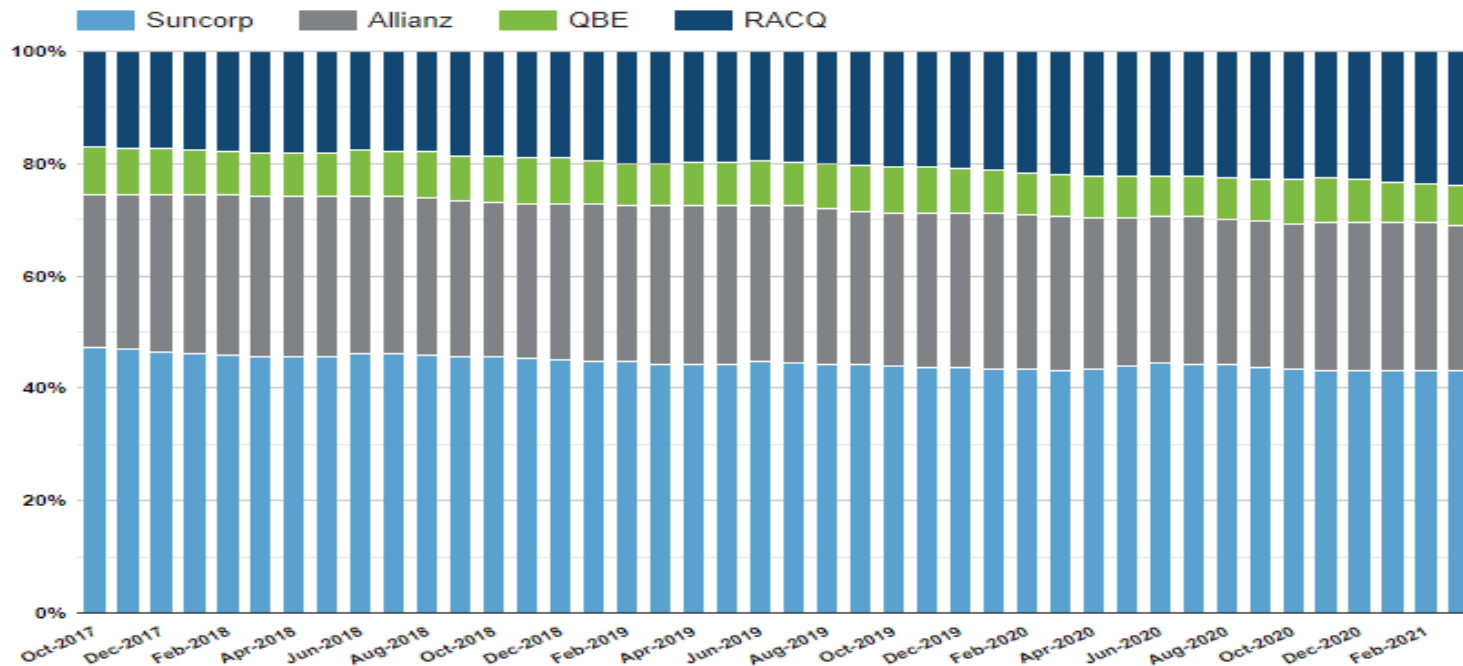
- retain our strong emphasis on deterring car crash scamming
- continue to examine how digital forms will improve the process of requesting or managing rehabilitation requests, reimbursement requests and treatment plans
- complete our audit of rehabilitation management by licensed CTP insurers.



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Insurer Market Share – Premium Based...2017-2021

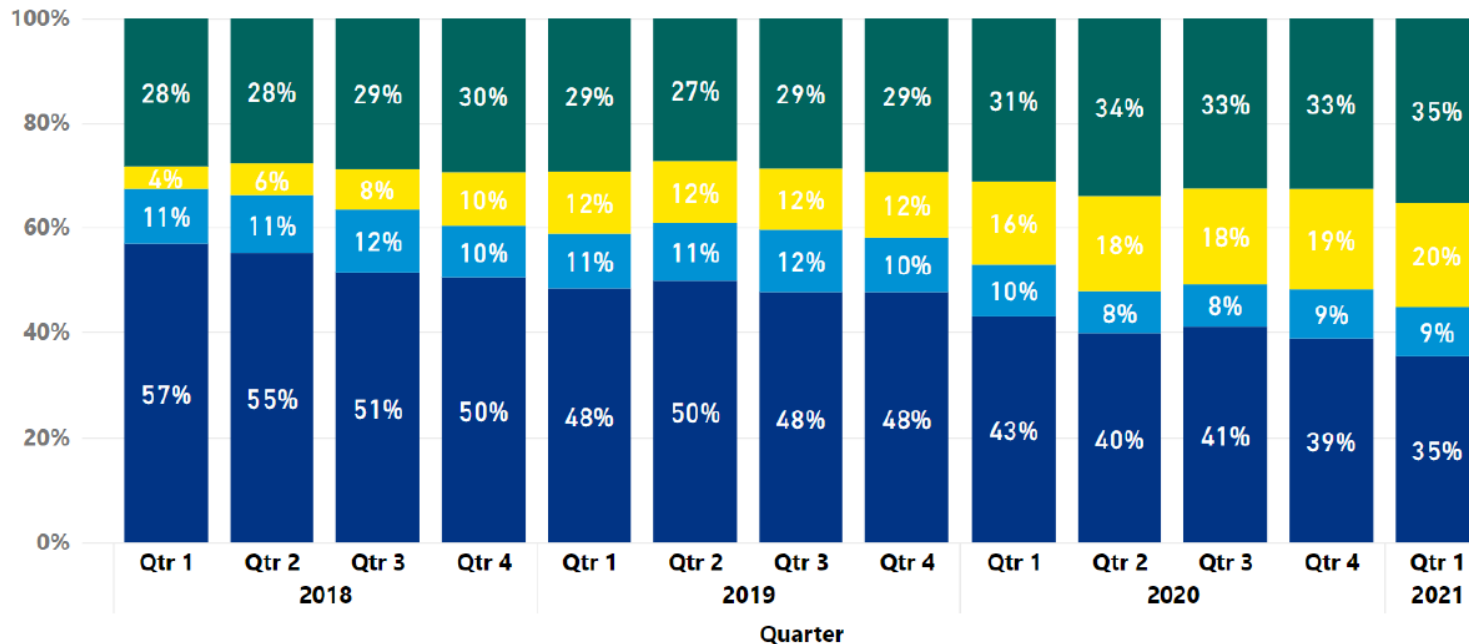


- Market shares broadly stable – switching insurer mainly occurs at first renewal
- Competition ‘below the line’ – multi-product discounts, driver at fault cover

Motor Dealer sales channel - by Insurer 2018-2021

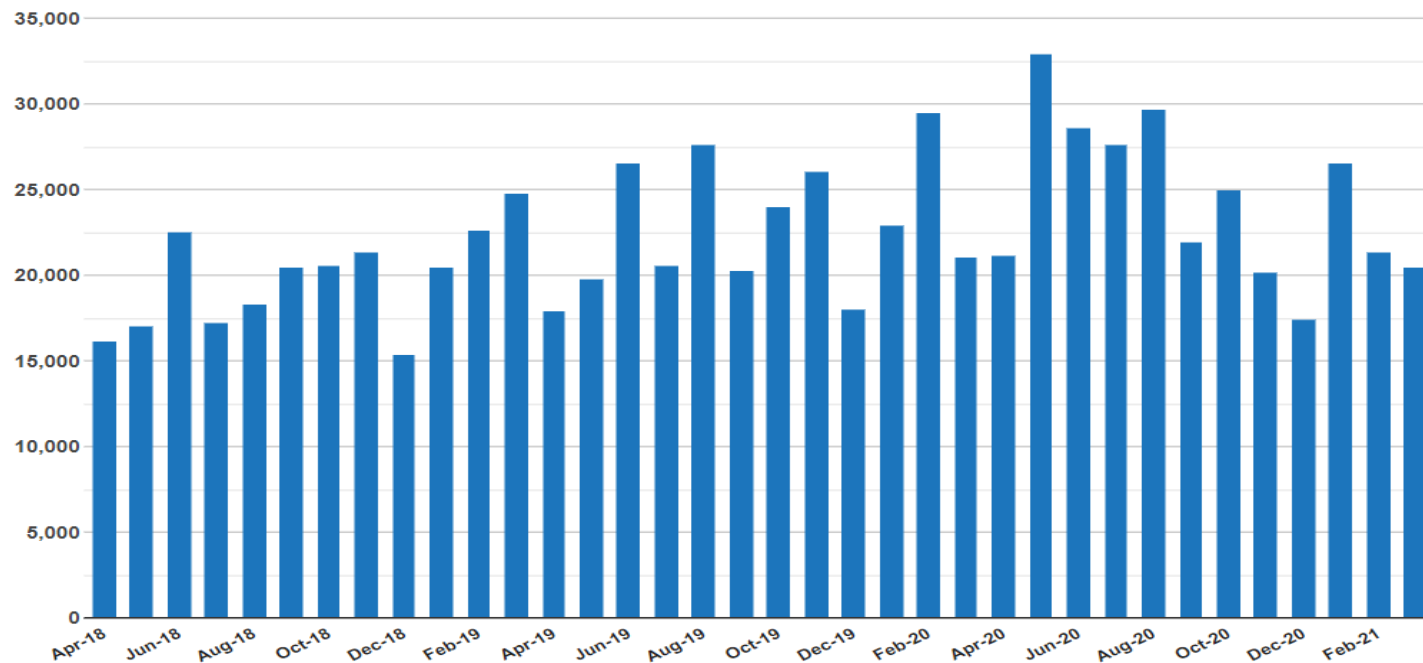
Regulatory focus on motor dealer channel – change in CTP sales patterns

Insurer ● Allianz ● QBE ● RACQ ● SUNCORP



Number of Motorists Switching Insurer 2018-2021

There has been a general upward trend in switching over the last few years.



Note: as at 31 March 2021.

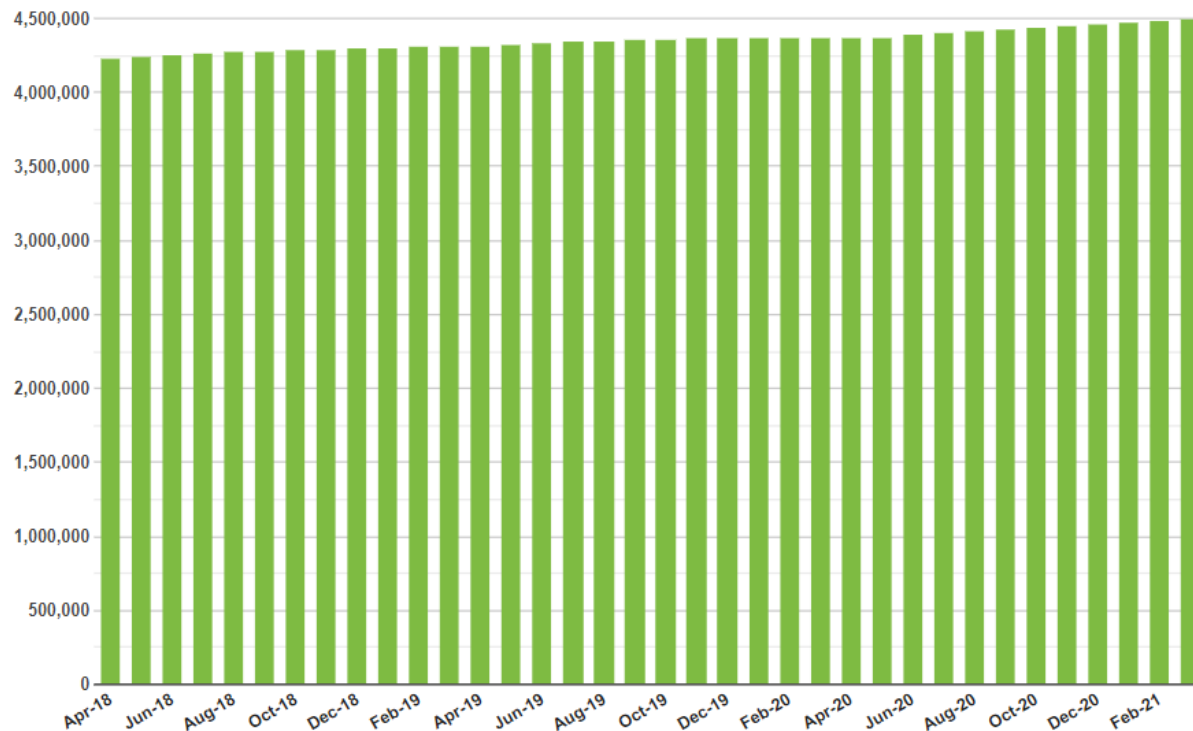


Scheme key metrics and performance

- Registered vehicles
- Claims frequency
- Insurer profitability
- Where the premium dollar goes

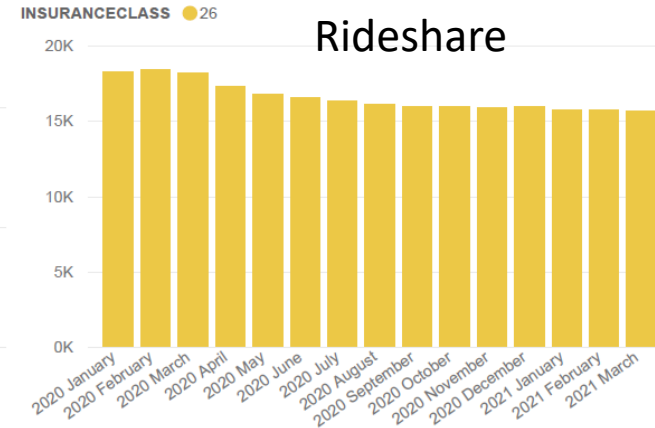
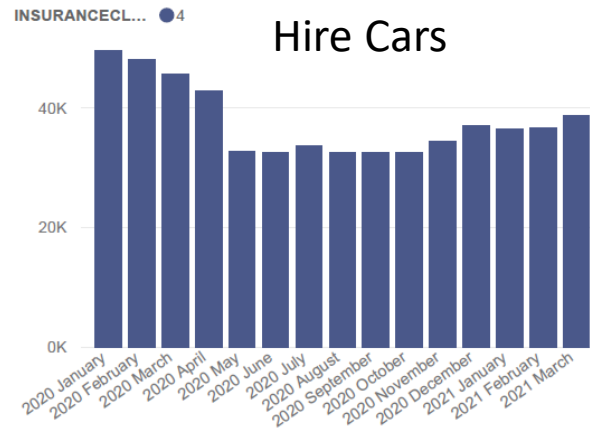
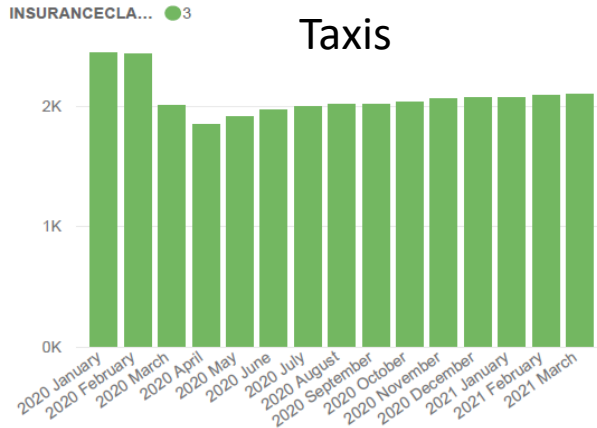


Registered Vehicles (4.45M at 31 March 2021)



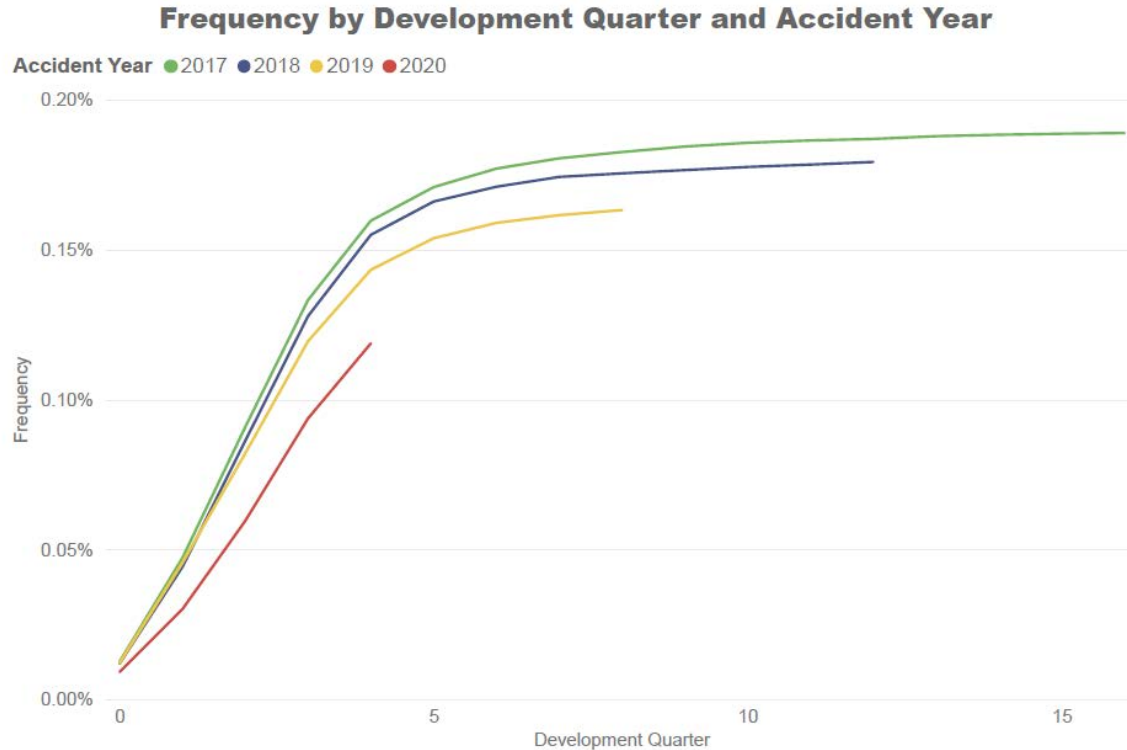
- Vehicle numbers 'flattened' in early 2020 but have since rebounded

Registered Vehicles - Classes 3 (Taxis), 4 (Hire Cars) & 26 (Ride Share)



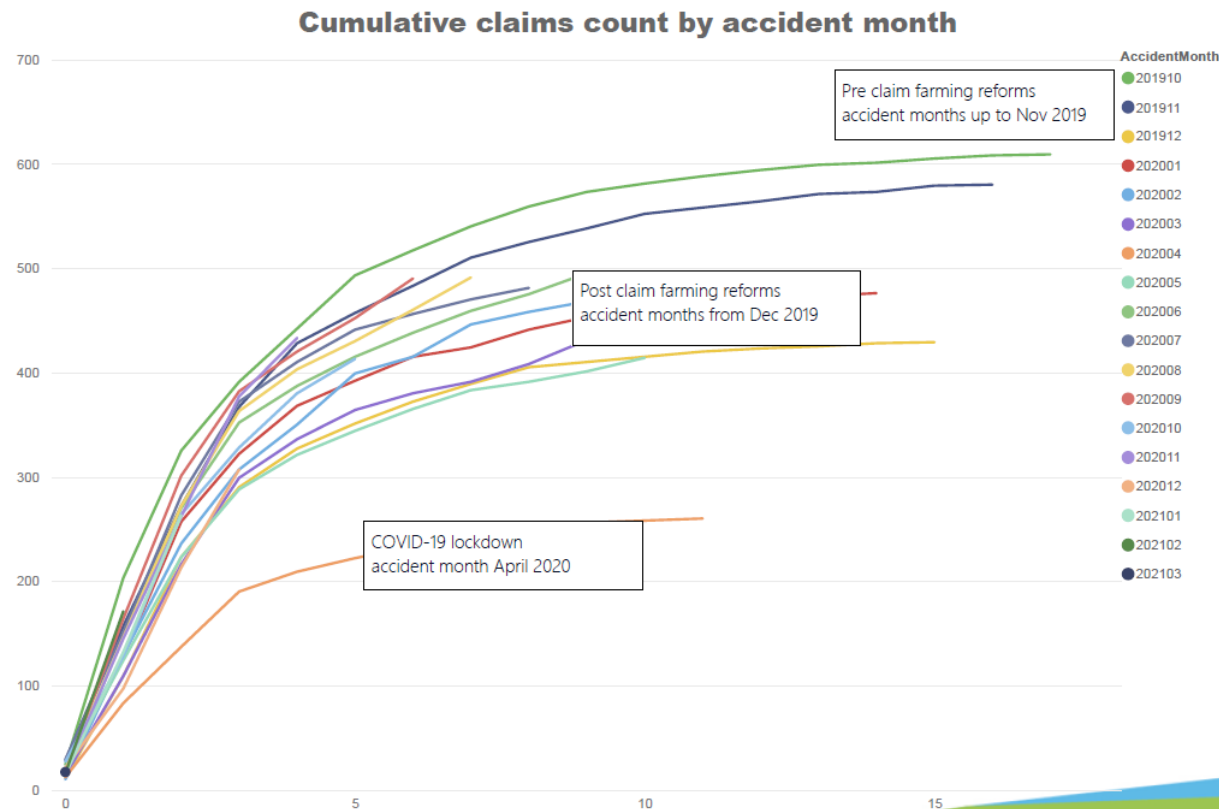
- Taxi, Hire Car and Rideshare vehicles dropped following COVID-19 lockdown.
- Drop in taxis almost entirely from Brisbane and Gold Coast areas
- Since the low of April 2020, hire cars have increased significantly, while class 3 has increased slightly and class 26 has decreased slightly.

Claim Frequency



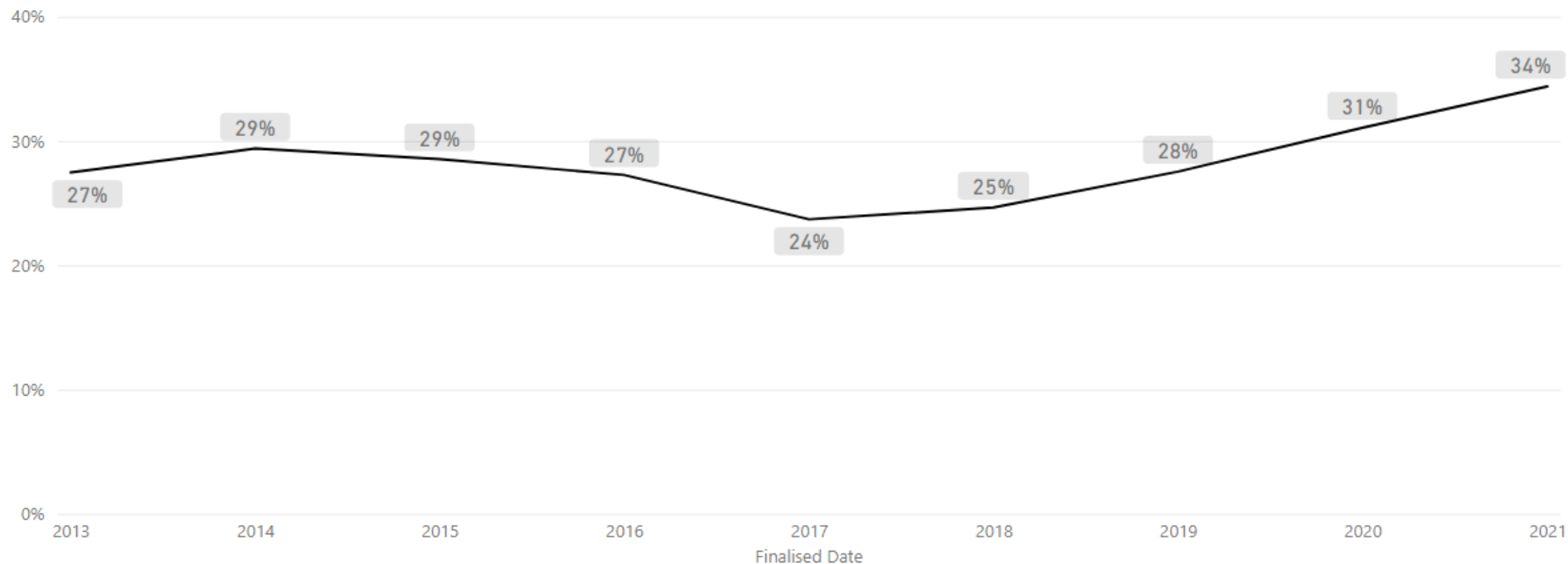
Claim farming reforms in December 2019 'anticipated' and appear to have influenced 2019 and 2020 frequency. Compounded by effect of 2020 COVID lockdowns

Frequency Cont'd



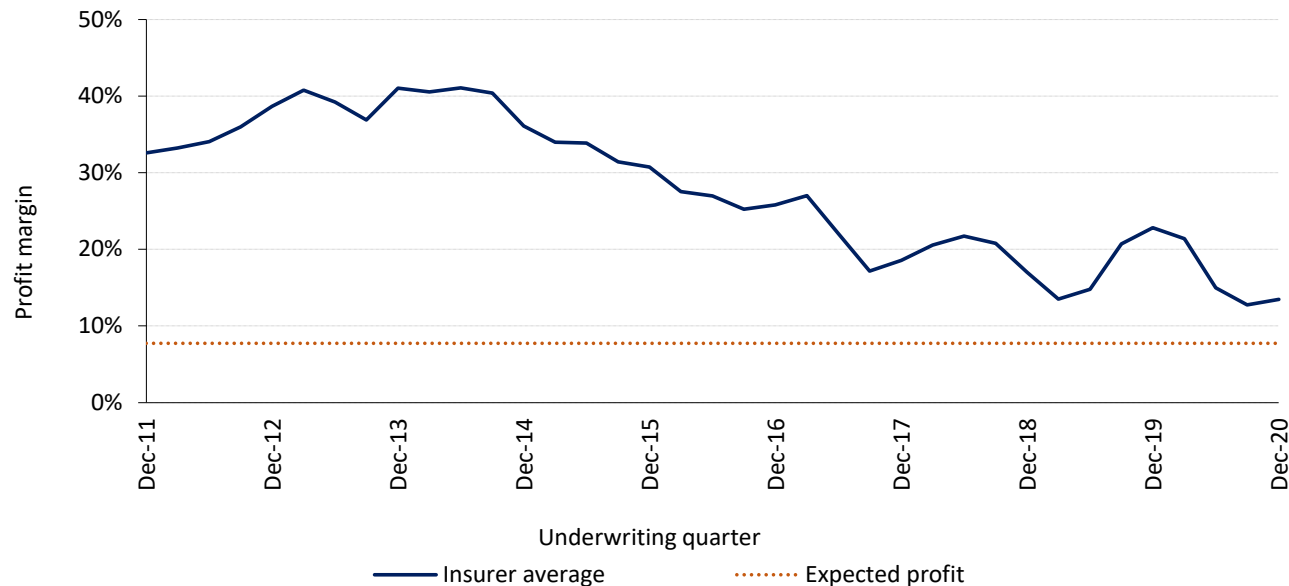
- April 2020 period has effectively been ignored for premium purposes
- 2021 frequency emerging above 2020
- Will require more time to 'unpick' effect of reforms and effect of COVID-19 restrictions

Psychological Injury Claims



Proportion of claims involving 'secondary psychological injury' have increased. Primarily anxiety rather than PTSD
A range of factors appear to be contributing to this. How insurers respond is also a factor

QLD CTP Scheme Insurer retrospective profit margin



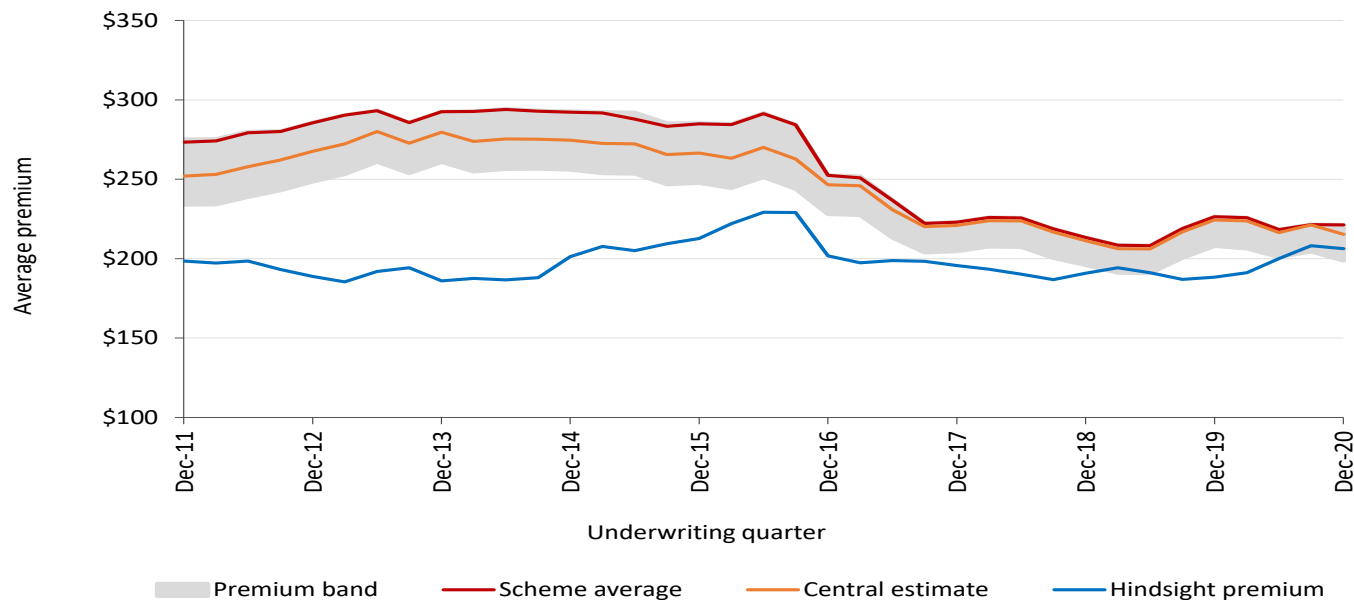
- Scheme-level Insurer profits remain well above assumed allowance of 8%
- Each insurer has different scale and market propositions
- Individual insurer outcomes vary from scheme average

Retrospective profit – historical trend

Underwriting year	Measurement year								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(2.5% p.a. SI)				(1% p.a. SI)			(0.5% p.a. SI)	
2012	12%	18%	27%	31%	35%	37%	36%	35%	35%
2013		17%	29%	35%	40%	43%	42%	39%	39%
2014			24%	28%	38%	41%	41%	40%	40%
2015				18%	32%	37%	36%	34%	32%
2016					25%	26%	25%	25%	26%
2017						14%	17%	17%	21%
2018							10%	12%	20%
2019								5%	18%
2020									16%

- Historical profit margins have remained high – no adverse scheme trends
- Recent years starting very favourably for insurers
 - MAIC held premiums stable in the face of COVID uncertainty
 - Effectiveness of claim farming reforms

QLD CTP Scheme – Hindsight view of risk premium



- Insurer have typically filed at ceiling or maximum allowed price
- MAIC tightening premium assumptions since 2016

Scheme performance – where the premium dollar goes

Scheme delivery	Components	Payment types	Proportion of premium (Recent 5 underwriting years)
Claimant benefits	Payment to claimant	Care and medical payments	9%
		Economic loss	33%
		General damages	8%
		Other payments (pre-approved costs, legal plaintiff costs, trustee fees and recoveries)	9%
	H & E Levy	Hospital and Emergency Services (H&E) levy	6%
Delivery cost	Insurer profit	Insurer's profit margin	19%
	Legal and investigation costs	Legal defendant costs and insurers' investigation costs	4%
	Admin levies	Statutory Insurance Scheme levy and Queensland Transport Administration fee	3%
	Other costs	Acquisition costs	3%
		Reinsurance costs	1%
		Claim handling expenses (CHE)	4%

- 65% of premium paid to claimant benefits
- 'Better practice' would expect to see this increase



Looking ahead



Car crash scamming reforms

MAIA amendments commenced December 2019

- Positive engagement from lawyers and insurers
- MAIC has invested in specialist analytics, investigation and legal expertise

Progress

- Claim frequency in 2019 started to reduce....“in anticipation of the reforms”?
- Complaints/referrals from the public have reduced materially...
- ...but haven't completely ceased so it is apparent some activity persists
- MAIC continues to focus on awareness and deterrence activity
- Premium savings currently estimated at \$17 per policy...as well as broader public benefits

Autonomous vehicles (AVs)

National Transport Commission (NTC) Reforms

- Reform progress slowed during COVID-19 response
- Target implementation date not set, but reforms are expected to occur
- Mixed global news on AV front
 - Tesla fatal crash in US
 - UK legislate for driverless vehicles
- Further info at www.ntc.gov.au

NIISQ reforms

- Insurance Commissioner to also be appointed NIISQ CEO June 2021 – better align schemes

Digital claim project

Digitised claim lodgement

- On-line (eNOAC) now operational
- Uptake by direct claimants and law firms
- MAIC continues to explore identity verification and document witnessing aspects

Digitised claim process

- Ongoing activity to implement digital medical certificates, treatment and rehabilitation plans, reimbursement processes
- MAIC portal directly linked to licensed insurers
- Significant opportunities to digitize 'end to end' claim process

First Peoples claim initiative

Ensure CTP scheme is safe and respectful to all

- Identify and address barriers to scheme access for all injured people
- Address over-representation of First People in serious road trauma and fatalities...
- ...but anecdotal feedback suggests there is also under-utilisation of the CTP scheme
- Engagement with respected Elders and trusted advisers. Campaign with FPDN and ATSILS
- Three year Griffith Uni research program to track experience and inform opportunities
- MAIC will transition focus to road safety and injury prevention messaging over time

Wrapping up – our focus 2021-22

- Continuing focus on scheme affordability and fairness
- Ensure ongoing effectiveness of 2019 claim farming reforms
- Smart insurer supervision and scheme monitoring
- Continue to implement/expand claim digitisation processes
- Better alignment between CTP and NIISQ schemes





Thank you

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1800 CTP QLD (1800 287 753)



Motor Accident Insurance Commission



@maicqld