NSW Motor Accidents CTP scheme

Motor Accident Injuries Act 2017

Interim scheme performance report

1 December 2017 – 30 June 2018

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NSW GOVERNMENT

Contents

1. Executive summary

This is the State Insurance Regulatory Authority's (SIRA) interim performance report of the NSW Compulsory Third Party (CTP) Motor Accident ('Green Slip') Scheme established under the *Motor Accident Injuries Act 2017* (2017 Act). It covers the first seven months of the '2017 scheme' which commenced on 1 December 2017.

A more comprehensive report will be provided later in 2018 which will include the scheme experience from 1 July 2017 to 30 June 2018 for the '1999 scheme' established under the *Motor Accidents Compensation Act 1999*.

While the 1999 scheme stopped selling CTP policies on 30 November 2017, people injured up to that date can submit a claim up to six months after the accident. This scheme will be in operation for many years, as injuries, claims, and any disputes which may arise are resolved. SIRA therefore regulates two CTP insurance schemes for motor vehicles registered in NSW.

The data in this interim report is based on analysis by the scheme actuary, Ernst and Young (EY), and information provided by SIRA.

Key performance indicators for the first seven months of the 2017 scheme:

- The average premium fell by 20 per cent from 30 June 2017 to 30 June 2018.
- Most motorists have saved between $130 and $200 due to the reform.
- Green Slips are significantly more affordable. Affordability reached a peak of 37 per cent of average weekly earnings (AWE) in June 2017, but dropped to 28 per cent in June 2018, delivering on an intended scheme outcome for NSW motor vehicle owners: to reduce the cost of Green Slips.
- Fewer claims were reported (5,137) than expected. This has largely been driven by the low level of reporting in the first two months: December 2017 and January 2018.
- At-fault claims for statutory benefits are currently lower than expected at this stage. As this is a new benefit for the scheme, we anticipate at-fault claims will increase as the community becomes aware of the availability of 26 weeks of statutory benefits for at-fault injured road users and as any stigma attached to being an at-fault injured person diminishes.
- More claims have been assessed as minor injury than expected for the more developed accident months. As early claims go through the claims lifecycle, including the insurer internal review process and the Dispute Resolution Service, SIRA continues to carefully monitor the minor injury profile.
- Ninety-three per cent of payments made by insurers were for statutory benefits, such as treatment and care and weekly income benefits. This aligns with key scheme objectives of early and appropriate treatment and care to achieve optimum recovery and to provide early and ongoing financial support for people injured in motor accidents. Treatment and rehabilitation represented 43 per cent of payments and weekly benefits 50 per cent.
- Payments are lower than expected. This may be due to, for example: seasonality which was not allowed for; variations in early months of the scheme being magnified; and delays associated with claim reporting, where claims can be reported up to three months after the accident.
- Nine damages claims have been received in this reporting period, which is as expected due to scheme design. The less seriously injured (10 per cent or less whole person impairment) submit their damages claim after 20 months. By providing early benefits, the impetus for seriously injured people (with greater than 10 per cent whole person impairment) to lodge damages claims quickly after the accident is removed.
- Injured people and their representatives are agreeing that CTP Assist, our new multi-channel support service, is making it easy to get help. Two widely used service quality measurements, the Net Promoter Score (NPS) and Customer Effort Score (CES), have been measured since March 2018. Our NPS of +46 sets a good benchmark.
- A key objective of the scheme is to return a greater proportion of premiums in benefits for injured people over the long term. The target scheme efficiency is 57%, compared with 46%

in the 1999 scheme. While it is too soon to report, we are tracking the relevant data and will report on this in the future.

- Insurers have filed premiums including forecast profits of 8%. It will be some years until the actual profit level realised can be confirmed. The legislation also introduced a profit normalisation mechanism which can be activated to adjust any excessive profits or losses. Again, we will report on this once we have data.

It is too soon to comprehensively assess the performance of the 2017 scheme. We are only partially through the first year of the scheme, which ends on 30 November 2018, with most statutory benefit claims for that accident period expected by 31 May 2019.

As mentioned, the scheme design focuses on recovery, with a waiting period of 20 months after an accident before an award of damages can be lodged by less seriously injured people (with a whole person impairment of 10 per cent or less). Damages are expected to contribute to 73 per cent of the total claim cost of the 2017 scheme. The earliest damages claims for the less seriously injured can be lodged is 1 August 2019 for an accident that occurred on 1 December 2017, the first day of the 2017 scheme.

After seven months of scheme experience, many new initiatives have been implemented (see section 3, Year in review), but we know we have work to do, particularly to refine our insurer supervision and regulatory role. We will be monitoring the scheme closely to ensure it protects the more seriously injured road users and meets the scheme objective that a greater proportion of benefits are allocated to them than under the 1999 scheme. The definition of minor injury is key in ensuring that more resources are dedicated to seriously injured people.

We are also monitoring minor injury claims and have commenced an independent file review of the impact of the minor injury definition on the scheme's first 1,000 claims. It will focus on those deemed minor injury claims and follow them for two years.

Two years from the scheme's commencement, SIRA will undertake a review of the definition of minor injury. This will include actuarial analysis by the independent scheme actuary.

The legislation requires that, as soon as possible after three years from the scheme's commencement, the Minister will undertake a review of the 2017 Act to determine whether the policy objectives of the 2017 Act remain valid and whether the terms of the Act (and regulations and guidelines) remain appropriate for meeting those objectives.

2. Scheme reform - benefits of the 2017 scheme

2.1 Background

Before the introduction of the 2017 scheme, NSW CTP insurance, under the '1999 scheme', was among the most expensive in the country. The cost of claims for less severe injuries, such as whiplash and other soft tissue injuries, had skyrocketed in recent years. Around $213 of every Green Slip premium was going towards these claims in 2015. By 2017 they made up around 60 per cent of all claims, and were continuing to increase, putting pressure on premiums.

On average only 47 cents[1] in every Green Slip dollar went to injured road users. The rest went towards scheme costs, including insurer profits, insurer costs and legal fees.

In March 2017, after lengthy and broad consultation, the NSW Parliament passed the *Motor Accident Injuries Act* (2017 Act), to introduce a new approach through the 2017 scheme.

2.2 Objects of the Act

The objectives of the legislation are clearly stated in the Act:

(a) to encourage early and appropriate treatment and care to achieve optimum recovery of persons from injuries sustained in motor accidents and to maximise their return to work or other activities,

(b) to provide early and ongoing financial support for persons injured in motor accidents,

(c) to continue to make third-party bodily insurance compulsory for all owners of motor vehicles registered in New South Wales,

(d) to keep premiums for third-party policies affordable by ensuring that profits achieved by insurers do not exceed the amount that is sufficient to underwrite the relevant risk and by limiting benefits payable for minor injuries,

(e) to promote competition and innovation in the setting of premiums for third-party policies, and to provide the Authority with a role to ensure the sustainability and affordability of the compulsory third-party insurance scheme and fair market practices,

(f) to deter fraud in connection with compulsory third-party insurance,

(g) to encourage the early resolution of motor accident claims and the quick, cost effective and just resolution of disputes,

(h) to ensure the collection and use of data to facilitate the effective management of the compulsory third-party insurance scheme.

The 2017 scheme focuses on the optimal recovery of the injured road user and timely financial support for injured road users who are earners.

While it's still too soon to assess how well the scheme is meeting these objectives, SIRA is focusing its activities on ensuring they are met.

2.3 Benefits under the 2017 scheme

Rather than negotiating or estimating future medical expenses, medical treatment and care are now provided under statutory benefits (personal injury benefits), for life if needed.

Those who are at fault can receive these benefits for up to 26 weeks (six months)

Those who have 'minor injuries' can also receive these benefits for up to 26 weeks (six months), as clinical experts have advised that most recover well with treatment and return to usual activities within 26 weeks. The definition of minor injury is key to the scheme's success by giving

[1] From the commencement of the 1999 scheme to 30 June 2016.

those with minor injuries fair and reasonable access to benefits, while ensuring the majority of resources are dedicated to more seriously injured people.

SIRA is closely monitoring how insurers handle minor injury claims to make sure the new scheme people who are injured receive their correct entitlements and to enable close evaluation of how the scheme is working.

Lump sum payment of damages for future economic loss continues to be available to injured road users (except for those with defined 'minor injuries') who can prove loss of earning capacity. As in the 1999 scheme, only people who are not at fault can apply for damages or lump sum compensation.

People who are seriously injured can receive a lump sum payment for non-economic loss (e.g. pain and suffering). To encourage recovery, those with less serious injuries (10 per cent or less whole person impairment) can apply for damages only after 20 months. The most seriously injured, with whole person impairment of greater than 10 per cent, can immediately claim damages for future economic and non-economic loss.

Scheme benefits at a glance

Benefit type	At fault	Not at fault (benefits may be adjusted for part fault)		
	All	Minor injuries[1]	Non-minor WPI[2] $\leq$ 10%	Non-minor WPI > 10%
Ambulance and hospital emergency treatment	Available for anyone injured in a motor vehicle accident			
Weekly payments for loss of earnings	Up to 6 months	Up to 6 months	Up to 3 years	Up to 5 years
Future economic loss	No	No	Yes (after 20 months)	Yes
Non-economic loss (e.g. pain and suffering)	No	No	No	Yes
Treatment and care	Up to 6 months	Up to 6 months	Lifetime (LTCS[3] after 5 years)	Lifetime (LTCS after 5 years)
Funeral expenses	Available whether at fault or not at fault			
Compensation to dependants	Available whether at fault or not at fault			
Legal and other expenses	Available as prescribed under the 2017 Act and Regulations			

1. Minor injuries: soft tissue and/or minor psychological or psychiatric injuries (including acute stress and adjustment disorders)
2. WPI: whole person impairment
3. LTCS is the Lifetime Care and Support scheme.

2.4 The 2017 scheme in summary

In summary, the *Motor Accidents Injuries Act 2017* provides for:

- Six-months of defined benefits for injured road users, regardless of fault, and for those with minor injuries. Treatment benefits can continue past six months for minor injuries if additional services or care will improve recovery. The six-month timeframe was set by the government based on expert medical advice that the majority of people with a minor injury will recover within six months.

- Ongoing defined benefits for any person with a more serious injury who can prove fault. These can continue for up to five years. Injured people who require ongoing treatment, rehabilitation and care beyond five years will be managed by the Lifetime Care and Support Authority.
- A focus by insurers on early treatment, rehabilitation and return to work for earners.
- CTP Assist, SIRA's multi-channel support service, provides personalised claims support and information for injured people and other participants in the CTP scheme such as doctors and health professionals.
- Where disputes arise, an insurer internal review, independent of the original decision maker, allows the injured person and insurer to reach resolution without requiring SIRA's Dispute Resolution Service.
- Access to common law damages for non-economic loss (pain and suffering) to those with whole person impairment of greater than 10 per cent.
- Damages may be claimed by injured people with whole person impairment of 10 per cent or less after 20 months.
- Stronger powers for SIRA to monitor and regulate CTP insurer performance, including the ability to adjust excessive insurer profits and losses to create a more competitive environment.
- Legal costs for specified services. Legal costs are limited in statutory benefit claims. The 2017 scheme sets maximum costs that a legal practitioner can be paid for certain legal services. For damages claims, solicitor-client legal costs are restricted where the amount of compensation recovered is less than $75,000. This is to protect small claims.
- Reduced opportunities and incentives for fraud through benefit design. Under the 1999 scheme, the common law lump sum design encouraged those with minor severity injuries to build a case, rather than recover, and encouraged unacceptable behaviours by some service providers.

3. Year in review

3.1 Reduced Green Slip premiums

On 1 December 2017, the state-wide average cost of Green Slip premiums fell by more than $120 to an average of $528 (it was $525 at 30 June 2018.) Average premiums for Sydney passenger vehicles fell by 26 per cent and for country passenger vehicles by 10 per cent. Taxi premiums went down by thousands of dollars.

3.2 CTP refunds

Green Slips purchased before 1 December 2017 had pre-reform prices. As part of the Government's reform, excess premiums could be refunded to most vehicle owners. The closer the policy start was to 1 December 2017, the larger the refund.

Over $138 million in CTP refunds was returned to over two million vehicle owners by 30 June 2018.

3.3 Regulations and guidelines

The detailed operation of the 2017 scheme is described in 'subordinate legislation' – regulations and guidelines – which are regularly reviewed and updated as needed.

Regulations

The *Motor Accident Injuries Regulation 2017* was issued on 8 September 2017 so interim provisions of the 2017 Act for filing premiums and indexation of statutory benefits and damages could operate. Annual indexation ensures payments from the scheme stay in line with inflation.

The *Motor Accident Injuries Amendment Regulation 2017* was issued on 1 December 2017 to include certain injuries in the definition of minor injury, modify definitions of earnings, and amend the matters declared as merit review and miscellaneous claims assessment matters.

Motor Accident Guidelines

On 22 November 2017, SIRA issued the first Guidelines to support delivery of the objects of the Act and Regulations. They were developed after consulting extensively with CTP insurers, the Insurance Council of Australia, legal professional associations, clinical and academic experts in motor vehicle injuries and other relevant stakeholders.

The Guidelines detail what is expected of the various stakeholders in the 2017 scheme. Topics include dispute resolution, premium determination, claims handling and minor injury assessment.

In April 2018, Version 2 was issued, amended to include the new online claims system.

In June 2018, Version 3 added several matters, including new compliance requirements for insurers to keep SIRA informed of data breaches and interstate nominal defendant claims and to communicate with injured people's legal or other authorised representatives in certain circumstances.

SIRA proposes to review and amend the Guidelines three times a year. Revisions for the next issue of the Guidelines will include the publication of claims performance indicators by insurer and a requirement that insurers notify SIRA of any challenges to the scheme they identify.

3.4 Improving customer service

Green Slip check

Green Slip Check went live on the SIRA web site for the 2017 scheme, providing CTP prices for all insurers on a single page. This saves motorists time when shopping around for the best deal on a Green Slip. It also encourages competition among insurers. Over 1.8 million checks were carried out since November.

The ability to directly choose and pay for a Green Slip is being added to the service and should be available from November 2018 for all insurers.

Data collected (for example, usage by areas of NSW and insurers selected) enables SIRA to verify usage patterns, supports market share data, validates prices from premium filings and indicates the frequency of people moving insurers.

CTP Assist

Customer research into people's experience of the 1999 scheme underpinned the creation of SIRA's new support service, CTP Assist. The research highlighted how challenging it is to understand CTP, particularly the details of claims, for many people.

Starting with these detailed insights, we set out to create the optimal support service.

CTP Assist went live in 2017, ready for the new scheme's introduction.

The team provides answers and assistance for anyone, on any aspect of CTP, under both the 1999 scheme and the 2017 scheme. This ranges from straightforward questions on CTP through to personal support for the duration of a claim. For injured people, their representatives, doctors, health professionals, policy holders and others. In the scheme's first seven months, CTP Assist responded to over 30,000 enquiries by phone, email and online.

As well as responding to enquiries, injured people who have lodged a claim are contacted at regular milestones to check on their recovery and ensure they are getting the support they need. Injured people are contacted by the same member of the team each time to maintain continuity. CTP Assist made nearly 20,000 calls, emails and texts to support injured people with their claims in the scheme to 30 June 2018.

CTP Assist can also link injured people with advocacy and community services and explain how they can get legal advice or arrange referral to SIRA's Legal Advisory Service where appropriate.

Around eight per cent of CTP Assist's incoming calls are complaints about some aspect of the scheme. Issues with insurer behaviour can be escalated by CTP Assist to the Compliance, Enforcement and Investigations team for investigation.

Finally, the service allocates claims against the Nominal Defendant among insurers.

Net Promoter Score and Customer Effort Score

To measure and continuously improve customer satisfaction with CTP Assist, SIRA adopted two widely used service quality measurements: Net Promoter Score (NPS) and Customer Effort Score (CES).

NPS measures how likely a customer is to recommend CTP Assist to others. It is calculated using a standard formula: the percentage of customers that score the service 9 or 10 out of 10 (‘promoters’) less the percentage who scored it at 6 or less (‘detractors’). CTP Assist's NPS is currently +46, making CTP Assist a ‘national leader’ according to the Australian NPS Pulse Check.

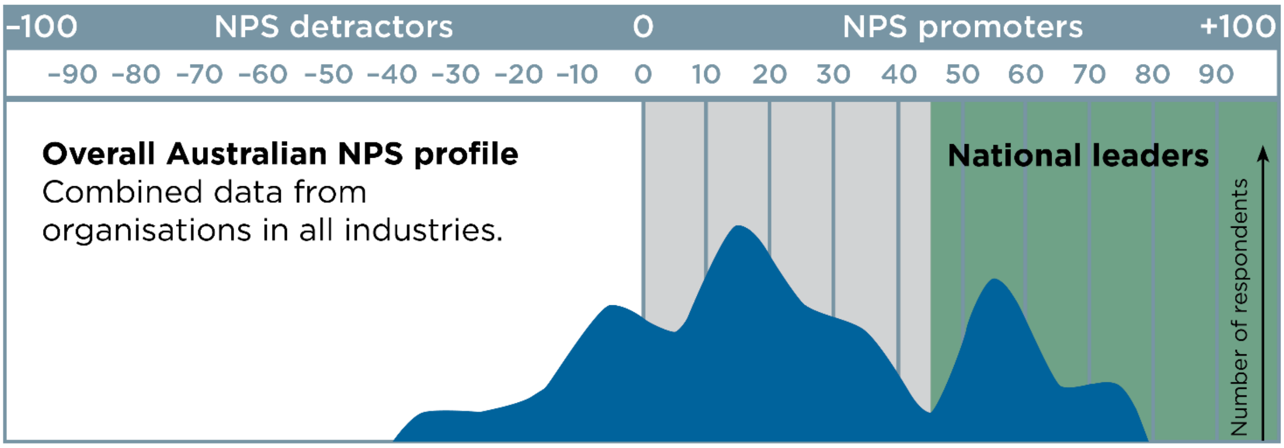


Diagram courtesy of the Customer Experience Company www.customerexperience.com.au.

CES measures how easy it is for a customer to get the help they need, and is currently at 4.1 out of 5.

Together, these let SIRA constantly measure the overall quality of the service and identify opportunities to improve. These early, positive, results have set a good benchmark. Customers are agreeing that CTP Assist is making it easy to get help.

Legal Advisory Service pilot

A CTP Legal Advisory Service pilot was launched by SIRA on 18 December 2017. The service provides legal advice by phone relating to statutory benefits claims, where legal fees are restricted by the 2017 Act and supporting regulations.

To use the service, injured people call CTP Assist who will arrange a referral if they are eligible. Advice is personal and confidential. There is no charge to injured people.

The first four referrals were made during the June 2018 quarter.

We have committed to undertake a formal evaluation of the pilot in December 2018.

Online engagement

Improving online access to information and services helps ensure we are communicating with our diverse communities in ways that work for them.

Explanatory animations

SIRA launched the first of a series of web-based animations, telling the story of Alex, who’s been injured – fortunately not seriously – in a car accident.

In just under three minutes, the animation takes us through what Alex must do and what he should expect, setting out the roles of insurers, health professionals and others in supporting Alex’s return to health.

Scheme on a page

A series of single-page diagrams illustrating different aspects of the scheme was mapped out this year.

The first of these shows how an injured person gains personal injury benefits, distilling their journey through the scheme using clear, concise visuals and explanatory text.

3.5 CTP data and digital innovation

CTP Connect – initial notification to insurer

A secure online notification system was developed for the 1999 and 2017 schemes. Notifications are automatically matched and forwarded to the correct insurer. This makes it fast and easy for insurers to approve limited initial treatment for those who have notified but not yet lodged a claim. This helps injured people gain access to scheme benefits as quickly as possible. For many, limited initial treatment will be all they need to return to health.

Online claims submission – lodging a claim for statutory benefits

A secure online claims submission system, using Service NSW identity verification, was developed for the new scheme.

The digital claim form is very flexible, letting injured people attach medical certificates, upload photos and videos, pinpoint the accident location through Google Maps and add information later. System integration and portal access enables insurers to manage the claim on their systems and download relevant supporting material. CTP Assist is available to help submit an online claim to insurers.

Improved claims data systems

To support its regulatory and compliance role, SIRA established a universal claims database (UCD) for the 2017 scheme, fed from insurers' systems in near-real time, to give SIRA oversight of all claims from submission to finalisation.

In the 1999 scheme, reporting on insurer claims data usually lags by 6-8 weeks after the event. The UCD makes claim data available for analysis much sooner, to pick up any insurer process or data quality concerns.

Through data analytics we are currently implementing, SIRA can now preview data received and develop a more predictive approach to data analysis. With real time, standardised data, machine learning can reveal patterns that need further investigation, rather than just applying a 'KPI' or 'dashboard' approach that could be manipulated.

In developing these solutions, SIRA has worked with NSW Treasury's Data Analytics Centre, OneGov, the NSW Government's software platform, and external consultants.

Matching policies and vehicle registrations

A central database for matching at-fault vehicles' number plates to the right insurer was introduced. Updated every week by insurers, this supports many activities, like CTP Connect, the point to point industry (taxis and rideshare) and online claims submission.

Connecting with SIRA's Dispute Resolution Service

Disputes can now be lodged online. The system provides email prompts to the injured person and can receive notifications and respond by email, as well as enabling upload of required documents such as photos, maps, videos and X-rays.

Taxi portal

Taxis now have the option to pay CTP in instalments, based on the distance driven. The taxi portal developed this year lets taxi owners lodge their odometer readings online.

Data collaboration with other NSW Government agencies

SIRA continued to work with key agencies, including the NSW Centre for Road Safety, to reduce road trauma and improve road safety.

A key collaboration links data between Transport for NSW, NSW Health and SIRA on crashes, injuries, claims and payments to inform evidence-based policy.

Another project is analysing trends in the propensity to claim on CTP from 2012 to 2017, to improve governance of the CTP scheme.

3.6 Insurer supervision

With the new CTP scheme, SIRA is developing a new insurer supervision model to hold insurers accountable for their conduct performance and case management practices.

SIRA focuses not just on compliance but on preventing and limiting harm that may arise to injured people through their claim and recovery journey resulting from an insurer's management of their claim.

SIRA is establishing a clear and constructive portfolio management model to supervise the insurers in the 2017 and 1999 schemes. This model enables integrated supervision of performance and clear streamlined feedback to insurers about their performance and SIRA's expectations and requirements.

SIRA has developed and undertakes a rigorous supervision program led by the Claims and Customer Outcomes team, supported by our data collection and analysis.

The following regulation, supervision and monitoring activities have been undertaken:

Regulation

- Extensive consultation with peak bodies and insurers in the drafting, development and implementation of the Motor Accident Guidelines 2017. The Motor Accident Guidelines are continually developing as the scheme matures.
- Published guidance notes for insurers to educate and convey SIRA's expectations about areas of identified risk.
- Published factsheets that are used by insurers to provide a consistent claims experience for injured people.

Supervision

- Explanatory and education sessions were conducted with insurer frontline staff at the commencement of the scheme to ensure a common understanding.
- In December 2017, January 2018 and March 2018 SIRA conducted claims file reviews with all insurers to assess standards of operations and case management practices within the scheme. This provides insight into insurer culture and motivation as the 2017 scheme is implemented.
- SIRA also undertook intensive meetings with all insurers to examine claims management practices and culture.

Monitoring

- Monitoring of scheme data for trends and areas of risk. These are then raised with insurers for action.
- Monitor and report on trends generated from all customer feedback, including complaints, compliments and suggestions.
- Scheduled insurer forums to facilitate communication and common understanding.

3.7 Recovery

SIRA has developed some new programs to evaluate and support recovery for injured road users.

SIRA's website includes an Injury Advice Centre with information for injured people to help them recover and return to work and their usual activities.

Independent evaluation of health outcomes under the 2017 scheme

SIRA has engaged Sydney University's John Walsh Centre for Rehabilitation Research to conduct the 'Evaluation of the 2017 CTP Legislative Changes in NSW – health outcomes after motor vehicle crash injury', which will compare people in the 1999 CTP scheme, the 2017 CTP scheme and those who do not have a CTP claim, on recovery and return to work and usual activity outcomes. People will be recruited to this study from NSW public hospitals commencing September-October 2018 and followed up 6, 12 and 24 months after injury.

SIRA will receive regular updates from the study which will be included in our review of the scheme.

Vocational programs and recovery

The scheme focuses on helping people get back to their normal activities including work. To support people who may need extra support to return to work after an injury, SIRA is funding a range of vocational support programs that complement the treatment, rehabilitation and care being covered by their insurer.

Pilots have been developed for three targeted vocational rehabilitation support programs, arranged by the insurer and funded by SIRA. They include financial incentives for employers and funding for claimants to overcome barriers to recovery at work.

- Transition to Work helps pay for immediate or short-term costs that might prevent an injured person starting work with a new employer
- JobCover Placement provides up to $27,400 in incentives for employers to employ an injured person
- Recover at Work Assist provides financial incentives to an employer to help an injured person stay at their current job while they recover.

Working with health service providers

SIRA engages with health service providers through peak bodies and associations, meeting regularly with the NSW branch of the Australian Physiotherapy Association, the NSW faculty of the Royal Australian College of General Practitioners and the Australian Medical Association (NSW).

These meetings raise and resolve issues around providing services in the CTP Scheme and pursue opportunities for improving services and outcomes for injured people. SIRA also engages with other peak associations on specific issues as they arise, such as challenges to working in the CTP scheme, disseminating clinical research findings to promote evidence-based treatment or to collaborate on guidelines and advice about treatment or recovery.

Minor injury

SIRA worked with clinical experts, insurers and legal groups to establish the threshold for minor injuries and develop principles for assessing them. These were incorporated in the Motor Accident Injuries Regulation 2017 and the Motor Accident Guidelines published on 1 December 2017.

Material covering the scheme's definition of minor injuries and the implications of a minor injury decision was developed and published on SIRA's web site, as well as in a fact sheet 'Understanding minor injury' for insurers to send to injured people.

Further information is in section 9 of this report, Minor Injury.

3.8 Managing costs and insurer profits

Risk equalisation mechanism (REM)

To improve competition, we added a risk equalisation mechanism (REM) to the 1999 scheme from 1 July 2017. The REM amounts were adjusted from 1 December 2017 to reflect the new scheme.

CTP insurance is mandatory and insurers can't vary premiums outside a prescribed range. Consequently, some insurers may have a disproportionate number of higher-risk or low-risk policies.

The REM redistributes premiums between insurers to make sure each insurer has the right average premium for each category of risk.

Profit normalisation

An objective of the new scheme is to ensure insurer profits are sufficient to underwrite the risk but not excessive. To meet this, SIRA has been working with insurers to develop an excess profit and loss mechanism, as provided for under the 2017 scheme.

Initial premium prices in the 2017 scheme relied on projections made by our actuaries. Under the Transitional Excessive Profits or Losses (TEPL) mechanism, if the industry makes excessive profits during the early years of the scheme, insurers will return excess profits to motorists through reduced levies. If there are losses, levies will be increased to compensate the affected insurers.

SIRA and insurers have agreed on the TEPL model and guidelines were being drafted at the year end. Once complete and operating, it will be backdated to 1 December 2017.

Countering fraud

SIRA continued to collaborate with the NSW Police Strike Force Ravens, CTP insurers and other peak and investigative bodies to investigate and prosecute unlawful activity involving CTP.

As at 30 June 2018, Strike Force Ravens had arrested a total of 21 offenders and laid 164 charges for fraud totalling approximately $13.7 million. Of these, 10 arrests were made and 75 charges totalling $3.9 million were laid during the 2017-18 financial year.

3.9 Road safety research: young driver telematics trial

To reduce casualties on NSW roads by improving driver behaviour, SIRA began a state-wide in-vehicle telematics road safety trial, in partnership with the NSW Centre for Road Safety.

Young drivers are among the highest-risk groups on the road: up to five times more likely to be involved in crashes resulting in serious injury or death according to Centre for Road Safety data.

The trial will help us understand how telematics-driven feedback can help moderate risky driving behaviours in high-risk young drivers.

1,000 young drivers from Western Sydney and regional areas across NSW – the higher-risk areas of the state – have been recruited for the trial. Each has a telematics system installed in their car which tracks a range of driving parameters: hard braking and acceleration, cornering forces, distances travelled and time of day.

3.10 Point to point transport

Following a public consultation program and discussions with the taxi and ride share industries, SIRA introduced transitional CTP premium arrangements for taxis and ride share vehicles with the goal of competitive neutrality between the two market segments.

Taxis now have the choice of a fixed annual price or a variable price based on the distance driven and payable in instalments. Premiums for ride share vehicles are based on a standard car premium plus 10 cents per kilometre while carrying passengers.

Transitional arrangements will be in place until at least December 2020. Until then, SIRA will continue to work with the point to point industry to fully implement distance-based CTP premiums and ensure premiums are equitable for the different types of vehicles.

A range of possible approaches is being considered for longer-term arrangements from December 2020. These will be developed by SIRA, again in consultation with the industry and public.

3.11 Autonomous/automated vehicles

Vehicle automation has major implications for road safety and motor accident insurance. SIRA has been collaborating with the National Transport Commission, Transport for NSW and the motor accident insurance schemes of the other states and territories to develop a national legal framework. This starts from the principle that no one should be worse off financially or procedurally if they’re injured by an automated vehicle.

4. What's ahead - the next twelve months

4.1 Insurer supervision framework

SIRA is implementing an insurer supervision framework that ensures regular review of insurer behaviour and risk identification and responds with a range of regulatory action, initially focusing on education, remediation and continuous improvement. This will be a focus over the next six months.

4.2 Fraud reduction framework and guidelines

SIRA is building on our fraud reduction systems to deter and minimise fraudulent practices within the scheme.

4.3 Insurer self-assessment tool

SIRA is developing an assessment tool for insurers to self-assess against the principles, objectives and obligations under the 1999 and 2017 schemes. This will be released to insurers in late 2018.

4.4 Data reporting tool

A data reporting tool, which allows people access to data on SIRA's website, will be developed. The data will be a summary view of SIRA's claims database and will provide insights into claims, premium and policy data.

5. Stakeholder engagement

Along with the cultural shift to the optimal recovery of the injured road user is a strong emphasis on consistent, clear, user-focused communications with all the system's stakeholders: CTP customers, injured people, insurers, health and other service providers. One element of this is a new quarterly report aimed at a broad audience.

SIRA Executives have been regularly meeting with the following stakeholders:

- CTP insurers
- Motorcycle Council
- Point-to Point Committee (industry representatives)
- Transport NSW concerning strategic road transport issues
- CTP legal forum (legal professional associations)
- Law Society of New South Wales
- New South Wales Bar Association
- NSW branch of the Australian Physiotherapy Association
- NSW faculty of the Royal Australian College of General Practitioners
- Australian Medical Association New South Wales
- Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC)
- Heads of Motor Accident Authorities nationally.

SIRA also engages with stakeholders regularly. Monthly meetings are held, for example, with individual CTP licensed insurers and claims managers to discuss claims management practices and arrange planning sessions on issues and challenges faced by them.

6. Premiums, affordability and market share

6.1 Licensed insurers

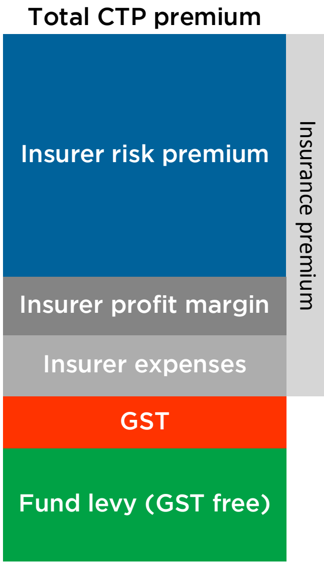
The Green Slip market is privately underwritten by five insurers: Suncorp (AAMI and GIO), Allianz Australia Insurance Limited (Allianz and CIC Allianz), Insurance Australia Group (NRMA Insurance) and QBE Insurance Group Limited (QBE).

Zurich left the scheme March 2016.

6.2 Premiums

Premiums paid by motorists cover the cost of claims, insurers' administration and claims management costs, insurers' profit, GST and the Fund levy. The Fund Levy is a fixed dollar amount, based on vehicle type and location. It appears as a separate charge on Green Slips.

Components of a Green Slip premium



Insurer risk premium

An insurer-specific amount based on claims experience, assumptions, profit margins and operating expenses.

Fund levy

Covers SIRA's operation and services and the following funds. Amounts shown are for a policy on a car garaged in Sydney at 1 December 2017.

It comprises:

Motor Accidents Operational Fund (MAOF)
Ambulance and hospital expenses for people injured in a motor vehicle accident, bulk-billed medical care and road safety research.

Motor Accident Injuries Treatment & Care Benefits Fund (MAITC)
Future treatment and care expenses of injured people with ongoing medical needs beyond five years and who were not at fault.

Lifetime Care and Support (LTCS) Fund
Long-term support for people severely injured in a motor vehicle accident. This includes payments for treatment and care from five years after an accident.

To promote competition and innovation by insurers, SIRA allows risk-based pricing, within limits, to keep premiums affordable. The premium framework blends risk-based and community-based approaches to ensure social equity in a compulsory system. Generally, Green Slip premiums reflect the underlying risk plus or minus a subsidy, so good risks subsidise poor risks within imposed limits. Without this cross-subsidy, CTP Green Slips for some motorists (such as drivers under 25) would be unaffordable and the community would be exposed to the risk of these motorists driving uninsured and unregistered.

6.3 Premium trends

Average premiums for all vehicles fell by 20 per cent from 30 June 2017 to 30 June 2018.

The table below compares the Sydney best prices for passenger motor vehicles on 30 June 2018 with prices at the start of the 2017 scheme on 1 December 2017 and the prices under the 1999 scheme for the preceding three years. Prices are for drivers aged 30 to 54.

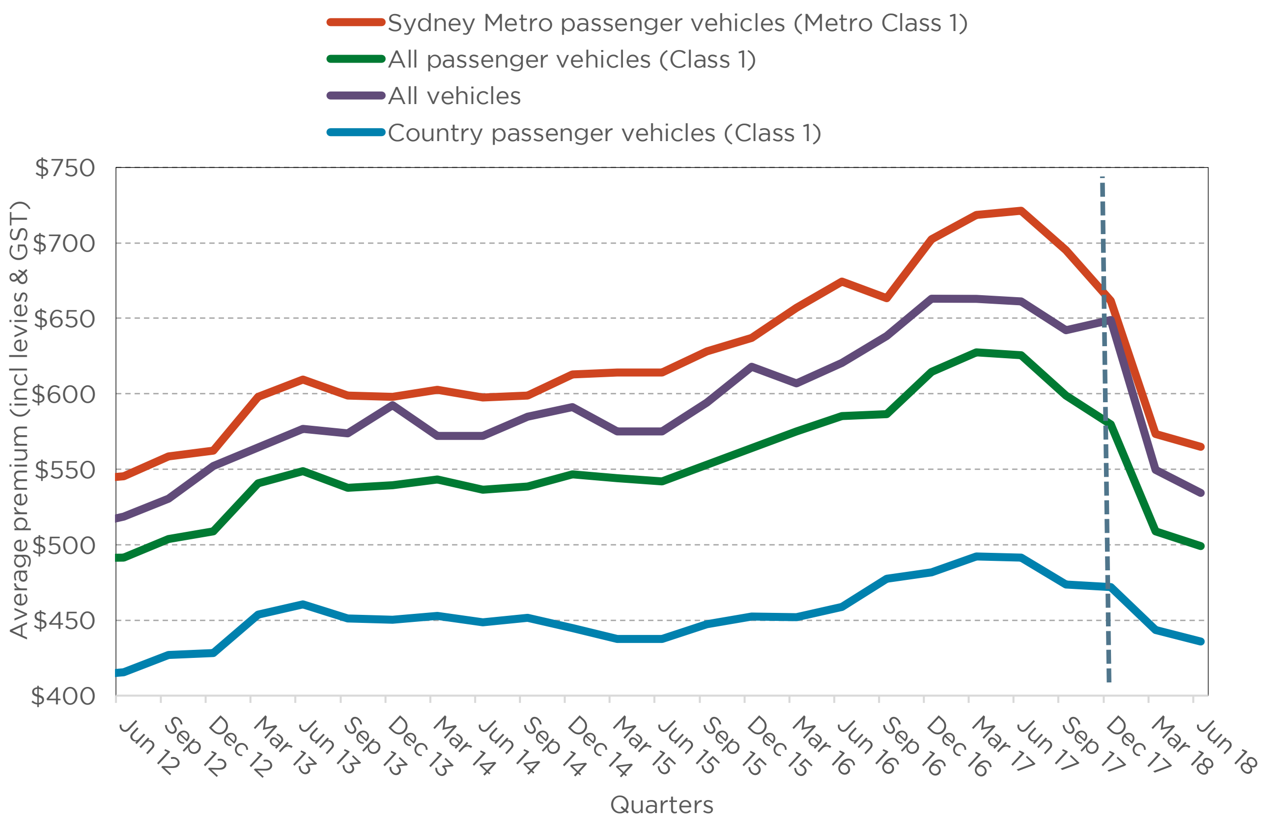
Sydney passenger vehicle headline price by insurer (includes levies and GST)

Insurer	30 June 2015	30 June 2016	30 June 2017	1 Dec 2017	30 June 2018
AAMI	$505	$572	$622	$475	$475
GIO	$509	$555	$606	$475	$471
Allianz	$539	$604	$623	$488	$478

Insurer	30 June 2015	30 June 2016	30 June 2017	1 Dec 2017	30 June 2018
CIC Allianz	$546	$644	$673	$467	$467
NRMA	$545	$588	$640	$468	$468
QBE	$519	$587	$613	$470	$470

Due to reform, most motorists have saved between $130 and $200. The best Green Slip price as at 30 June 2018 for the owner of a Sydney metropolitan passenger vehicle aged between 30 and 54 was with CIC Allianz at $467 (including levy and GST) compared with GIO's best price of $606 at 30 June 2017. Note that CIC Allianz competes in the commercial vehicle market.

Quarterly premium trends June 2012 to June 2018



The above graph shows a steady rise in premiums from the June 2012 quarter to December 2015 quarter. Premiums rose significantly between the September 2016 to June 2017 quarter. All insurers lodged premium filings with SIRA during the June 2017 quarter for price reductions of up to $43, to take effect from the 1 July 2017 (September quarter). This was due to the Motor Accidents Compensation Regulation 2015 which restricted legal costs for an award of damages that was below $50,000 (and for up to the first $50,000 of an award), and the NSW Police Strike Force Ravens activities in deterring, detecting and prosecuting fraudulent claims.

Consequently, the graph shows a reduction in premiums before the commencement of the 2017 Scheme, with further reductions from 1 December 2017.

Average premium comparison June 2017 to June 2018 (including levies & GST)

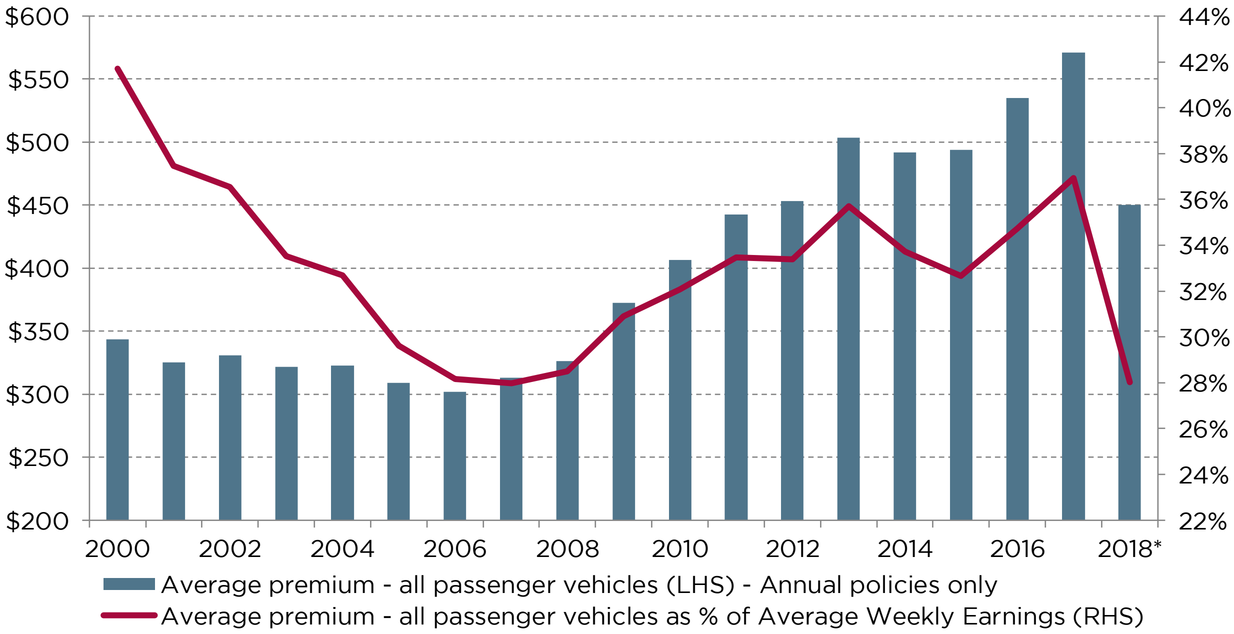
Average premium	June 2017	June 2018*	Savings	% savings
Sydney passenger vehicles (Class 1)	$721	$564	$157	22% reduction
All NSW passenger vehicles (Class 1)	$626	$499	$127	21% reduction
Country passenger vehicles (Class 1)	$491	$436	$55	12% reduction
All vehicles in NSW	$661	$534	$127	20% reduction

The above table summarises the savings from reform – on average all vehicles in NSW received a 20 per cent reduction in premiums. SIRA is guiding insurer premiums during the transition period and expects to maintain or improve the savings delivered to NSW motor vehicle owners for the next three years.

6.4 Premium affordability

An affordable[2] scheme is an objective of the 2017 scheme. SIRA's benchmark for affordability is based on the average premium for all passenger vehicles (Class 1[3]). The following graph shows that affordability of Green Slips steadily deteriorated between 2008 and 2013. In 2013, the cost of Green Slips represented 36 per cent of average weekly earnings (AWE). Despite a slight improvement in real terms in 2014 (34 per cent) and 2015 (33 per cent), it reached a peak of 37 per cent in June 2017. Affordability for the new scheme is 28 per cent, delivering on an intended scheme outcome for NSW motor vehicle owners.

Premium affordability: Average premium – all passenger vehicles (shown on left of graph) as a percentage of average weekly earnings (AWE – shown on the right of the graph)



* 2018 premiums are for the 2017 scheme only

2 Green Slip affordability is measured by comparing the average Green Slip price for all passenger vehicles (including the Fund levy but excluding GST) with the NSW average weekly earnings. The lower the ratio the more affordable the premium.

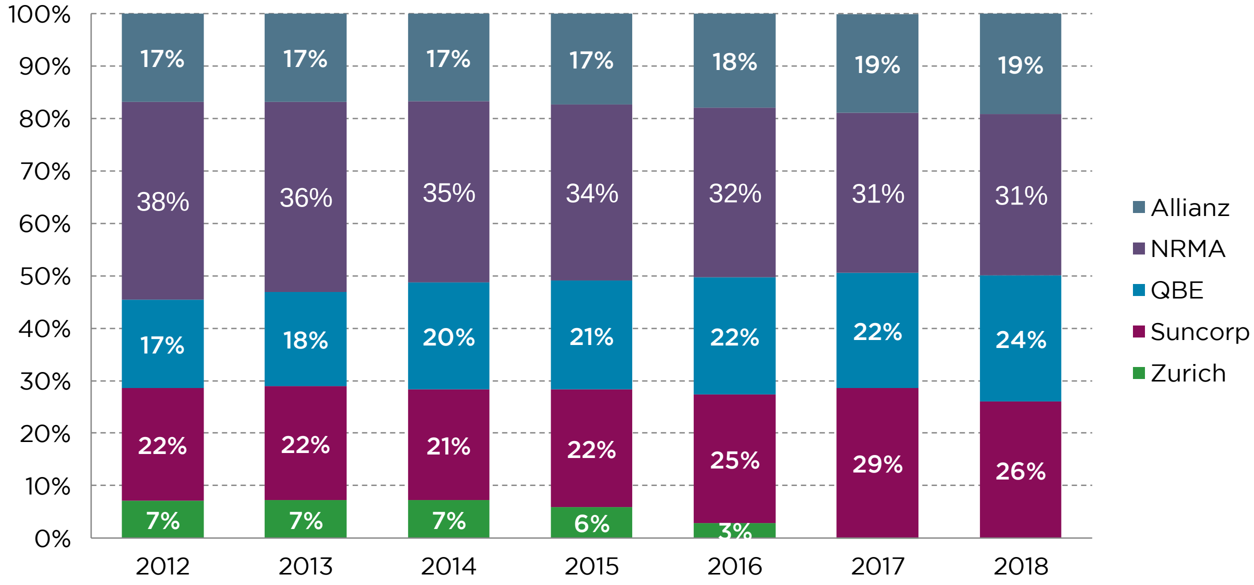
3 Motor car, station wagon and 4WD used for movement of passengers, with nine or fewer seats (including the driver). Excludes 4WD vehicles designed for the movement of goods.

6.5 Market share

Key facts as at 30 June 2018

- The retail market (including internet sales) is the largest segment of the NSW CTP market.
- AAMI, GIO and NRMA compete mainly in the retail market, dealing directly with non-commercial customers.
- CIC-Allianz competes in the commercial vehicle market through agents and brokers.
- GIO, QBE and Allianz operate in all market segments.
- An emerging market segment for all insurers is internet sales.
- All existing insurance companies have transitioned to the new 2017 scheme with new licences.
- There have been no new entrants to the 2017 scheme.

Movements in insurer market share by premium for the seven years to 30 June 2018



Comparing June 2017 to June 2018, QBE gained two per cent market share. Suncorp lost three per cent market share. These are significant variations for these insurers when considered as a proportion of total premium income.

7. Claims

7.1 Claim numbers reported

At 30 June 2018, the first claims for the 2017 scheme are still very early in their life cycle. As is typical with personal injury schemes, there are significant delays in the full claim experience. Claim numbers and some analysis of liability status, minor injuries and legal representation are preliminary indicators only.

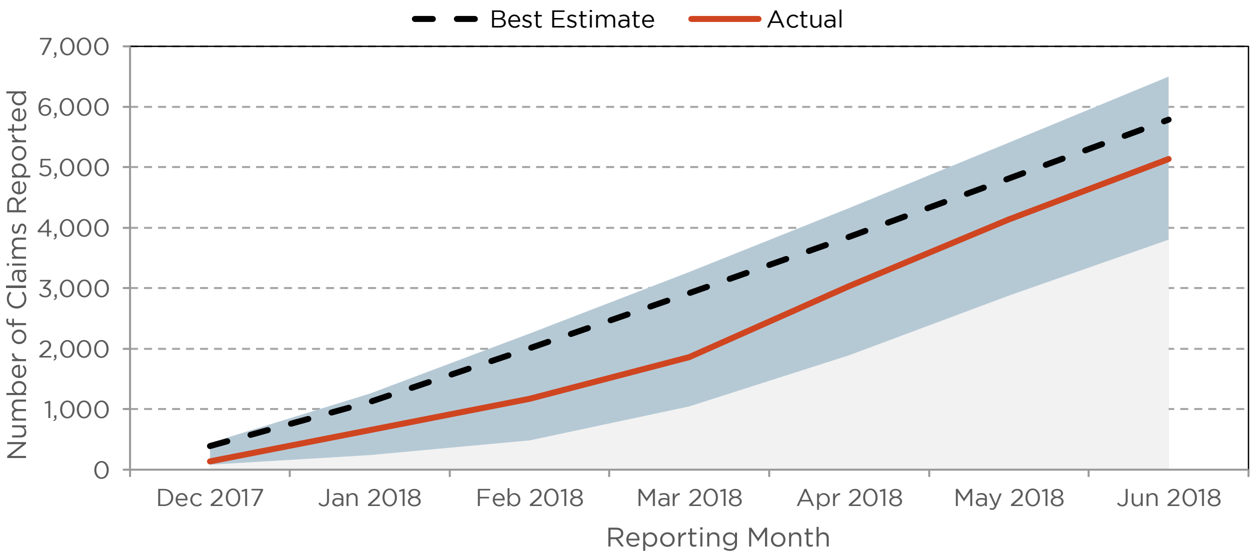
The number of claims reported in the first seven months of the 2017 scheme has been lower than expected. This has largely been driven by the low level of reporting in the first two months – December 2017 and January 2018.

The initial low reporting level may be due to limited awareness of the new scheme, delays in new business processes implemented by CTP insurers, other ‘honeymoon’ impacts and monthly seasonality in road casualties. There are also delays in reporting claims when they can be lodged up to three months after the accident – later in certain cases.

The reporting level has since picked up, and is running much closer to expected.

Overall, claim numbers continue to develop within the expected range. The gap between expected and actual is narrowing as scheme experience develops.

Number of statutory benefit claims by reporting month (excludes s151z, compensation to dependants, interstate and early notifications)



The blue-grey band represents the upper and lower range for expected reporting behaviour based on assumed propensity to claim compared to expected.

The table below shows most claims reported are statutory benefit claims. There has been some take up of the early notification benefit (where injured people can claim a limited number of number of treatment or rehabilitation sessions without submitting a full claim form: currently 330 claims are in this group).

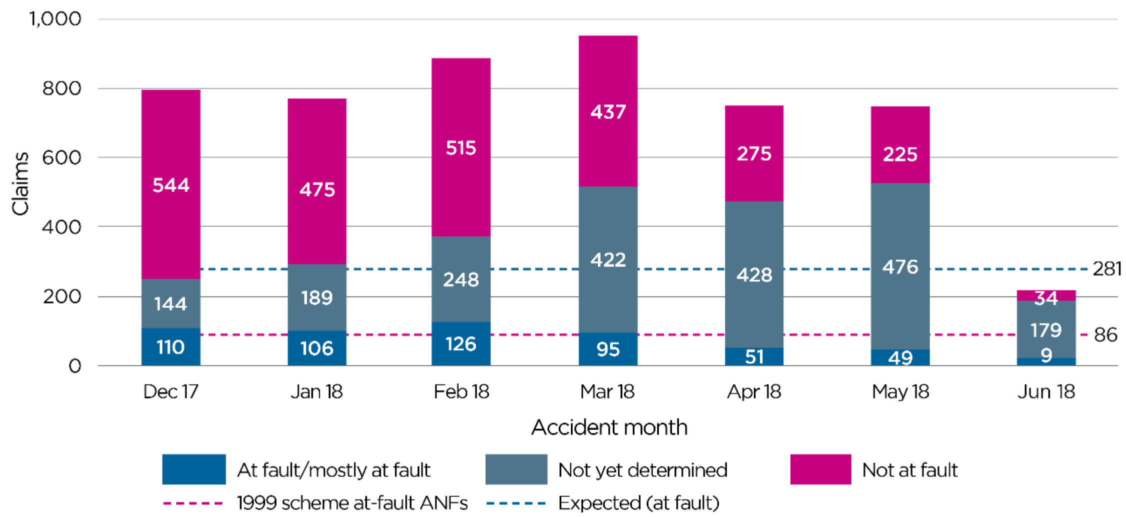
There are nine claims for the award for damages included with the statutory benefit claims. This limited number reflects the 2017 scheme benefit design where all claims receive early treatment, care and, for earners, weekly benefits. This removes the impetus for seriously injured people to lodge quickly. Additionally, the scheme has been designed so that those with less serious injuries (10% or less whole person impairment) must wait 20 months to lodge a damages claim for economic loss so they focus on recovery. This means that the earliest these claims can lodge is 1 August 2019 for a 1 December 2017 claim.

Number of claims reported by claim type to 30 June 2018

Claim type	Number of claims
Statutory benefits	5,137
Early notifications	330
Interstate	127
Compensation to dependant	81
Workers compensation	6
Other	3

7.2 Claims by fault status

Statutory benefit claims by fault status



The above graph shows at-fault and mostly at-fault claim numbers by month of accident compared with average 1999 scheme Accident Notification Form at fault benefits, as well as the expected, for the same period.

At-fault claims in the 2017 scheme are currently lower than expected. Over time, we anticipate at-fault claims will increase as the community becomes aware of the 26 weeks of benefits available for at-fault injured road users and as the apparent stigma attached to being an at-fault injured person diminishes.

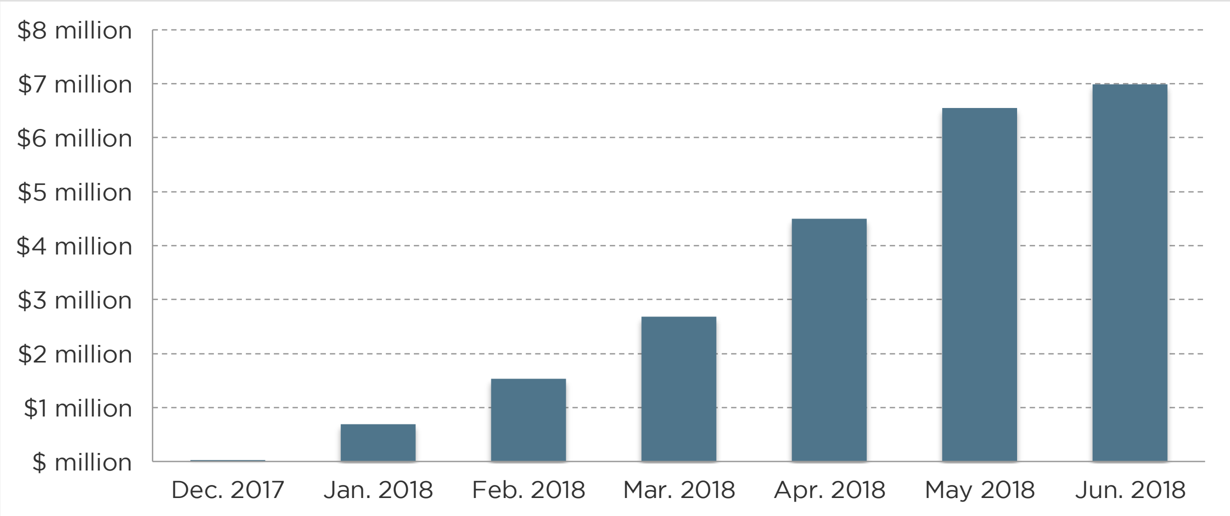
Claim numbers are low for the most recent three months, as many claims for these months are not yet reported, and there will be a subsequent three-month period for insurers to make fault decisions. This reflects scheme design where insurers have up to three months after the claim has been lodged to decide on the liability beyond 26 weeks, with part of this decision depending on the fault status.

The older months will develop further as there are still claims being reported for these months that will be classified as at fault claims as the claims process progresses – injured people can report up to three months after the accident. It is also expected that there will be claims reported later than three months after the accident in certain cases.

8. Claim payments

Key objectives of the 2017 scheme are 'to encourage early and appropriate treatment and care to achieve optimum recovery of persons from injuries sustained in the motor accidents and to maximise their return to work or other activities'; and 'to provide early and ongoing financial support for person injured in motor accidents'.

Scheme payments by month paid



Award of damages are expected to ultimately comprise up to 73% of the total claim cost of the 2017 scheme. No damages payments have been made to 30 June 2018.

This is as expected because the 2017 Act does not allow people with less serious injuries (10% or less whole person impairment) to submit a damages claim for economic loss for 20 months, encouraging participation in treatment and care with the goal of early recovery.

Award of damages claims for less serious injuries will only emerge, at the earliest, from 1 August 2019.

Payment experience by payment class

Payment class	Total gross payments	Percentage of total payments
Treatment and rehabilitation	$10,267,553	43%
Weekly payments	$12,014,299	50%
Insurer medico-legal	$15,236	0%
Insurer investigation	$947,125	4%
Funeral expenses*	$666,630	3%
Care	$174,659	1%
Insurer legal	$979	0%
Injured people's costs (excluding legal)	0	0%
Injured people's legal	$1,760	0%
Award of damages	0	0%
Total (before recoveries)	$24,088,241	100%
Recoveries	($1,543)	0%
Grand total	$24,086,698	100%

* Total payments for funeral expenses are higher than for compensation to dependants claims as some payments made to statutory benefit claims were coded as funeral expenses. These may in fact be compensation to dependants claims.

The above table shows over $24 million was paid between 1 December 2017 and 30 June 2018 ($41 million to 31 August 2018). Of this, $965,100, or 4 per cent, can be classified as 'non-claimant' payments (i.e. payments for insurer medico-legal, insurer investigation, insurer legal and injured people's legal).

Payments are currently lower than forecast. This is likely to reflect the slower than anticipated start-up of the scheme, and is not expected to result in a lower ultimate cost of claims.

Statutory benefits payments as at 30 June 2018

$ millions	Forecast*	Actual	Remaining Payments for first Premium Year
Statutory Benefit Payments	$72.0	$24.1	$346.0

* Forecast set in October 2017. A revised forecast is expected in November 2018 allowing for emerging payment experience.

For the commencement of the 2017 scheme, premiums were determined by projecting an expected overall cost per policy. Expected claim payment patterns over time were forecast using quarterly payment patterns from injury schemes that pay statutory benefits (e.g. Victorian, Transport Accident Commission (TAC)). These payment patterns were then adjusted for the anticipated commencement date of the 2017 scheme.

While some initial delays in payments were allowed for, early actual payment patterns may differ from the forecast for the following possible reasons:

- In deriving monthly patterns from quarterly data, payments in the earlier months of each quarter are overstated compared with the later months;
- The aggregate payment pattern (used to determine the expected value in the table above) is a sum of payment patterns based on accident and payment months. Any emerging variation between the accident and payment months used is magnified in the aggregate payment pattern;
- Claims in the 2017 scheme are not yet being reported as quickly as in other schemes (i.e. TAC), so delays in the earliest months of the scheme are greater than forecast;
- The 2017 scheme started in December 2017 and may have been affected by seasonality which was not allowed for.

The difference in payment patterns mainly affects the timing of payments rather than their amount. If payments for loss of income are not made initially, for example, due to a delay in lodging a claim, these benefits can still be part of a damages claim later. In this situation, costs are likely to be higher than if paid as a statutory benefit, due to the uncertainty of the award of damages process and costs.

Most scheme costs will emerge over several years. In particular, expected future damages payments are a material scheme cost, which will only emerge over the next few years. As anticipated, no damages have yet been paid in the 2017 scheme, so using the experience to date to gauge future trends in payment timing and amount would be misleading.

The following table shows how delays can affect expected statutory benefit payments and compares them with actual payments as at 30 June 2018.

30-Jun-18 ($ millions)	Expected	Actual
Original Payment Pattern	$72.0	$24.1
Pattern delayed by 1 month	$54.1	$24.1
Pattern delayed by 2 months	$39.4	$24.1
Pattern delayed by 3 months	$26.1	$24.1

This highlights the sensitivity of the assumed payment pattern to delays. Any delay in the current payment pattern by two or three months moves the payment pattern largely in line with the expected pattern. A variation in aggregate delay like this is not unreasonable in the first months of a new scheme.

While the payments to date are less than expected according to the actuarial model it is quite possible that this is temporary, as the various parties become accustomed to the new scheme.

Such an effect has occurred in the past when significant changes in the scheme have been made. Over time, as the processes and procedures of the 2017 Scheme develop and mature, it is expected that the payments to injured people will continue to speed up.

With SIRA's new universal claims database, the scheme actuary, Ernst and Young, is able to improve the forecasts by better reflecting the claims experience in the new CTP scheme.

9. Minor injuries

9.1 Definition

Minor injury is defined in the *Motor Accident Injuries Act 2017* as a soft tissue injury or minor psychological or psychiatric injury. The determination of an injury as a 'minor injury' in the CTP scheme is based on diagnosis. It does not reflect the physical symptoms or the emotional impact an injury may have on a person. Injured people deemed to have 'minor injury' claims are eligible for up to 26 weeks (six months) of statutory benefits.

9.2 Guidelines and fact sheets

In addition to the legislation, SIRA has issued the Motor Accident Guidelines, advice on our website and the 'Understanding minor injury' fact sheet to inform injured people about minor injury decisions, their entitlements and benefits and the process for reviewing decisions about their injury or treatment.

In the early days of the new scheme, SIRA has focused on communicating with and educating all parties – injured people, health providers, insurers – to promote clear and consistent understanding of the way the minor injury provisions are applied.

SIRA is monitoring minor injury claims, internal reviews, complaints and disputes and will respond to emerging trends or issues with further guidance or advice for stakeholders. The goal is to support simple and fair application of minor injury decisions, in keeping with the intent of the legislation.

9.3 Support for injured people

CTP Assist routinely contacts injured people after they lodge a claim, to make sure they are getting the support they need. They then follow up after three weeks, 10 weeks and 23 weeks to provide support and help them understand their claim journey, insurer decisions and their rights for review and access to support services. The same person from CTP Assist calls each time to maintain a strong connection with each injured person.

9.4 Independent file review

SIRA has committed to reviewing the impact of the minor injury definition to make sure the definition of minor injury and the way it's applied by insurers meet the goals of the new scheme. SIRA has engaged two independent research institutions to carry out a file review of claims, with a focus on minor injury: the University of Sydney's John Walsh Centre for Rehabilitation Research and Macquarie University's Australian Institute of Health Innovation.

The independent review will look at the scheme's first 1,000 claims, focused on those deemed minor injury claims, and follow them for two years. This will provide insights into:

- injury management in the 2017 scheme
- how the minor injury threshold is applied
- opportunities for data collection to improve scheme monitoring.

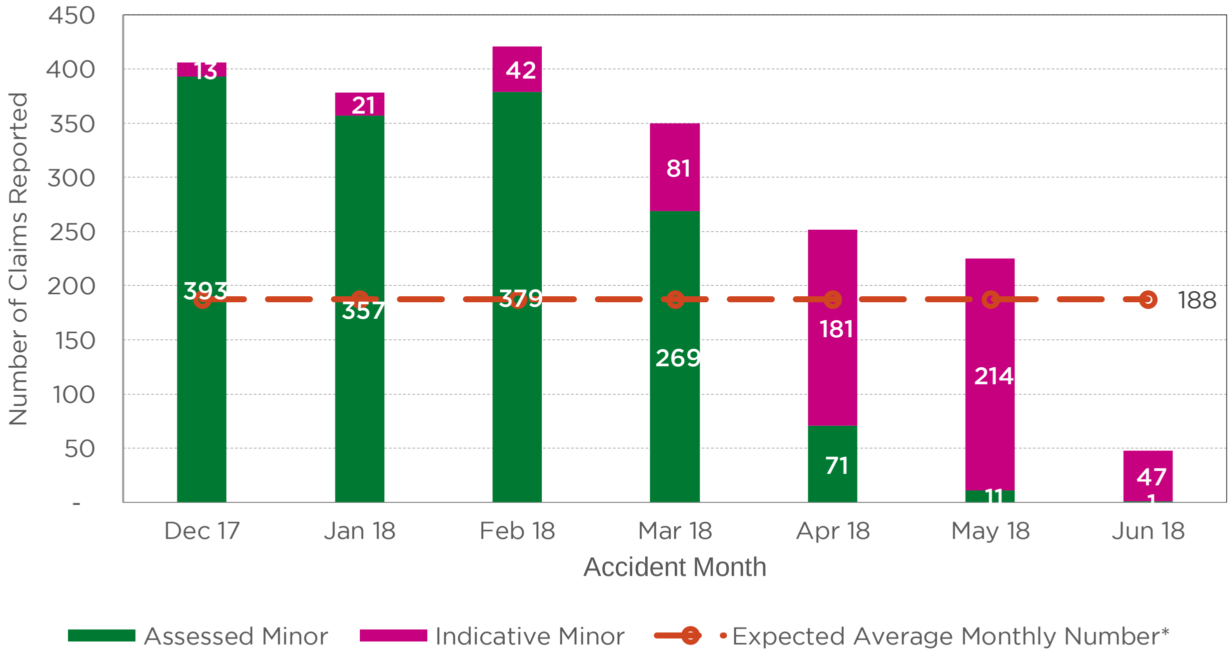
9.5 Minor injury claims

Medical experts agreed most people with minor injuries will recover within six months, so providing benefits for up to six months will serve these injured people well.

At this early stage of the scheme, there are indications that key processes associated with minor injury – communication, early access to treatment and care, evidence-based decision making, the new claims management approach (recovery and support), and dispute resolution (insurer internal review independent of the original decision maker and DRS) – are working. However, SIRA is monitoring closely and it is still too early to fully evaluate the minor injury provision.

As at 30 June 2018, there were 810 assessed minor injury claims.

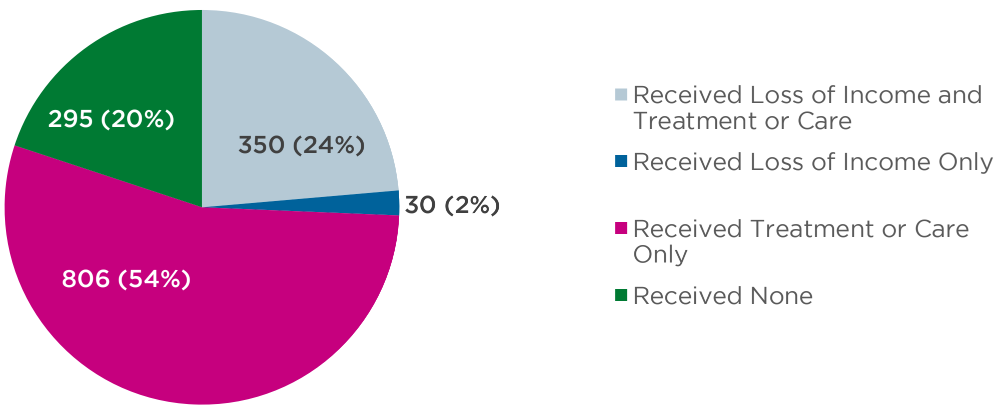
Number of Minor injuries by assessment type and accident month



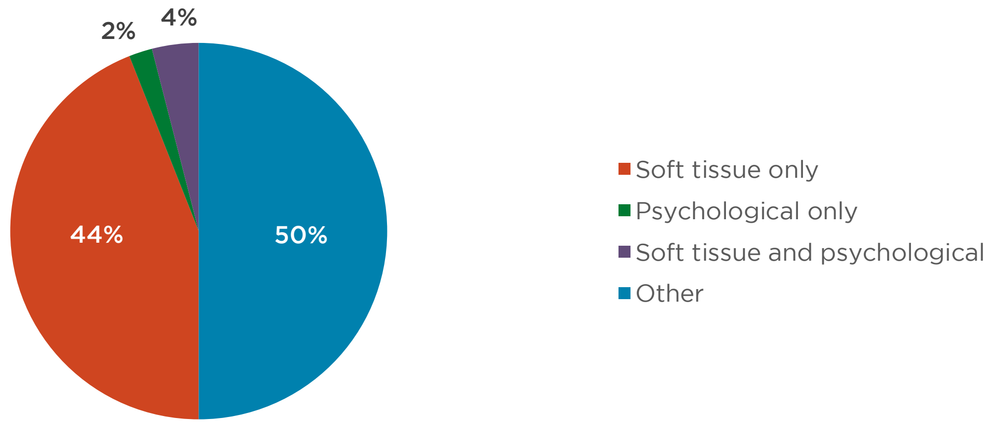
The above graph shows more claims assessed as minor injury than expected for the older and more developed accident months. Many insurer initial assessments of minor injury decisions will be reviewed using the insurer independent review process, outcomes of the independent file review and the Dispute Resolution Service merit review process. Claims initially assessed as minor injury by insurers may be reclassified as not minor injury by these three processes.

It is very early in the scheme's experience and, as early claims go through the claims lifecycle, SIRA is carefully monitoring the minor injury profile.

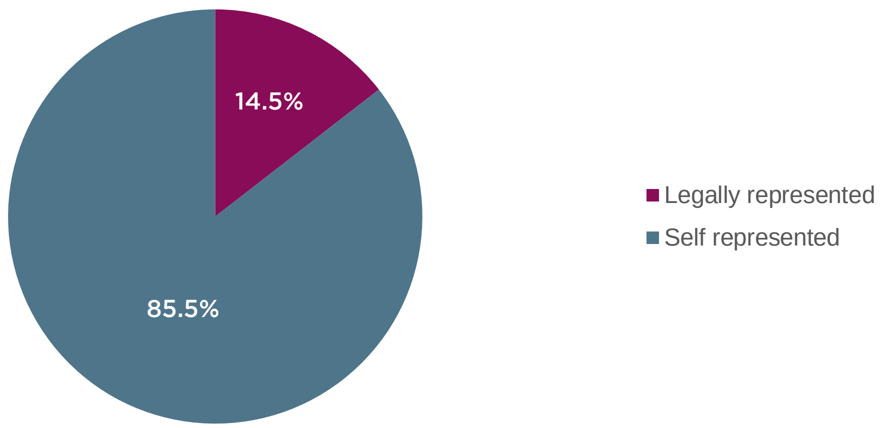
Assessed minor injury claims by benefits received



Reason for minor injury decision



Minor injury by legal representation



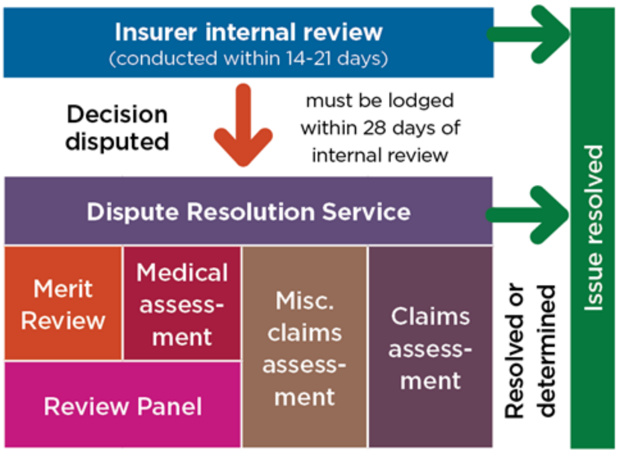
There have been 147 internal review matters on minor injury decisions, with about 11% of the decisions being overturned by the reviewer (noting a large proportion of the matters have not yet had a decision).

Further, approximately half of the DRS matters received so far relate to minor injury decisions.

10. Legal representation

Of the 5,137 reported claims in the 2017 scheme, 1,051 statutory benefit or award of damages claims have been coded by insurers as involving a lawyer. Of these claims, almost all are currently statutory benefit only claims – 1,049 out of the 1,051. This represents a legal representation rate of 20 per cent for reported claims with a statutory benefit component. Also 21 per cent of the claims for compensation to dependants reported to the scheme involve a lawyer; for early notification claims the legal representation rate is 4 per cent.

11. Internal review and dispute resolution



As the first step in resolving a dispute, an injured person can request an internal review of a decision by an insurer.

This must be independent of the original decision maker, allowing the injured person and insurer to resolve the dispute without SIRA's Dispute Resolution Service (DRS). This will usually provide a quicker outcome.

An insurer internal review is needed before most disputes can be lodged with DRS. Some matters can proceed directly to DRS.

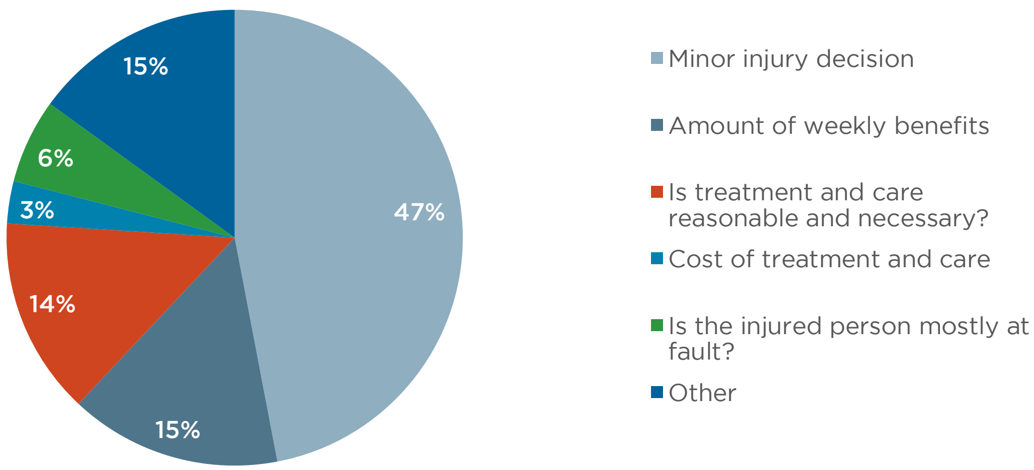
The diagram at right outlines these processes.

11.1 Insurer internal review

There were 315 internal review matters lodged as at 30 June 2018. Approximately half relate to minor injury decisions.

Of the 315 internal reviews, 236 had been completed (including 19 withdrawn and 17 declined). 79 were in progress at the year's end.

Internal reviews by review type



Insurer internal review outcomes

Internal review status	Internal review outcome
Determined	200
Withdrawn	19
Declined	17
In progress	79
Total	**315**

Insurer internal review - decisions

Internal Review impact	Decision upheld	Decision overturned in favour of injured person	Decision overturned in favour of insurer	Total
Minor injury decision	77	10	0	87
Amount of weekly payments	17	20	3	40
Reasonable & necessary treatment	21	11	1	33
Mostly at fault	9	2	0	11
Other	17	12	0	29
Total	141	55	4	200

Thirty per cent of decisions at 30 June 2018 were overturned in favour of the injured person at internal review, showing that there is value in the review process.

Minor injury decisions represented 43.5 per cent of internal reviews as at 30 June 2018. Weekly payments were the next largest category, representing 20 per cent of reviews, with reasonable and necessary treatment following at 16.5 per cent.

Around 11 per cent of minor injury decisions and 50 per cent of weekly payment reviews were overturned in favour of the injured person. Just two per cent of internal reviews were overturned in favour of the insurer.

11.2 Dispute resolution

Where an injured person disagrees with an insurer's decision after an internal review, they can access SIRA's Dispute Resolution Service (DRS). Note: some matters can proceed directly to DRS.

The first 68 eligible disputes under the 2017 scheme were lodged in the quarter ended June 2018. There has been no litigation under the scheme to date. Of the 68 disputes lodged, four had been decided as at 30 June 2018.

Dispute resolution outcomes

Type	Dispute matter	Decision over-turned	Decision upheld	In progress	Declined	With-drawn	Total
Medical	Minor injury			38		1	39
Medical	Is treatment and care related to injury caused by accident?			7			7
Medical	Is treatment and care reasonable and necessary?		1	5			6
Misc. claim	Is the injured person mostly at fault?			2		1	3
Merit	Amount of weekly benefit payments		1	4	1		6
Merit	Is death or injury from a NSW accident?			1		1	2
Merit	Statutory benefits time limits			1			1
Merit	No benefits if workers compensation payable	1					1
Merit	Variation of weekly payments		1				1
Merit	Gratuitous services				1		1
	Unknown			1			1
	Total	1	3	59	2	3	68

Note: Claims opened in error, duplicate claims, invalid disputes or disputes submitted under the 2017 scheme but related to the 1999 scheme are not included in this table.

It is too early in the scheme lifecycle to make any assessment of the dispute process. There can be a three-month reporting delay by the injured person; the insurer can take three months to assess the claim for post 26 weeks benefits; and the internal review process may need to be accessed by the injured person before a dispute can be lodged. This highlights the time periods and development that need to be considered.

12. Insurer profit and scheme efficiency

12.1 Insurer profit

Insurers have filed target profits of eight per cent in accordance with SIRA guidance and based on the independent actuary's scheme costing.

Until payments for the first accident year claims are finalised, which may take three to five years, indicative realised profits cannot be measured.

12.2 Scheme efficiency

Scheme efficiency is the amount of premium dollar that is returned to injured people as claims payments. It is too early for scheme efficiency to be assessed. Payments for the first accident year cohort will be finalised in three to five years.

The 2017 scheme introduces a waiting period of 20 months from the date of accident before an award of damages can be lodged (for claims with a whole person impairment [WPI] of 10% or less). The award of damages is material to the ultimate claims cost and experience. Claims can take years to reach settlement and finalisation. For complex and severe injuries, this can be more than 10 years.

Scheme efficiency 1999 scheme compared with 2017 scheme target

Scheme	Scheme efficiency
1999 scheme	46%
2017 scheme	57% (target)
2017 scheme (those with more serious injuries)	65% (target)

13. Glossary

Item	Description
Accident Notification Form (ANFs)	This form provides for the early payment of reasonable and necessary medical expenses and/or lost earnings up to a maximum of $5,000. ANFs can be lodged by at-fault and not-at-fault injured parties.
Accident year	The year in which the vehicle accident giving rise to the claim occurred. Accident years generally run from 1 July to 30 June.
Affordability	Green Slip affordability is measured by comparing the average Green Slip price for all passenger vehicles (including the MCIS levy but excluding GST) with the NSW average weekly earnings. The lower the ratio the more affordable the premium.
Bulk-billing	Under the Bulk Billing Agreement, an amount is collected as part of the Fund levy and paid to the Ministry of Health and the Ambulance Service of NSW for public hospital and public road ambulance services.
Claims	The claims in the NSW CTP 1999 scheme are split into full claims, ANFs and workers compensation recovery claims.
Class 1 vehicle	Motor car, station wagon and 4WD used for movement of passengers, with 9 or less seats (including the driver). Excludes 4WD vehicles designed for the movement of goods.
Compulsory third party (CTP) insurance	CTP insurance protects a person (the first party) who buys the policy from an insurer (the second party) against claims made by someone they injure (the third party).
Fund levy	A levy that's part of CTP insurance premiums which funds the Lifetime Care and Support Scheme. Part of the Fund levy is also used to fund SIRA and Bulk Billing arrangements for ambulance and hospital services.
Green Slip	Another name for a CTP policy that dates to the start of the NSW CTP scheme in 1989 when the CTP insurance invoice was a green piece of paper.

Item	Description
Non-economic loss	Non-economic loss is defined in the 2017 Act to include pain and suffering, loss of amenities of life, loss of expectation of life, and disfigurement.
Premium filing	The process of an insurer submitting its proposed premiums to SIRA for approval, together with full details of costs, actuarial reports and other information to ensure premiums meet the Act.
Underwrite	The process of assessing risk and ensuring the cost and conditions of the cover are proportionate to the risk faced by the individual concerned.
Whole person impairment	Whole person impairment is an assessment of the degree of permanent impairment arising from an injury or injuries caused by a motor accident. It is based on standard guidelines that assign values to the permanent impairment of one or more body parts, systems or functions, expressed as a percentage.

Motor Accidents Insurance Regulation, Level 6, McKell Building, 2-24 Rawson Place, Sydney NSW 2000

General phone enquiries 1300 137 131 or CTP Assist 1300 656 919

Website www.sira.nsw.gov.au

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