

2019 CTP Scheme Insights



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1. Overview

Introduction

Queensland benefits from one of the most stable, fair and affordable CTP insurance schemes in Australia.

In Queensland, Compulsory Third Party (CTP) insurance protects motor vehicle owners and drivers from being held financially responsible if they injure someone in a motor vehicle accident. It also enables a person who is injured wholly or partly due to the actions of another driver to access medical treatment and rehabilitation support as well as receiving fair and timely compensation.

As the name suggests, CTP insurance is a compulsory product, conveniently and cost-effectively purchased by motorists along with their vehicle registration. Because it is compulsory, there is a scheme objective to ensure premiums remain affordable for motorists.

CTP insurance is important for motorists and injured people alike. The average cost of a CTP insurance claim is around \$100,000 and some claims can cost millions of dollars. This would represent a life-altering burden for motorists if they were required to pay this compensation from their own pockets.

The Motor Accident Insurance Commission (MAIC) regulates Queensland's CTP insurance scheme. For over 25 years, MAIC has delivered financial protection for motorists, recovery for claimants, opportunity for service providers, and economic growth and skills building in the community.

MAIC continually looks for ways to ensure that CTP insurance remains affordable for motorists, and that genuinely injured people have timely access to treatment, rehabilitation and fair compensation. We also invest in initiatives and research to help reduce the incidence and effects of road trauma.

The Queensland CTP insurance scheme is well positioned to efficiently and effectively meet the needs of Queensland road users. This report offers our stakeholders and community an overview of scheme trends and performance up to December 2019.

Highlights from 2019

- Premiums are highly affordable, with the annual premium sitting at 23% of a Queenslander's average weekly wage. This is the best level of affordability of any Australian CTP insurance scheme.
- Scheme efficiency is improving, with claimant benefits above 60% of premium – with scope to improve even further in 2020.
- Scheme reforms introduced in December 2019 aim to put a stop to car crash scammers or 'claim farmers'.
- Queensland Government road safety initiatives developed to stop distracted driving and keep Queenslanders safe on our roads.
- Funding of new research and initiatives to reduce the incidence and effects of road trauma.

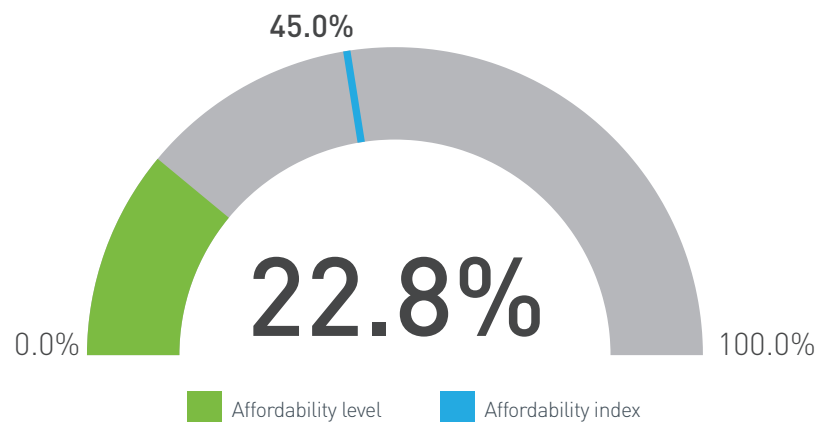
What's coming in 2020

- Implementation of claim farming reforms.
- Exploration of digital claims processing.
- Introduction of claims management standards.
- Option for one-month payment terms for vehicle registration and CTP renewal.
- Continued investment in road safety and road trauma research and initiatives.
- Collaboration with key agencies in relation to autonomous vehicles.
- Motorist market research survey.

2. Affordability

Delivering the second-lowest CTP insurance premiums in Australia

Queenslanders pay the second-lowest actual CTP insurance premium in the country. In fact, when measured as a percentage of Average Weekly Earnings, Queensland has the most affordable premiums in Australia. From October to December 2019, the Class 1 premium (\$359.20) represented 22.8% of Queensland Average Weekly Earnings.



Notes: Class 1 premium as at 31 December 2019 (\$359.20) is 22.8% of Average Weekly Earnings (\$1,574).

The affordability index compares the Class 1 premium to the Queensland full-time adult persons ordinary time weekly earnings in the original series (produced by the Australian Bureau of Statistics), most recently published at the time of premium setting.

Average filed premiums for calendar year (Class 1 vehicles)

Insurer	2014	2015	2016	2017	2018	2019
Allianz	\$334.60	\$332.10	\$341.10	\$355.05	\$351.10	\$347.20
QBE	\$336.10	\$333.10	\$341.10	\$356.30	\$351.10	\$347.20
RACQI	\$336.10	\$333.10	\$341.10	\$356.30	\$351.10	\$347.20
Suncorp	\$336.10	\$328.35	\$341.10	\$356.30	\$351.10	\$347.20

Note: as at 31 December 2019.

In Queensland, CTP insurance provides unlimited liability protection to vehicle owners and operators. CTP insurance premiums are based on a community rating model based on different vehicle classes where the same premium applies to all vehicles in that class.

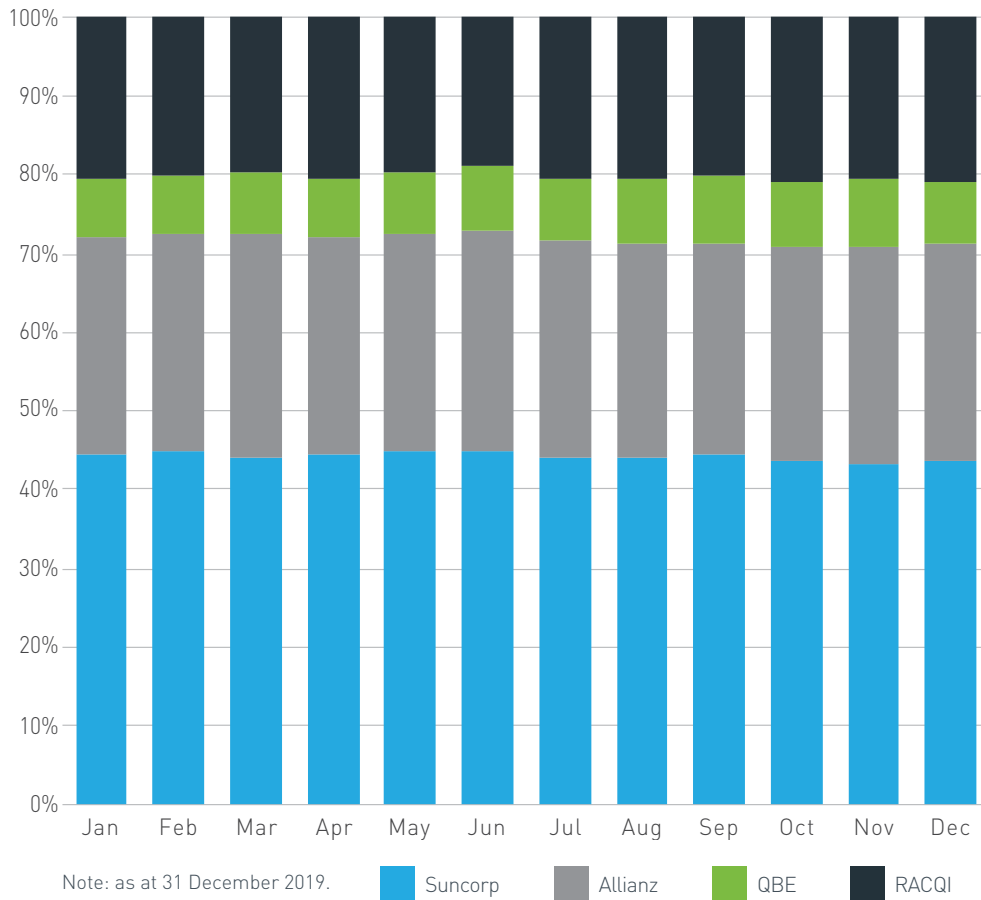
Some other CTP insurance schemes offer risk-rated premiums where premiums vary based on factors selected by insurers such as driver details, vehicle details or garage address. In another jurisdiction that uses risk rating, a Class 1 vehicle annual CTP insurance premium can vary by hundreds of dollars depending on risk factors.

Queensland CTP premiums can be paid on an annual, six-monthly or quarterly basis to offer Queensland motorists flexibility to budget for the cost of vehicle registration and CTP insurance. Monthly registration periods are also coming in 2020 to provide another option for motorists.

Insurers can compete on price between a regulated floor and ceiling range. For several years now, all insurers have chosen to file at the maximum allowable (ceiling) price for all vehicle classes. Insurers compete for market share based on their brand image and incentives and benefits that they offer to motorists, like at-fault driver protection, gift cards and charity donations.

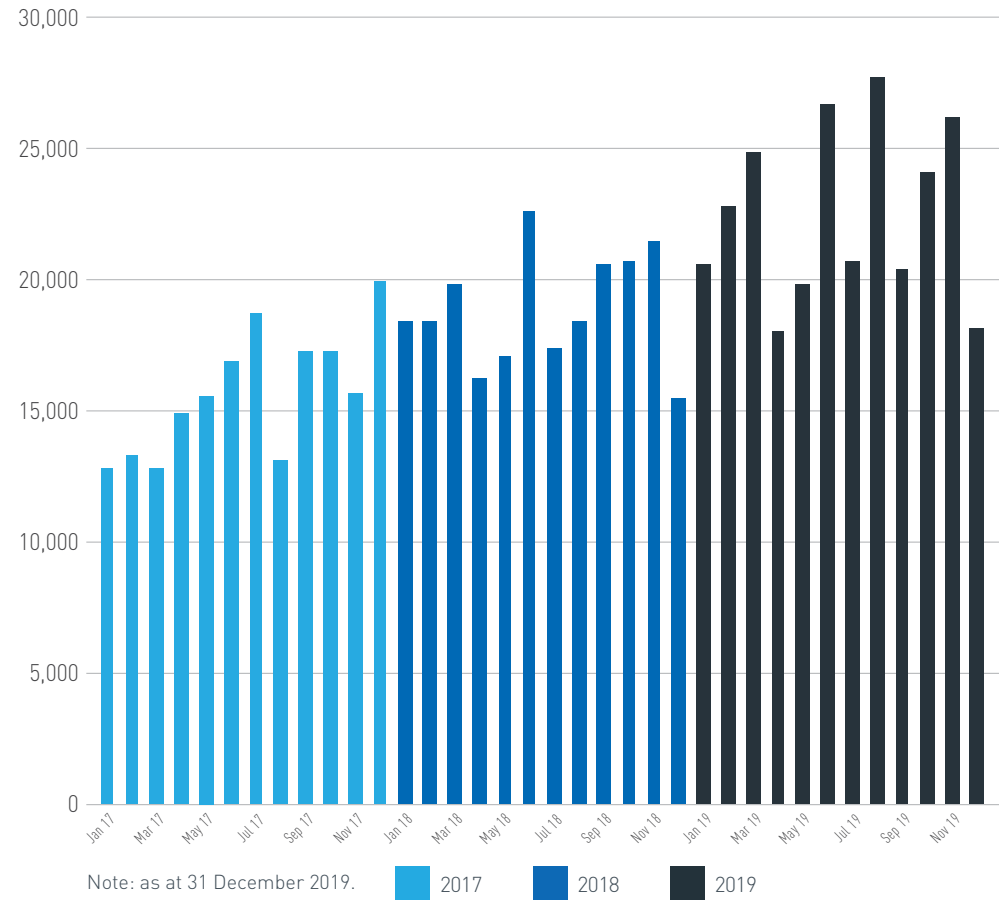
Insurer market share (January – December 2019)

Market shares remained broadly stable throughout the year.



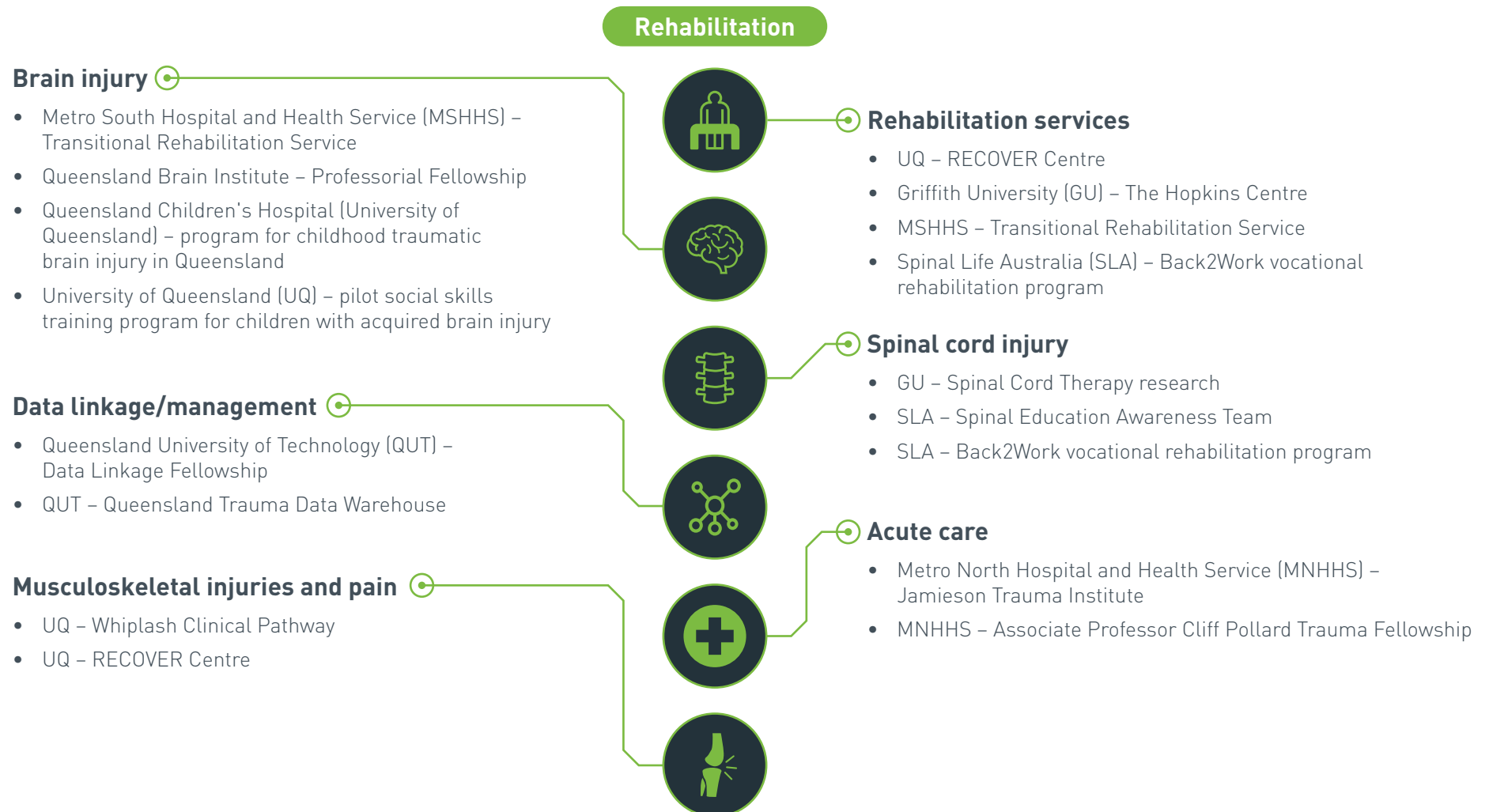
Number of motorists switching insurers (January 2017 – December 2019)

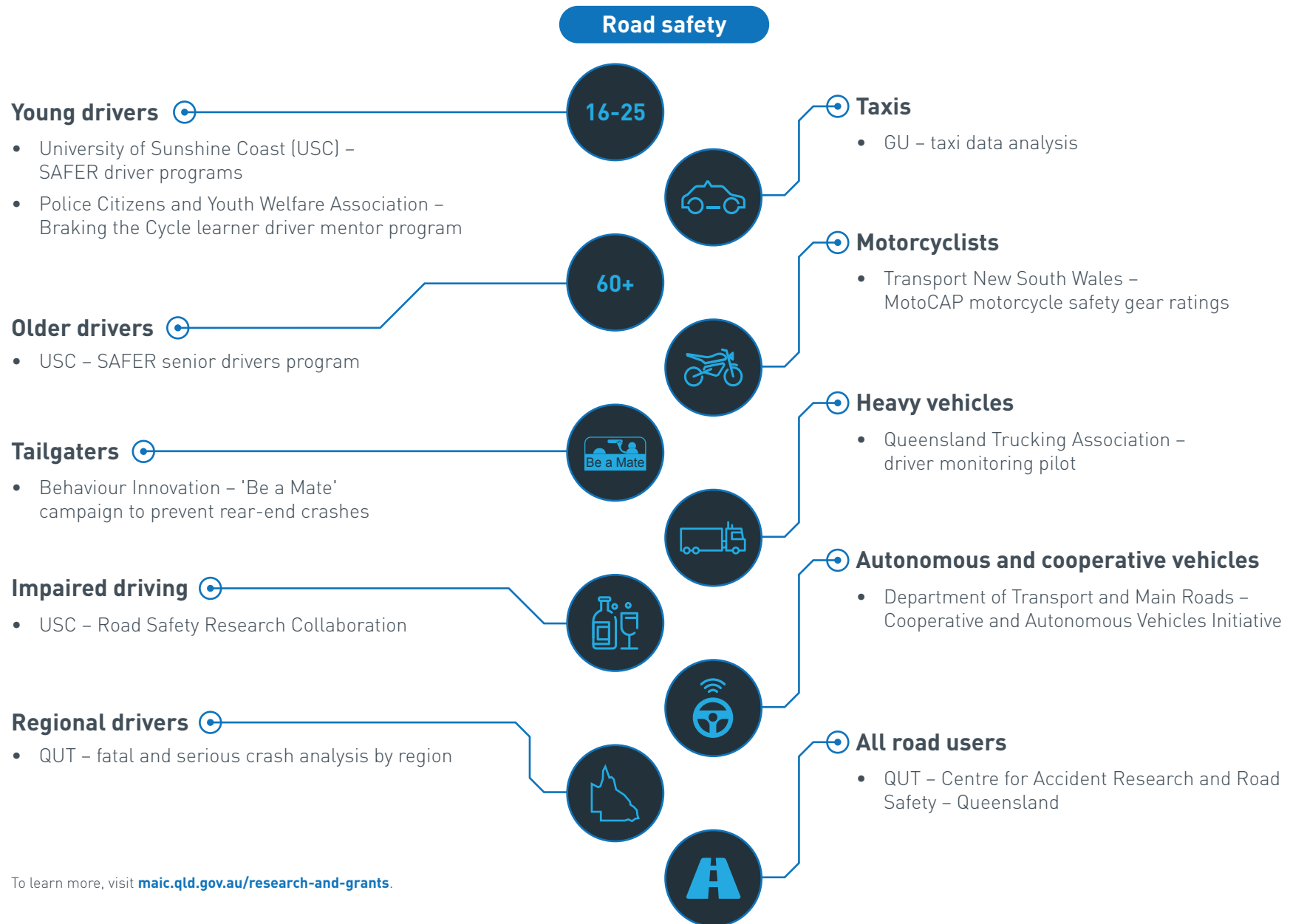
We saw modest but increasing signs of vehicle owners switching their CTP insurer.



Supporting initiatives to reduce the incidence and effects of road trauma

MAIC invests in initiatives and research to help reduce the incidence and effects of road trauma, which has a positive effect on society as well as the affordability of CTP insurance. Featured below are some of the many road safety and rehabilitation initiatives that we are proud to support.





To learn more, visit maic.qld.gov.au/research-and-grants.

3. Efficiency

Balancing claimant benefits with scheme delivery costs

CTP premiums cover claimant benefits (compensation for injury) and delivery costs (including insurer administration costs and profit margin).

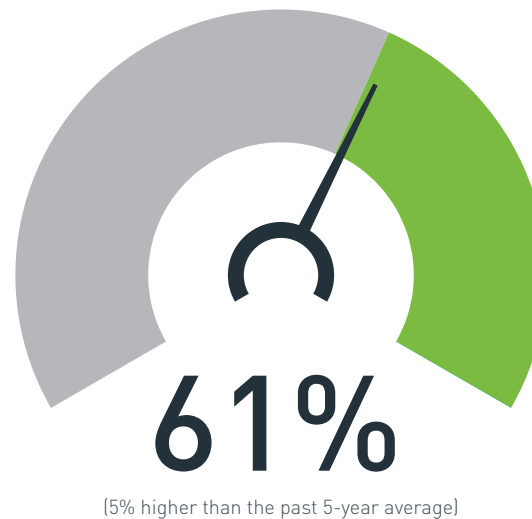
The aim is to keep claimant benefits above 60% and delivery costs under 40% of CTP insurance premiums.

In 2018-19, the scheme achieved 61% of the CTP insurance premium going towards claimant benefits, which is 5% higher than the past 5-year average.

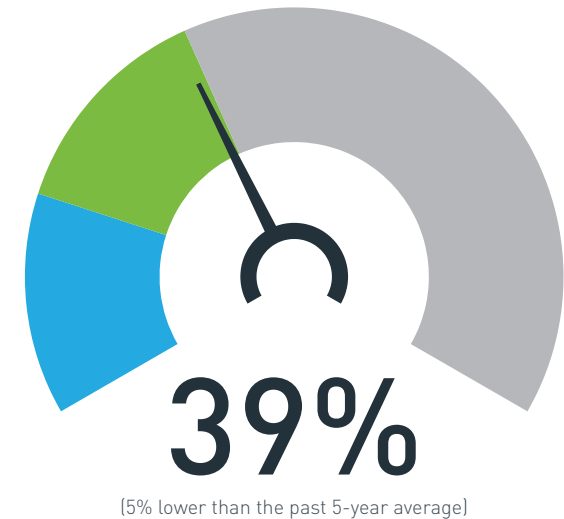
Following the 2016 CTP Insurance Scheme Review, MAIC has continued to tighten premium-setting assumptions to achieve a fair balance between premiums paid by motorists and profits for insurers.

In 2018-19, insurer profits measured over the prior 5-year period were 25%, which is 6% lower than the 5-year average measured in 2017-18. CTP insurer profits are expected to move closer to the 8% margin assumed in pricing over time. Profitability is measured at a whole of scheme level. Individual insurer profitability varies from the scheme average due to a range of performance factors.

**Current claimant benefits
(5-year average to Dec 2018)**



**Current delivery costs
(5-year average to Dec 2018)**



Ensuring timely resolution of claims

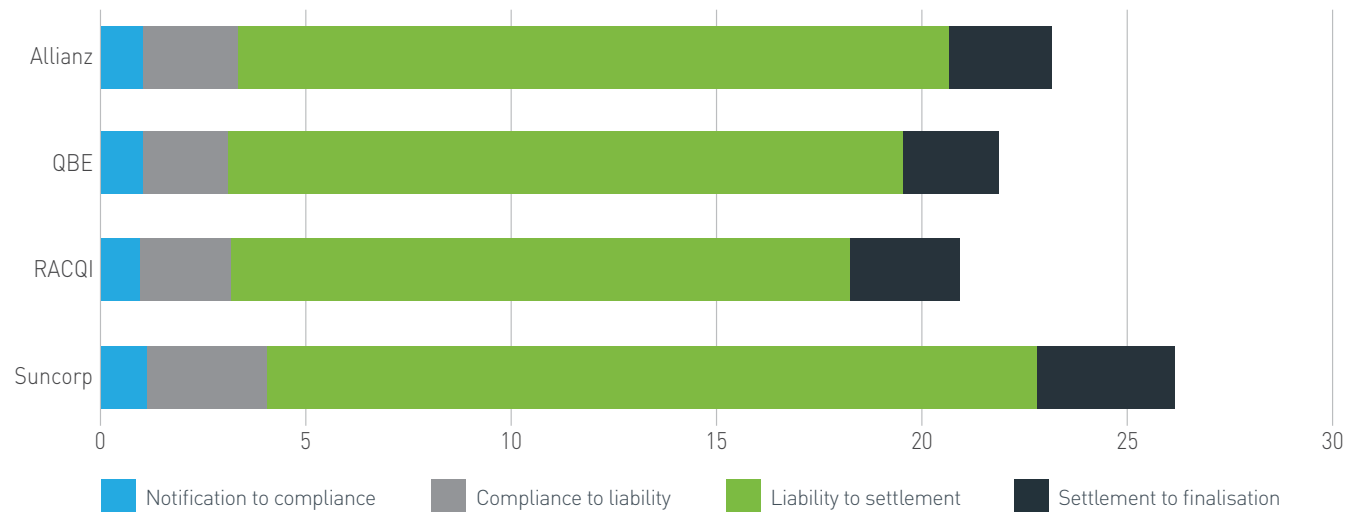
Our legislation requires insurers to decide liability within 6 months from receiving a compliant claim.

99.9% of claims met this requirement in the last 12 months.*

* Claims added 1 January 2019 to 31 December 2019 with a liability decision

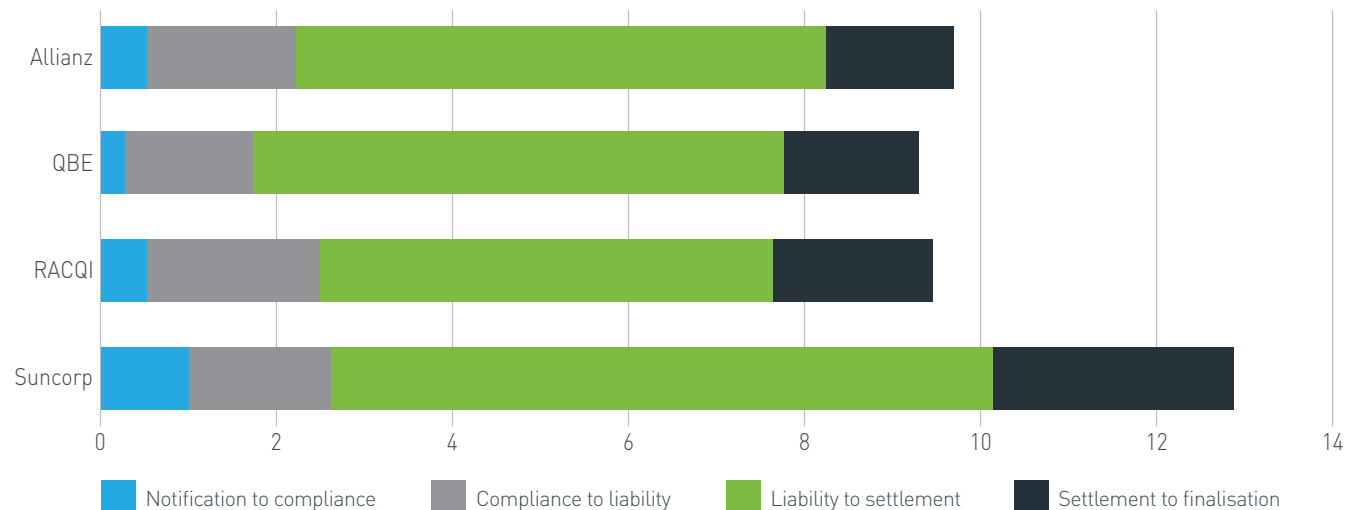
MAIC is exploring the introduction of claims management standards during 2020. Claims management standards are expected to improve overall consistency in claims management across insurers. The standards may also assist in reducing the variation in time taken by insurers to manage and resolve claims. This will lead to better outcomes for injured people by resolving their claim faster and helping them get on with their lives. The duration for direct claims compared to legally represented claims is expected to vary due to differing complexities and injury severities in each cohort.

Legally-represented claimants – Average claim duration (months)



Note: legally represented, finalised claims from 1 January 2019 to 31 December 2019.

Direct claimants – Average claim duration (months)



Note: direct claimants, finalised claims from 1 January 2019 to 31 December 2019.

4. Fairness

Supporting people injured in motor vehicle crashes

The Queensland CTP insurance scheme enables people who are injured wholly or partly due to the actions of another driver to claim fair and timely compensation and access rehabilitation.

The compensation paid to the injured party depends on the extent of their injuries that result from the motor vehicle crash and how these injuries affect their work and social functioning. Compensation can include the cost of medical treatment, rehabilitation, loss of income and care services.

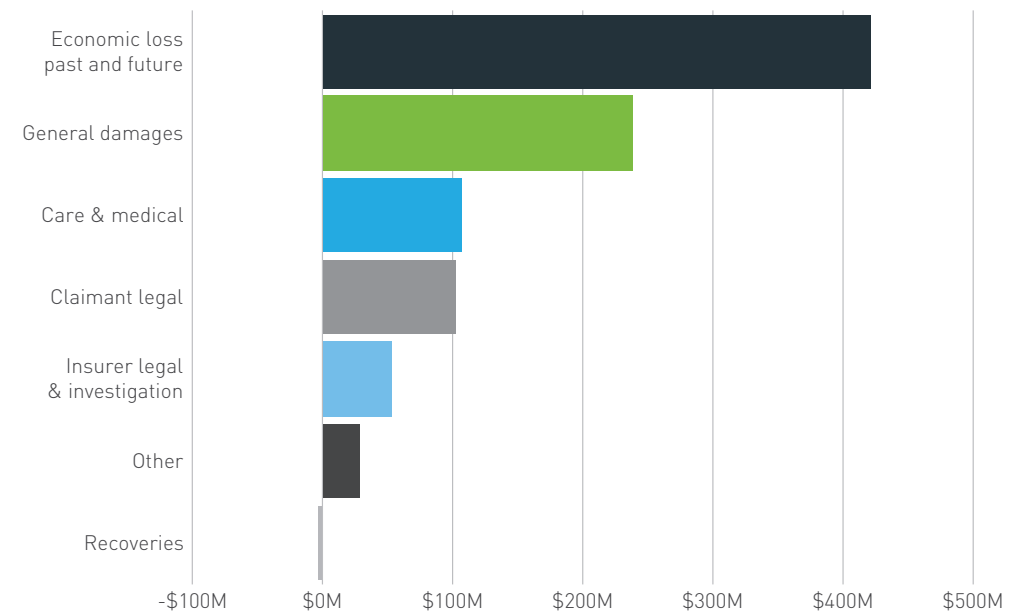
The majority of claimants elect to have legal representation to assist them in the management of their claim. Most claims resolve without the need for litigation.

Rates of legal representation and litigation

Accident Year	Claims	Finalised (%)	Legal Rep (%)	Litigated (%)
2015	7,395	93.4%	80.2%	9.3%
2016	8,379	85.9%	81.4%	9.2%
2017	8,454	71.6%	81.2%	6.1%
2018	8,355	42.3%	79.2%	1.5%
2019	5,599	11.2%	80.6%	0.0%

Note: The recent accident years' data is immature due to the 'long tail' nature of CTP claims.

Total payments by heads of damage for claims finalised 2019



Notes: other includes home and vehicle modifications, aids and appliances.

Recoveries include money recovered from insured, other parties, uninsured driver/owners or interstate insurers.

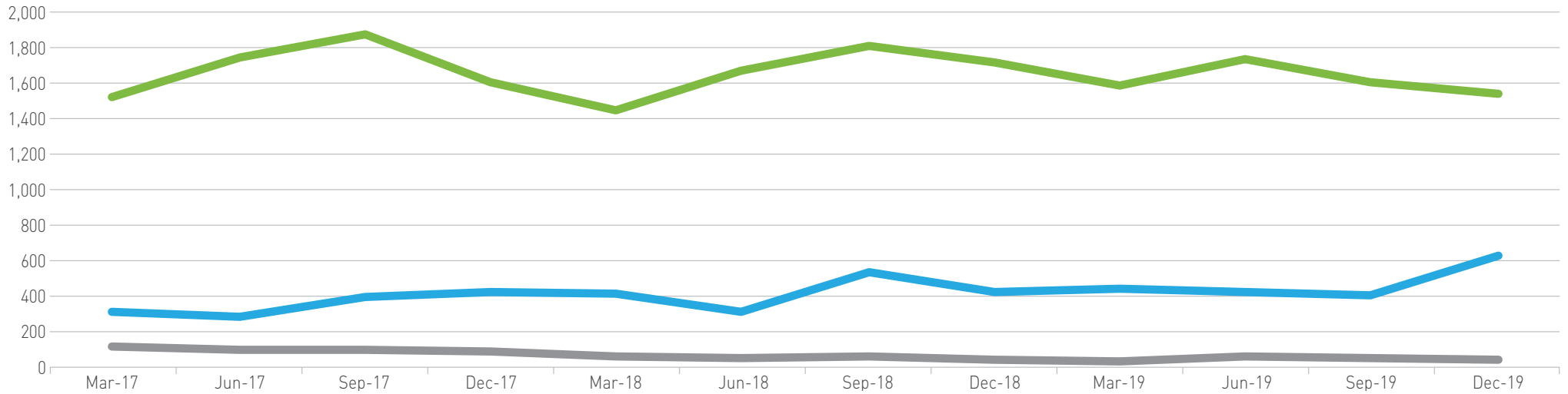
Average cost of claim

Finalised year	Average (\$)
2017	\$101,246
2018	\$100,225
2019	\$102,098

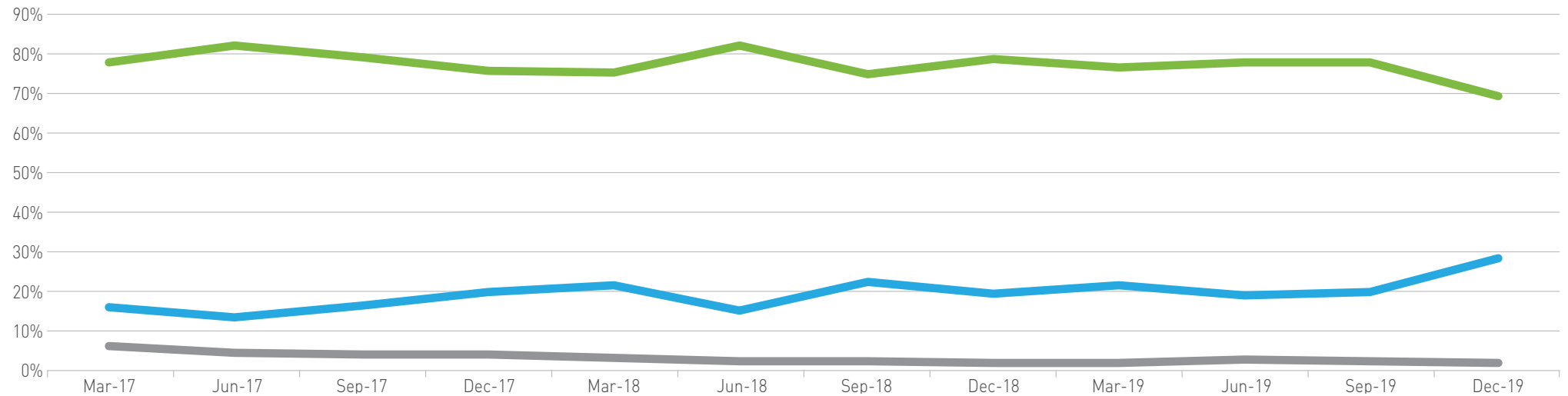
Note: finalised claims from 2017 to 2019.

Number of new claims per quarter

New claim numbers are trending down slightly. The majority of claims involve Queensland residents seeking assistance from Queensland law firms.



Percentage of claims added per quarter



Note: The recent quarters' data is immature due to the 'long tail' nature of CTP claims.

■ Direct claimant
 ■ QLD legal firm
 ■ Non-QLD legal firm

Preserving the integrity of our scheme

Car crash scamming

In November 2019, the Queensland Government introduced new legislation to prohibit car crash scamming. It aims to protect the Queensland public from harassing phone calls, reduce the risk of fraudulent claims, and protect the stability and affordability of the Queensland CTP insurance scheme.

Fraud prosecution

During 2019, MAIC received 26 referrals for fraud, of which 6 are proceeding to prosecution, 2 will not proceed, and 18 are pending further investigation. Fraud prosecutions from initial referral to conviction can take up to 3 years.

Complaints

For the 2019 calendar year, MAIC received 17 complaints, all of which have been closed. 1 complaint remains open from prior periods.

Coverage for 'at-fault' drivers

The National Injury Insurance Scheme Queensland (NIISQ) supports people who sustain eligible serious personal injuries and provides lifetime treatment, care and support regardless of fault. The levy for the NIISQ is included as part of the overall cost of CTP insurance.

All four licensed CTP insurers also offer some level of driver 'at fault' cover. This cover is typically free of charge but only covers some drivers in some vehicles for some injuries. There are no restrictions on the level of additional cover licensed CTP insurers choose to offer to an at-fault driver. MAIC does not have powers to regulate driver at-fault cover, but we do monitor this as insurers can use this cover as a marketing benefit when selling CTP insurance.

Most insurers also offer a range of income protection and trauma insurance products that insurers could provide to motorists who wish to be protected should they injure themselves in a crash.

Insurer offers (as at 31 December 2019)

Allianz \$359.20

- QLD based dedicated CTP Claims Specialists
- Up to \$1,000,000 At Fault Driver Protection cover
- Large General Insurance Company of the Year 2018, General Insurance Company of the Year 2018, Employer of Choice for General Equality 2014-19
- The confidence that comes with being insured by one of the world's leading insurers

Suncorp \$359.20

- Up to \$2,000,000 Driver Protection cover for specified serious injuries to eligible at-fault drivers
- A CTP insurance policy counts towards a multi-policy discount
- 70 years' experience with over 1 million customers
- Choose a giftcard or a donation to Youngcare for eligible new customers

RACQ \$359.20

- Additional cover at no extra cost with At Fault Driver Injury Insurance, protects you even if you're the one that caused the accident
- Proactive claims and rehabilitation management from a trusted brand
- A \$10 discount off your annual RACQ Roadside Assistance
- 24/7 customer service

QBE \$359.20

- Up to \$1,000,000 worth of Driver Protect cover for at fault drivers for death or a range of permanent serious injuries
- \$25 or \$50 EFTPOS Card for qualifying new customers (only available with 12 month policy periods and to drivers aged over 30)
- Cover provided by one of Australia's largest insurers, proudly insuring Queenslanders since 1886
- A dedicated Queensland based claims team

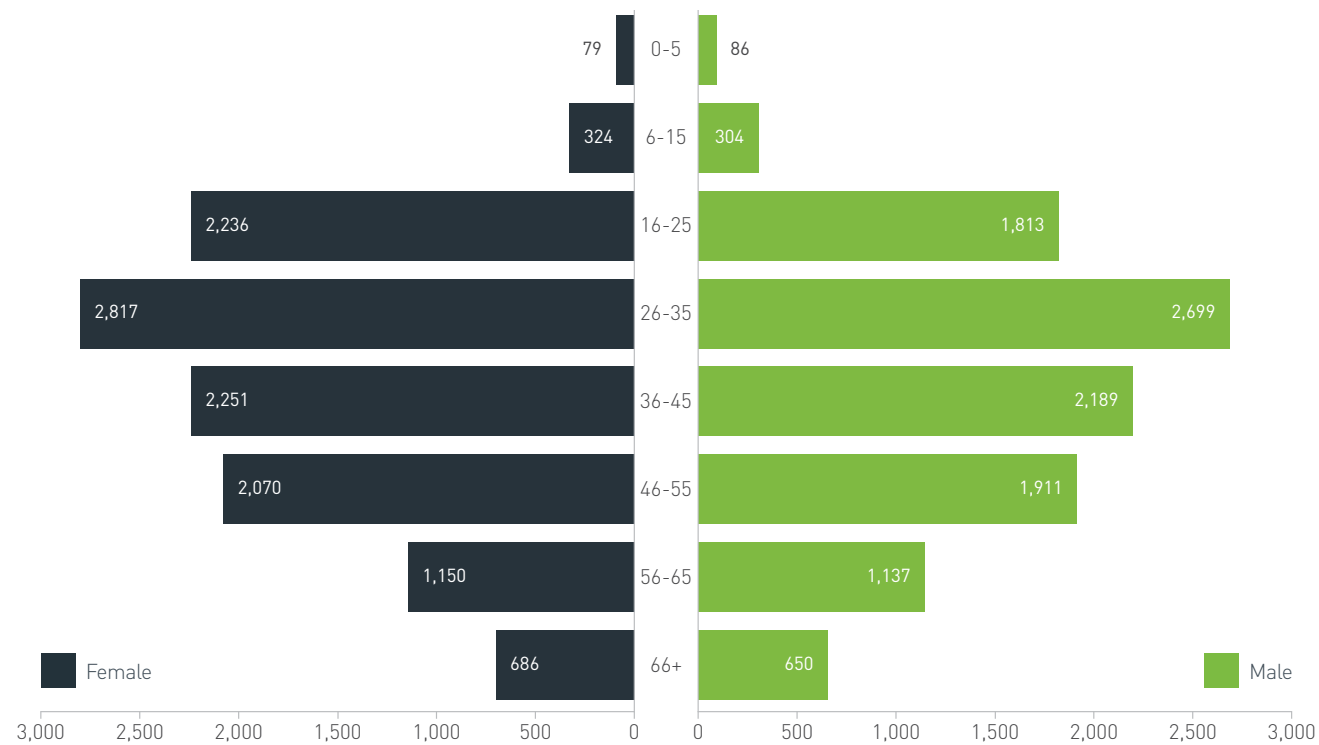
Note: Terms and conditions apply to these insurer benefits and incentives.

5. Responsiveness

Supporting many varied types of road users and crashes

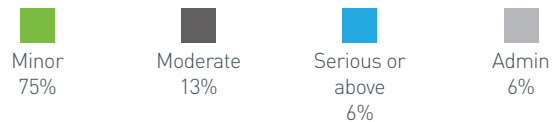
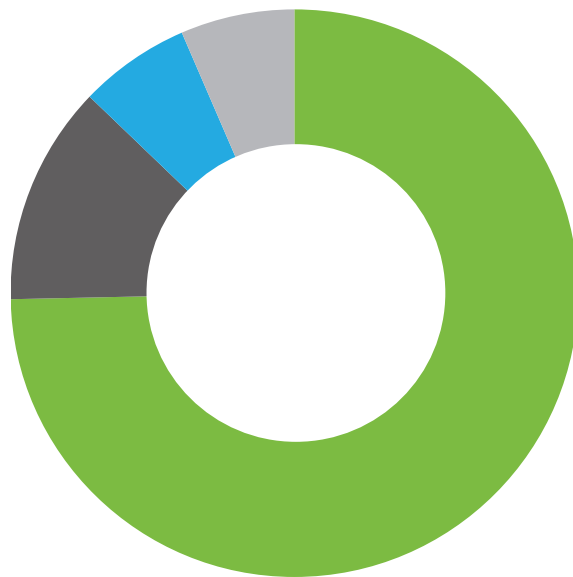
The scheme responds to meet the needs of a wide range of people of different ages, genders, types of crashes and roles in crashes. Our improved analytics capabilities also enable us to better understand and respond to changes in the scheme experience.

Age groups of claimants by gender



Note: all claims for crashes from 1 January 2017 to 31 December 2019, where relevant details are available.

Claim severity

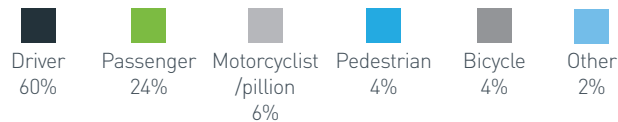
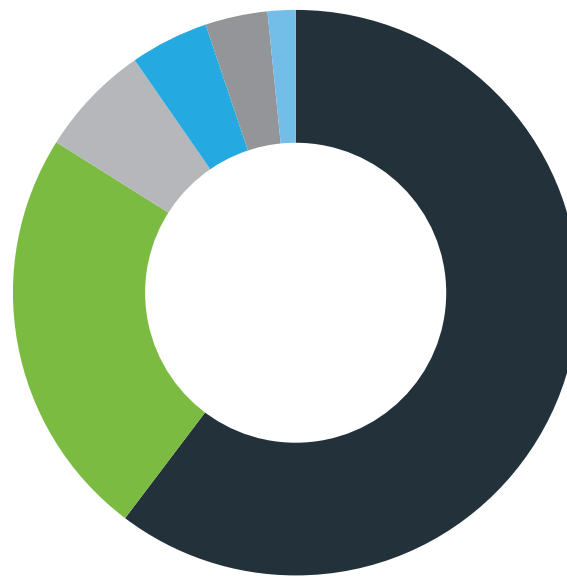


We are responsive to scheme experience by investing in research and initiatives, legislative reform, education and awareness campaigns.

These actions help us to ensure that people who are injured in a motor vehicle crash are supported to recover, and that premiums also remain affordable.

Note: all claims for crashes between 1 January 2017 and 31 December 2019.

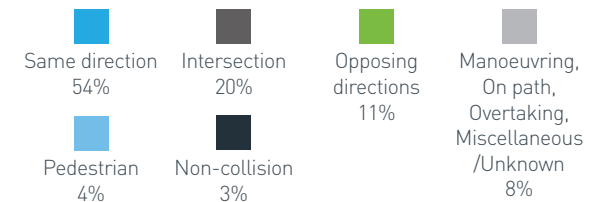
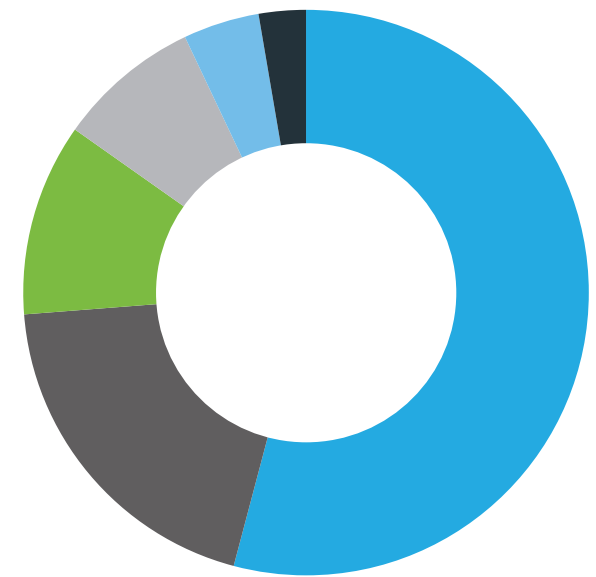
Claimant role



Currently, the most common claim type is from drivers experiencing minor injury from a crash where vehicles were travelling in the same direction.

Note: crashes from 1 January 2017 to 31 December 2019.

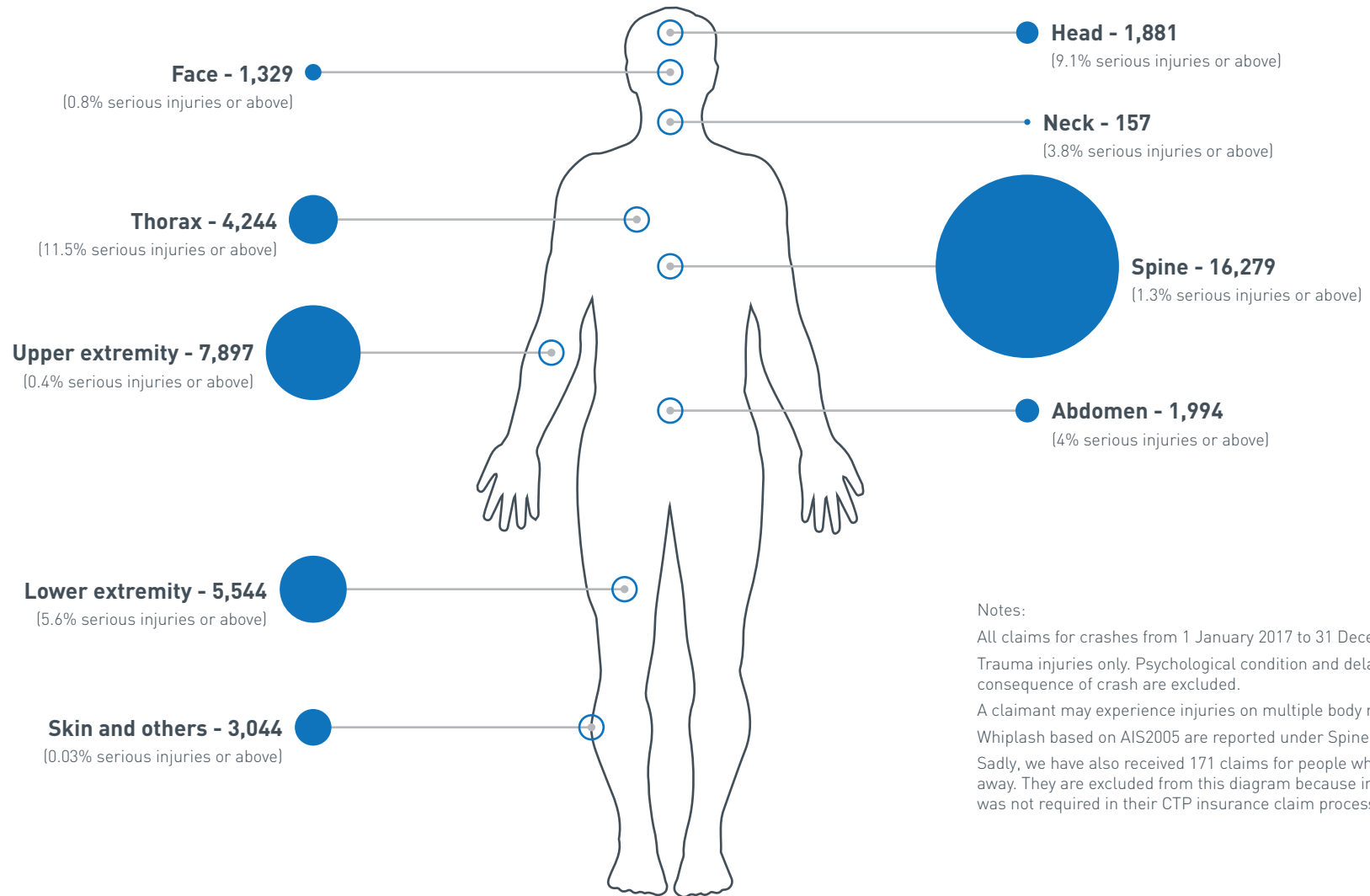
Crash details



Note: crashes from 1 January 2017 to 31 December 2019.

Injuries by body regions

Over the last 3 years, more than 78% of claimants experienced spinal injuries (including whiplash). Out of these claimants, 1.3% experienced severe spine injuries. Amongst the 9 injured body regions, thorax is most likely to be seriously injured (11.5%), followed by head (9.1%). In addition to the trauma injuries illustrated in the following graph, more than 23% of the claimants experienced psychological conditions.



Notes:

All claims for crashes from 1 January 2017 to 31 December 2019.

Trauma injuries only. Psychological condition and delayed consequence of crash are excluded.

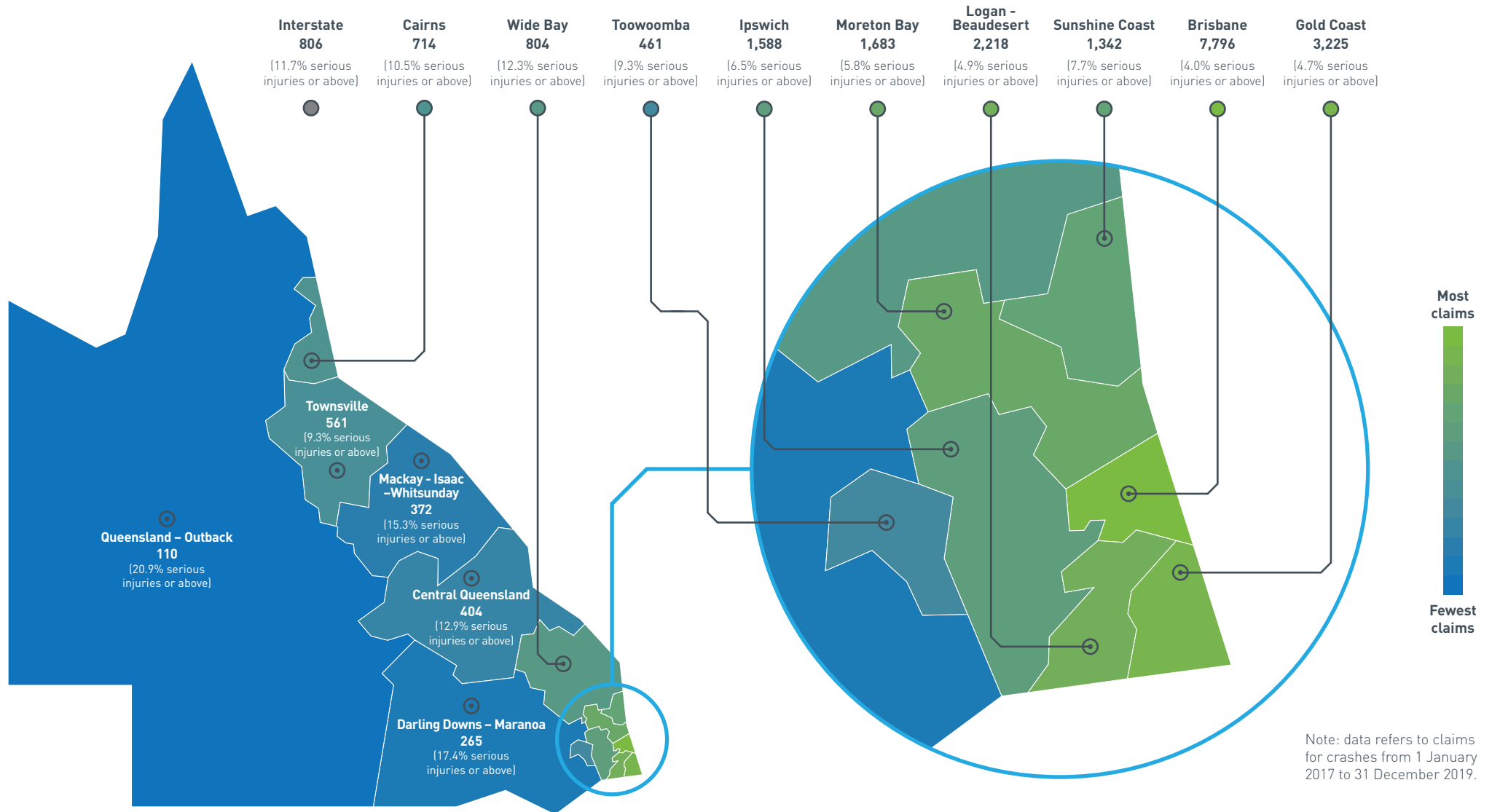
A claimant may experience injuries on multiple body regions.

Whiplash based on AIS2005 are reported under Spine.

Sadly, we have also received 171 claims for people who passed away. They are excluded from this diagram because injury coding was not required in their CTP insurance claim process.

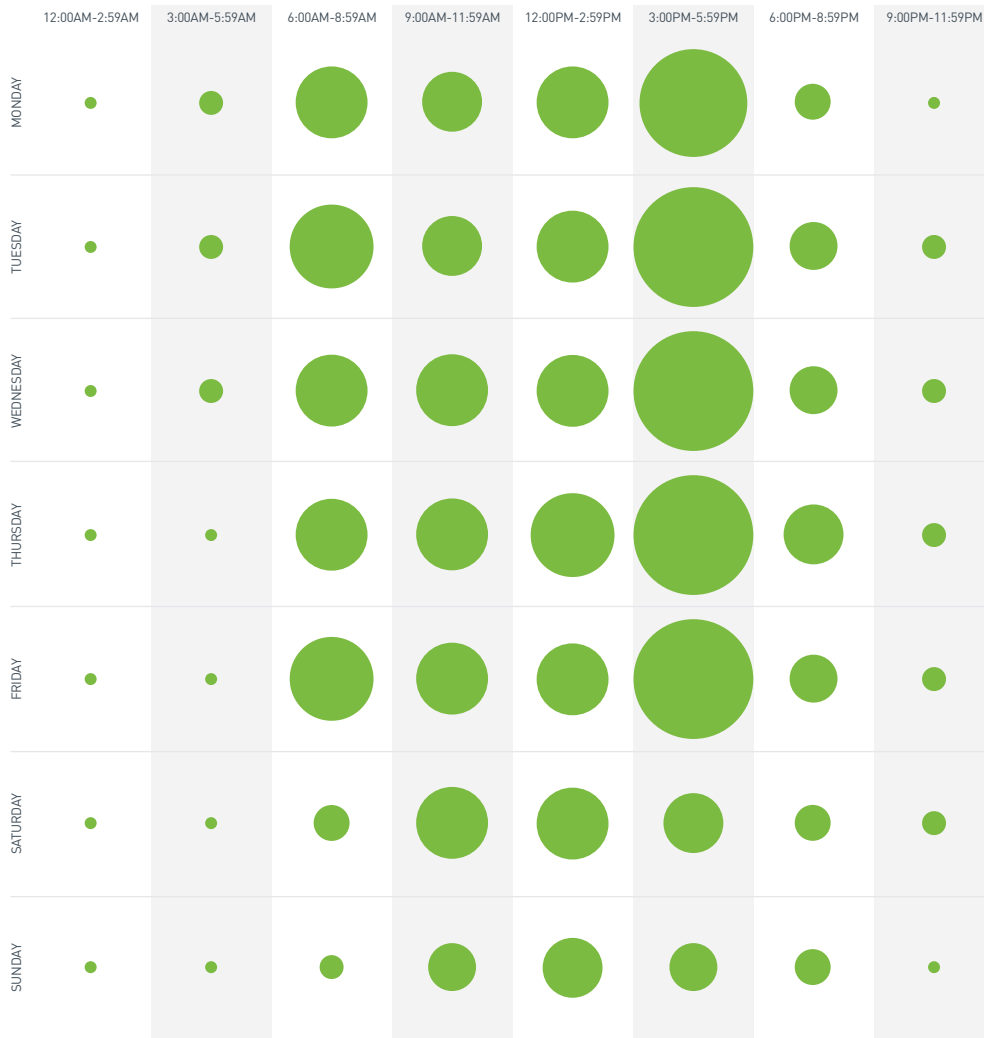
Queensland crash claims by region

Metropolitan areas experience more crashes than regional areas and have a higher proportion of minor and moderate injuries compared to regional areas. Regional areas experience fewer crashes than metropolitan areas but have a higher proportion of severe injuries.



Number of crashes per time and day of week

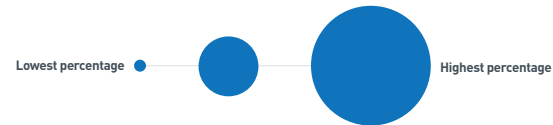
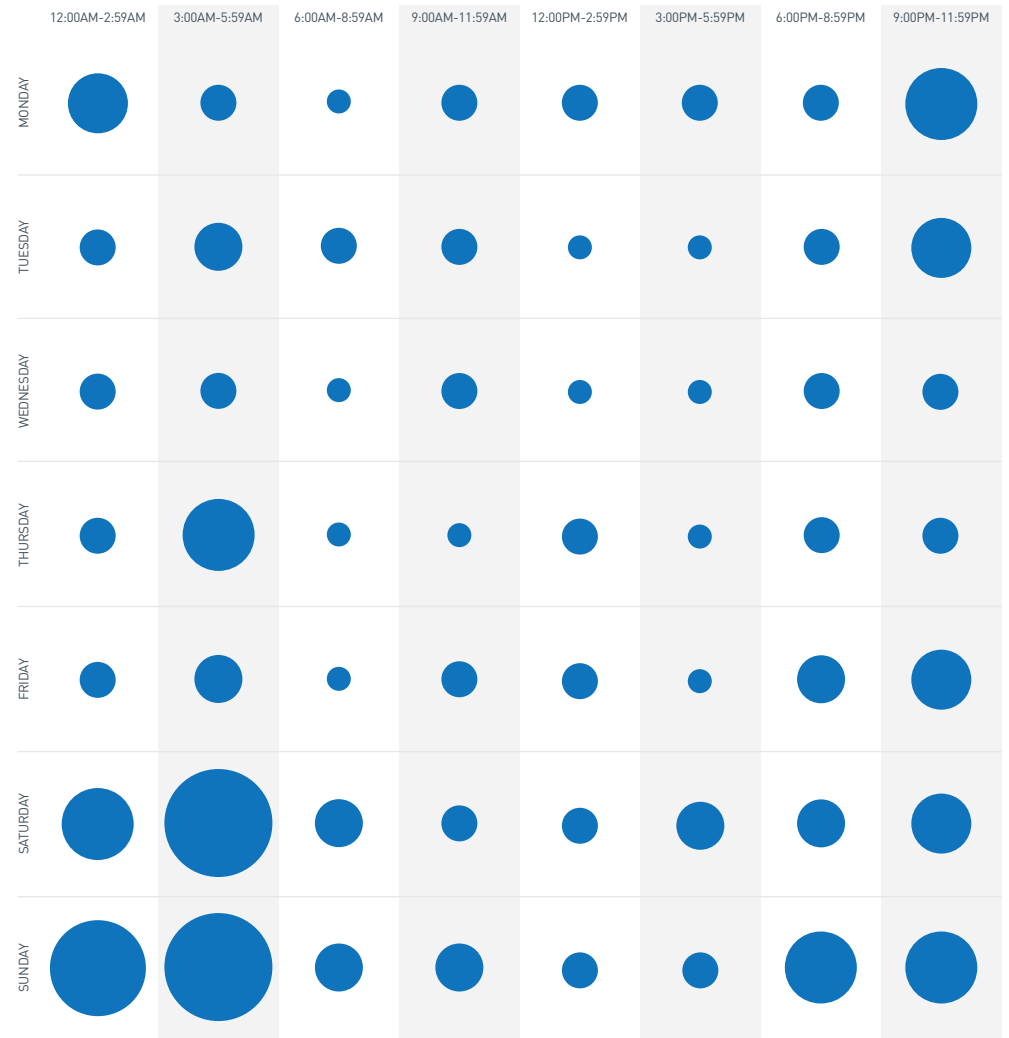
Crashes were most likely to occur between 3pm and 6pm on weekdays. There were significantly less crashes at night time than during the day.



Note: crashes that occurred between 1 January 2017 and 31 December 2019 and caused one or more CTP insurance claims.

Percentage of serious crashes per time and day of week

Although fewer accidents occurred at night time, the proportion of serious crashes is significantly higher, especially on weekends.



Note: serious crash is a car crash that results in one or more seriously injured claimants.

Adapting to transport innovation

MAIC supports the Department of Transport and Main Roads' Cooperative and Autonomous Vehicles initiative to help facilitate the safe and effective adoption of such vehicles on Queensland roads. The Cooperative and Highly Automated Driving project which is part of this initiative recently received an ITS Australia Automated Vehicle Award that recognised its accomplishments. As this technology evolves, we will ensure that the CTP insurance scheme adapts to meet the needs of all Queensland motorists and road users.

Responding to the changing needs of Queenslanders

Each year, MAIC commissions a survey of motorists to seek their views on how the scheme is performing. Premium affordability is consistently reported as motorists' number one priority.

On an ongoing basis, we provide independent information to motorists and claimants about CTP insurance. We leverage our own communication channels (such as our helpline, email, website and social media channels) as well as partner channels and paid advertising.

In recent years, we delivered a dedicated campaign called 'CTP what?' to educate Queenslanders about CTP insurance. This reached 253,000 people with important information such as what CTP insurance covers and the benefits of choosing your CTP insurer. Check out the campaign videos on our YouTube channel.

We share information with every Queensland motorist when they renew their vehicle registration through the Department of Transport and Main Roads. Our annual market research also gathers feedback from motorists about which communication channels they prefer and what information they want to know more about in relation to CTP insurance.

MAIC also operates a CTP Enquiry Line to support motorists and claimants with CTP related queries. We are pleased to assist members of our community with various questions ranging from "what's my CTP insurance premium?" to "how do I make a claim?".

Information about the performance of our scheme is available through the MAIC website, including the 'scheme knowledge centre'. We provide a range of information about how to make a CTP insurance claim. Queenslanders also enjoy our online tools that help them easily calculate their CTP insurance premiums or look up a vehicle's CTP insurer.

Connect with us to learn more about CTP insurance



maic.qld.gov.au



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[Motor Accident
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