

SIRA

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# 2017 CTP Scheme Performance Report to 30 June 2022

*Motor Accident Injuries Act 2017*

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## 1. Executive summary

The purpose of this report is to provide insights into how the 2017 NSW Compulsory Third Party (CTP) scheme is performing against the objectives outlined in the *Motor Accident Injuries Act 2017* (MAI Act) from 1 July 2021 to 30 June 2022. Performance of the scheme has been considered against six key categories including effectiveness, efficiency, viability, affordability, customer experience and equity.

### 1.1. Key findings

From July 2021 to June 2022, approximately 70 per cent of people claiming treatment benefits accessed pre-claim treatment. A further 19 per cent were first paid treatment benefits within two weeks of lodging their claim. This means that almost 90 per cent of people were able to access treatment benefits within two weeks of lodging their claim.

The percentage of claims where the first weekly benefit payment was made within 2 weeks of claim lodgement increased from 12 per cent from 2020-2021 to 30 per cent in 2021-2022. The median time for weekly benefits to commence has also reduced year on year since scheme inception, with injured people now receiving their first weekly benefit payment almost twice as fast as in 2017/2018.

The cost of damages claims continues to remain uncertain as many of these claims have yet to be settled even for the first accident year of the 2017 Scheme. As at 30 June 2022, it is estimated that 45 per cent of total expected award of damages payments have been made for injuries that occurred in 2018.

Since the commencement of the 2017 Scheme on 1 December 2017, premiums in the market (including levies and GST) have reduced from an average of \$635 to \$482. Competition has also increased with the entry of Youi into the NSW CTP market in December 2020, the first new entrant in over 20 years.

In 2021, following an assessment for the first (2018) and second (2019) accident years SIRA activated the Transitional Excess Profit and Loss (TEPL) mechanism for the first time to claw back almost \$91 million in insurer profits. This profit was redistributed to NSW motorists through savings on Green Slips, where it contributed to an average saving of \$19 for Green Slips purchased or renewed from 15 January 2022.

## 2. About SIRA

The State Insurance Regulatory Authority (SIRA) was established in 2015 to steward and regulate NSW's statutory insurance and care schemes — motor accidents Compulsory Third Party (CTP) insurance, workers compensation insurance and the home building compensation scheme. SIRA is a customer-centric, intelligence-led, risk-based regulator whose core purpose is to ensure that NSW insurance schemes protect and support the people who need them, now and in the future.

SIRA's role in the state's insurance and care schemes is to:

- ensure that access to compensation is balanced with affordability of insurance and the efficiency and viability of the 2017 Schemes
- minimise the cost to the community of motor accident and workplace injuries, and the risks associated with the injuries
- ensure access to treatment that will assist in injured persons' recoveries
- lead the strategic development and effective oversight of NSW insurance and care schemes
- promote the effective management of claims and any disputes or complaints that may arise
- promote injury prevention, effective injury management and return to work measures and programs
- oversee and monitor compliance with legislation
- collect, analyse and publish data relating to performance
- advise the Minister on appropriate strategies, policies, and practices.

SIRA launched a new strategy, [SIRA2025](#), in March 2022. The strategy outlines SIRA's goals and

strategic priorities until 2025. Holding regulated entities to account for outcomes, putting the customer at the centre, and data and digital, are important elements of the strategy. Through this strategy SIRA will use the full range of scheme stewardship, design, and regulatory functions to deliver better outcomes for customers.

SIRA continues to make detailed scheme performance data available via an interactive Open Data Portal on its website. SIRA also publishes quarterly scheme actuarial reports, regulatory activity updates and measures of insurer performance.

### 3. The 2017 NSW CTP Scheme

Compulsory Third Party (CTP) insurance protects motor vehicle owners and drivers from liability if they were to injure or cause the death of a person or people in a motor accident in NSW. A CTP insurance policy (also known as a Green Slip) is required to register most vehicles in NSW.

CTP is a type of statutory insurance. This means that eligibility to claim for benefits and/or damages is determined by the legislation that is in effect at the time a motor vehicle accident occurs.

The 2017 CTP scheme was established in NSW under the *Motor Accident Injuries Act 2017* (MAI Act) and applies to injuries resulting from a motor vehicle accident occurring on or after 1 December 2017.

The scheme provides benefits for pedestrians, passengers, cyclists, motorcyclists, drivers of other vehicles and, to a limited extent, the driver at-fault. People injured on NSW roads by an uninsured or unidentified vehicle can also claim scheme benefits through the Nominal Defendant Fund which SIRA manages.

Benefits under the 2017 Scheme are fully funded by premiums. Premiums paid by motorists cover the cost of claims, insurers' administration and claims management costs, insurers' profit, GST and a fund levy. SIRA administers the fund levy which is comprised of:

- **Motor Accidents Operational Fund (MAOF)** which pays for initial public hospital and ambulance services for anyone injured on NSW roads; the costs of running the CTP insurance scheme including support services such as CTP Assist, the Personal Injury Commission (the Commission), Independent Review Office (IRO) and vocational and return to work support; and fees to Transport for NSW to administer the registration process.
- **Lifetime Care and Support Scheme (LTCS) Fund** which covers the lifetime treatment, rehabilitation and care of people who have been severely injured on NSW roads regardless of who was at fault. To be eligible for the LTCS Scheme, severe injury criteria must be met.
- **Motor Accident Injuries Treatment and Care Benefits Fund (MAITCB)** which is vested in the Lifetime Care and Support Authority (LCSA) to cover payments and costs relevant to treatment and care under the CTP Care program which provides treatment and care for people with needs five years after the motor accident, or earlier by agreement.

The 2017 Scheme is designed to support injury recovery by providing fast access to payments for treatment, care, and loss of income to assist people to return to work or their other pre-injury activities.

The scheme has a number of key characteristics which include;

- Statutory benefits include weekly income payments (if the person is an earner and has lost time from work due to the accident), treatment costs and commercial attendant care
- People with 'minor injuries' as defined in the MAI Act (that is, soft tissue and/or minor psychological or psychiatric injuries) or those who were wholly or mostly at-fault in the accident are limited to 26 weeks of weekly payments of statutory benefits
- The maximum weekly payment period for injured people whose injury is not minor and who were not the person mostly at-fault in the accident, is up to 104 weeks unless the injured person has a pending damages claim

- A claim may be made for damages for economic and non-economic loss. No damages may be awarded to an injured person if the person's injuries resulting from the motor accident were minor injuries. Permanent impairment thresholds must be met to be eligible for non-economic loss
- An injured person who has a pending claim for damages may claim statutory benefits for loss of earnings or earning capacity for up to 156 weeks if the degree of permanent impairment as a result of the injury is not greater than 10 per cent, and 260 weeks if the degree of permanent impairment as a result of the injury is greater than 10 per cent
- After five years from the date of the accident (or earlier by agreement), icare's CTP Care will become responsible for paying for reasonable and necessary treatment and care instead of the CTP insurer
- Reasonable funeral expenses, regardless of fault
- Compensation to close relatives who were dependent on a person who died because of a motor crash in NSW and was not at-fault.

The tables below provide an overview of scheme benefits and damages for injured people based on whether they were at fault or not at fault in causing the motor vehicle accident.

Note: these tables are current as of June 2022 and do not reflect subsequent amendments to the MAI Act in November 2022.

**Table 2a: 2017 scheme benefits and damages entitlements at a glance – At fault claims**

<b>At fault claims: Benefits/damages type</b>	<b>All</b>
<b>Ambulance and hospital emergency treatment</b>	Available for anyone injured in a motor vehicle accident
<b>Weekly benefits payments for loss of earnings</b>	Up to 26 weeks
<b>Damages for future economic loss</b>	No
<b>Damages for non-economic loss (e.g. pain and suffering)</b>	No
<b>Treatment and care benefits</b>	Up to 26 weeks
<b>Funeral expenses</b>	Available whether at fault or not at fault
<b>Damages for dependants in compensation to relatives claims</b>	No
<b>Legal and other expenses</b>	Available as prescribed under the MAI Act and Regulations

**Table 2b: 2017 scheme benefits and damages entitlements at a glance – Not at fault claims**

<b>Not at fault claims: Benefits/damages type</b>	<b>Minor injuries</b>	<b>Non-minor PI* ≤ 10%</b>	<b>Non-minor PI* &gt; 10%</b>
<b>Ambulance and hospital emergency treatment</b>	Available for anyone injured in a motor vehicle accident	Available for anyone injured in a motor vehicle accident	Available for anyone injured in a motor vehicle accident
<b>Weekly benefits payments for loss of earnings</b>	Up to 26 weeks	Up to 156 weeks	Up to 260 weeks
<b>Damages for future economic loss</b>	No	Yes (after 20 months)	Yes
<b>Damages for non-economic loss (e.g. pain and suffering)</b>	No	No	Yes
<b>Treatment and care benefits</b>	Up to 26 weeks	CTP Care after 5 years	CTP Care after 5 years
<b>Funeral expenses</b>	Available whether at fault or not at fault	Available whether at fault or not at fault	Available whether at fault or not at fault
<b>Damages for dependants in compensation to relatives claims</b>	No	Yes (PI threshold not relevant)	Yes (PI threshold not relevant)
<b>Legal and other expenses</b>	Available as prescribed under the MAI Act and Regulations	Available as prescribed under the MAI Act and Regulations	Available as prescribed under the MAI Act and Regulations

\*Permanent Impairment

### 3.1. Personal Injury Commission

From 1 March 2021, the Personal Injury Commission was established as an independent statutory tribunal responsible for resolving disputes between people injured in motor accidents and workplaces in NSW, and insurers and employers. Prior to that, SIRA's Dispute Resolution Service provided for resolution of disputes for NSW CTP insurance.

A key feature of the 2017 Scheme is to encourage early resolution of claims, and quick, cost effective and just resolution of disputes. An injured person can request an internal review of specified insurer decisions as a first step in resolving disputes. The internal review is required to be conducted independently of the original decision maker, and provides an opportunity to resolve disputes early, without the need to progress to the Personal Injury Commission.

### 3.2. The Independent Review Office

The Independent Review Office (IRO) also commenced oversight of CTP complaints raised by injured people about their insurer in relation to their claim.

SIRA continues to manage complaints relating to all other aspects of the 2017 Scheme, including complaints from customers in relation to their CTP Green Slip.

### 3.3. 2021 Statutory Review of MAI Act

In November 2021, the final report of the three-year Statutory Review of the MAI Act was tabled in the NSW Parliament. The independent reviewers (Clayton Utz and Deloitte) made 73 recommendations relating to scheme design, scheme implementation and key performance

indicators (KPIs).

Clayton Utz focused on whether the design and terms of the MAI Act, Regulations and Guidelines continued to meet the policy objectives of the 2017 Scheme, making 49 recommendations.

Deloitte focused on the implementation of the MAI Act with reference to specific key performance indicators and made 24 recommendations and 20 suggestions which relate to SIRA's supervision and oversight of insurers as well as monitoring and data collection.

The Government prioritised a package of legislative reforms which passed in November 2022 that respond to key legislative recommendations to extend and facilitate speedier access to benefits for injured people; responds to feedback from scheme participants regarding the need for increased access to, and availability of, rehabilitation and trauma support; and includes other scheme and regulatory enhancements that will improve and clarify the operation of the 2017 scheme. SIRA are currently working with insurers and key stakeholders to implement the legislative changes including monitoring the performance of the CTP Scheme.

SIRA has also made progress on many of the recommendations through administrative actions including enhancements to CTP Assist, changes to the Motor Accident Guidelines, publication of SIRA's Regulatory Publishing Policy, and development of a forward Insurer Claims and Conduct Assurance Program (ICCAP) and release of the FY2022/23 supervision Roadmap. Further consultation on further supports, including legal supports and any review of scheduled fees, will occur in early 2023.

## 4. Effectiveness and efficiency

### 4.1. Time to access treatment and care benefits

A key objective of the MAI Act is 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.

From July 2021 to June 2022, approximately 70 per cent of people claiming treatment benefits accessed pre-claim treatment.

A further 19 per cent were first paid treatment benefits within two weeks of lodging their claim. This means that almost 90 per cent of people were able to access treatment benefits within two weeks of lodging their claim.

As shown in Table 3 below, these trends have been relatively stable since 1 December 2017.

**Table 3: Average weeks to payment of treatment and/or care benefits**

Weeks from lodgment to first payment	1 December 2017 to 30 June 2018	1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020	1 July 2020 to 30 June 2021	1 July 2021 to 30 June 2022
Pre-claim treatment benefits paid	69%	74%	76%	73%	70%
2 weeks	15%	14%	14%	16%	19%
2-4 weeks	6%	5%	4%	4%	5%
4-6 weeks	3%	2%	2%	2%	2%
> 6 weeks	7%	5%	4%	4%	3%
Median weeks	-1.1	-1.3	-1.1	-1.0	-0.9

## 4.2. Time to access weekly benefits for income support

As shown in Table 4 below, the percentage of claims where the first weekly benefit payment was made within two weeks of claim lodgement increased from 12 per cent from 2020-2021 to 30 percent in 2021-2022. The median time for weekly benefits to commence has also reduced year on year since scheme inception, with injured people now receiving their first weekly benefit payments almost twice as fast as in 2017/2018.

**Table 4: Average weeks to first weekly benefit payment**

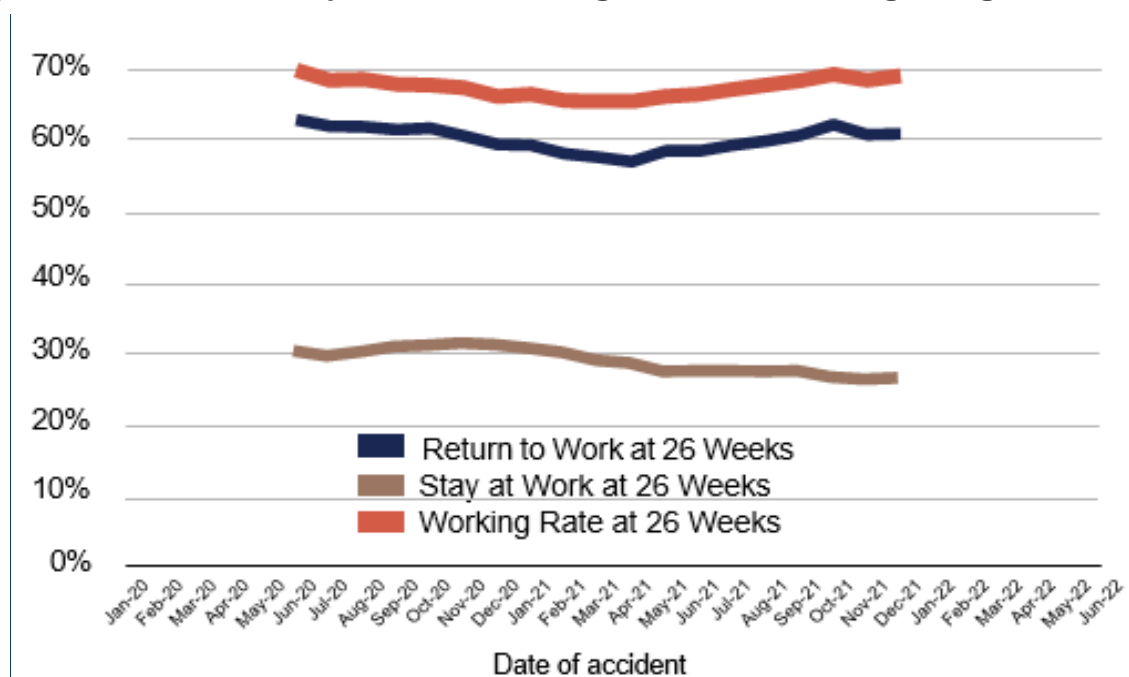
Weeks from lodgment to first payment	1 December 2017 to 30 June 2018	1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020	1 July 2020 to 30 June 2021	1 July 2021 to 30 June 2022
2 weeks	5%	10%	12%	12%	30%
2-4 weeks	24%	31%	35%	39%	38%
4-6 weeks	23%	20%	18%	18%	15%
> 6 weeks	48%	40%	35%	31%	17%
Median weeks	5.9	4.9	4.3	4.0	3.0

## 4.3. Return to work, stay at work and working rates

Figure 1 below demonstrates the scheme return to work rates, stay at work rates and working rates at 26-weeks after the date of accident, based on data as at 30 June 2022. It is noted that the 26-week measure requires six months of development for comparison (therefore no rates can be presented for the period January 2022 to June 2022 below). The working rate for June 2020 was 70 per cent, with December 2021 remaining consistent at 69.2 per cent after an earlier deterioration to approximately 65 per cent in March 2021.

Note: Figure 1 reflects a six-month rolling rate – i.e., the rate is calculated monthly based on accidents that occurred in the six months prior to the calculation date.

**Figure 1: Return to work, stay at work and working rate (6 months rolling average)**





## 4.4. Claim acceptance rates

From 1 July 2021 to 30 June 2022, insurers accepted 96.6 per cent of statutory benefits claims. This has been relatively stable year on year, with 96.6 per cent accepted from 1 July 2020 to 30 June 2021.

The most common reasons for claim denial in accordance with the MAI Act included:

- late claim lodgement (more than 90 days after their accident)
- the claim did not involve a motor vehicle accident
- the claim involved an uninsured, unregistered, or unidentified vehicle.

## 4.5. Scheme efficiency

Scheme efficiency refers to the proportion of premium dollars going to injured people (GST and levies are excluded as these are not managed by the insurer). As of January 2022, scheme efficiency for the 2017 scheme is projected at 59 per cent compared with 44 per cent under the 1999 scheme. This is an indication that more premium dollars are going to injured people.

As only 54 per cent of expected claim payments have been made for the first accident year, and 40 per cent for the second accident year, it is too early for scheme efficiency to be assessed with a high degree of certainty as payments for complex and severe injuries can take longer to finalise.

# 5. Viability

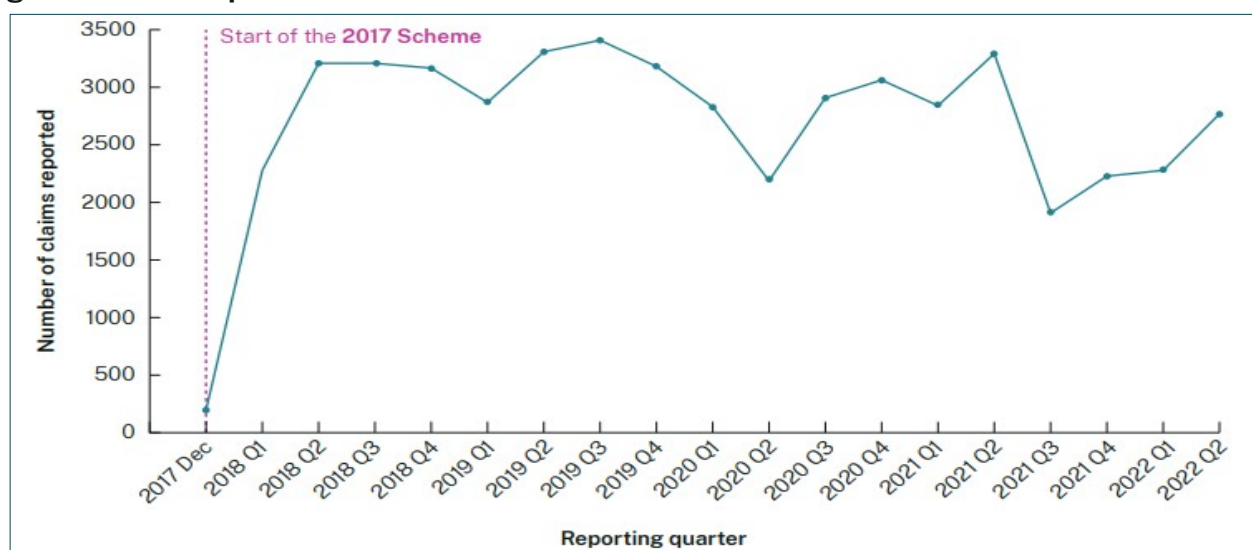
## 5.1. Claims experience

From 1 December 2017 to 30 June 2022, a total of 50,903 claims have been reported. A further 2,035 claims are expected to have been incurred but not yet reported for accident periods up to 30 June 2022.

Ninety-nine per cent of expected claims for damages have been lodged for the first accident year (1 December 2017-31 December 2018) and 84 per cent for the second accident year.

Due to the COVID-19 lockdown, reported claims over specific periods in March –June 2020 and July – September 2021 is expected to be lower. However, it is expected that claim numbers will return to pre-COVID 19 levels, with the impact of COVID-19 reflected in the overall claims experience for the third and fourth accident years.

**Figure 5: Claims reported from 2017 to 30 June 2022**



In the quarters not disrupted by COVID-19 travel restrictions or the inception of the 2017 Scheme, claims reported to date for first, second, third and fourth accident years are close to what was

projected. For the fifth accident year, reported claims are less than 50% of expected because there are still many claims which are yet to occur or be reported.

**Table 6: Actual number of claims versus expected ultimate claims per accident year**

Accident year	Claim type	Not at-fault minor claims	Not at-fault non-minor claims	At fault claims	All statutory benefit claims	Non statutory benefit claims	All claims	Claims for damages
<b>1st accident year (13 months)</b>	Reported to date	6,148	3,920	2,140	12,271	992	13,797	2,876
	Expected ultimate	6,207	3,924	2,142	12,273	1,026	13,832	2,915
<b>2nd accident year</b>	Reported to date	5,533	3,729	2,116	11,438	899	12,818	2,706
	Expected ultimate	5,567	3,768	2,133	11,469	987	12,932	3,204
<b>3rd accident year</b>	Reported to date	4,848	3,128	1,849	9,890	634	10,733	1,517
	Expected ultimate	4,878	3,245	1,879	10,003	732	10,935	2,979
<b>4th accident year</b>	Reported to date	4,357	2,648	1,561	8,670	515	9,444	165
	Expected ultimate	4,340	2,901	1,638	8,880	729	9,853	2,700
<b>5th accident year</b>	Reported to date	1,302	795	331	3,767	148	4,111	11
	Expected ultimate	5,194	3,379	1,943	10,517	891	11,811	2,871

#### 5.1.1. Claim numbers and type

Table 7 shows the number of claims as of 30 June 2022 by claim type. Ninety per cent of claims have a statutory benefit component, and 14 per cent of these claims have also lodged a claim for damages. Payments for statutory benefits total \$1.2 billion (65.6 per cent of payments).

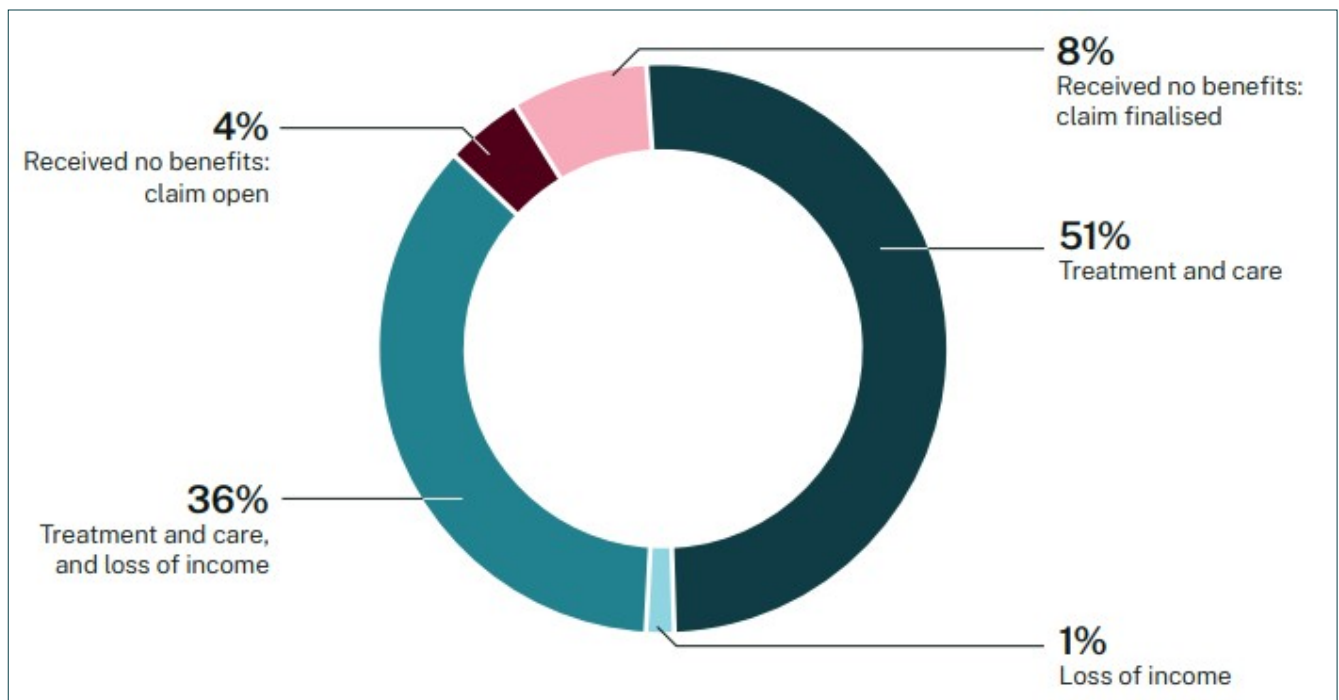
Early notification claims are matters where the injured person accesses pre-claim support without making a formal claim. These make up three per cent of claims. Compensation to relatives and funeral benefits represent almost two per cent of claims reported and almost three per cent of payments.

**Table 7: Number of claims reported and payments made by claim type from scheme commencement to 30 June 2022**

Claim type	Number of claims	% of total claim type	Payments to 30 June 2022	% total payments by claim type
<b>Statutory benefits</b>	38,761	76.1%	\$478,153,559	25.8%
<b>Statutory benefits with claim for damages</b>	7,275	14.3%	\$1,215,146,485	65.6%
<b>Early notifications</b>	1,679	3.3%	\$136,527	0.0%
<b>Interstate</b>	1,461	2.9%	\$82,052,600	4.4%
<b>Compensation to relatives and funeral</b>	979	1.9%	\$52,470,241	2.8%
<b>Workers' compensation</b>	686	1.3%	\$18,239,306	1.0%
<b>Interstate/workers compensation</b>	62	0.1%	\$6,824,318	0.4%
<b>Overall</b>	<b>50,903</b>	<b>100.0%</b>	<b>\$1,853,023,036</b>	<b>100.0%</b>

There have been 46,306 claims lodged for statutory benefits. Just over 50 per cent received treatment and care benefits and a further 36 per cent received both weekly benefits and treatment and care benefits.

**Figure 6: Statutory benefit claim types to June 2022**



There have been 7,275 damages claims lodged to 30 June 2022. The expected average payment for a claim for damages when the injured person has a permanent impairment of ten per cent or less is \$130,000. This compares with \$470,000 for those with a permanent impairment of greater than ten per cent.

As at 30 June 2022, 45 per cent (\$413 million) of expected payments for damages claims for the first accident year have been paid, and 27 per cent (\$239 million) of expected payments for damages claims for the second accident year. Further payments are expected as damages claims settle.

### 5.1.2. Minor injury claims

As at 30 June 2022, there were 22,188 not at-fault minor claims, which includes 1,188 of claims not yet determined and finalised. For the recent accident years, some current not at-fault minor claims are expected to transition to not-at-fault non-minor following the completion of dispute processes.

Average minor injury claim payments have increased from \$5,500 (1 December 2017) to \$8,800 (30 June 2022). At-fault claim payments have increased from \$16,600 (1 December 2017) to \$21,800 (30 June 2022).

Treatment and care benefits can continue beyond 26 weeks for at-fault and not-at-fault minor injury claims if the insurer accepts that treatment will improve the injured person's recovery or their return to work or usual activities.

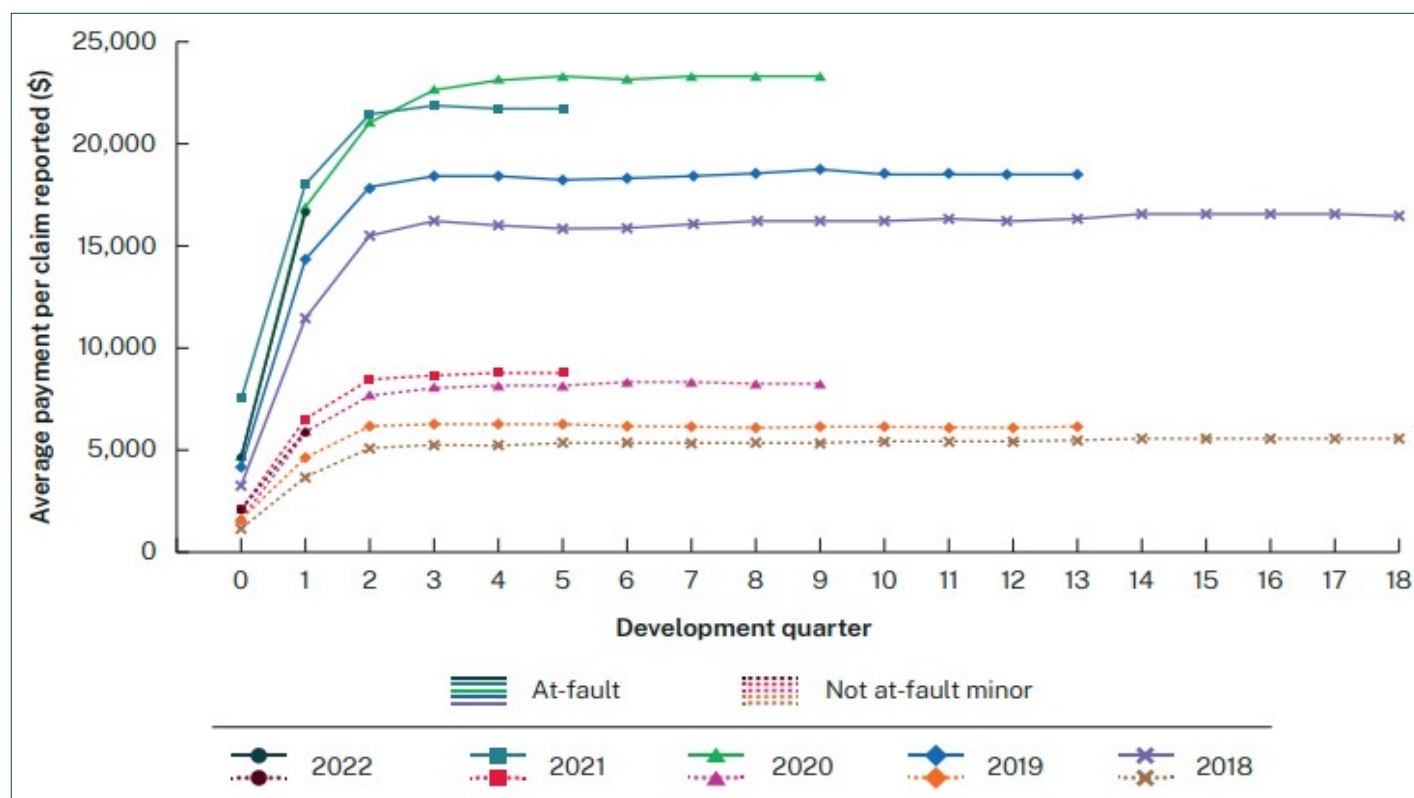
Close to 33 per cent of not at-fault minor injury claims continue to receive treatment and care benefits more than 26 weeks after the accident. For those at-fault, nearly 24 per cent continue to receive treatment and care.

**Table 8: Actual CTP claims lodged per type per accident year**

Actual CTP claims lodged	1st accident year (Dec 17–Dec 18)	2nd accident year (Jan 19–Dec-19)	3rd accident year (Jan 20–Dec 20)	4th accident year (Jan 21–Dec 21)	5th accident year (Jan 22–Jun 22)	Total
<b>Early notification only</b>	534	481	209	259	196	<b>1,679</b>
<b>At-fault</b>	2,140	2,116	1,849	1,561	331	<b>7,997</b>
<b>Not at-fault minor</b>	5,803	2,242	4,535	4,149	1,271	<b>21,000</b>
<b>Not at-fault non-minor</b>	3,920	3,729	3,128	2,648	795	<b>14,220</b>
<b>Not yet determined (open)</b>	63	60	65	104	1,339	<b>1,631</b>
<b>Not yet determined (finalised)</b>	345	291	313	208	31	<b>1,188</b>
<b>Other*</b>	992	899	634	515	148	<b>3,188</b>
<b>Total</b>	<b>13,797</b>	<b>12,818</b>	<b>10,733</b>	<b>9,444</b>	<b>4,111</b>	<b>50,903</b>

\* Other includes interstate, compensation to relatives, funeral and workers compensation recovery claims.

**Figure 7: Average payment per reported claim for not at-fault minor and at fault claim**



### 5.1.3. Claim payments

Payments continue to progress as expected, with 54 per cent of the expected payments for the first accident year and 40 per cent for the second accident year already paid.

There is still some uncertainty surrounding ultimate payments because not at-fault non-minor claims are eligible for statutory benefits for up to five years after the date of the accident, and for damages claims and the settlement experience is still emerging.

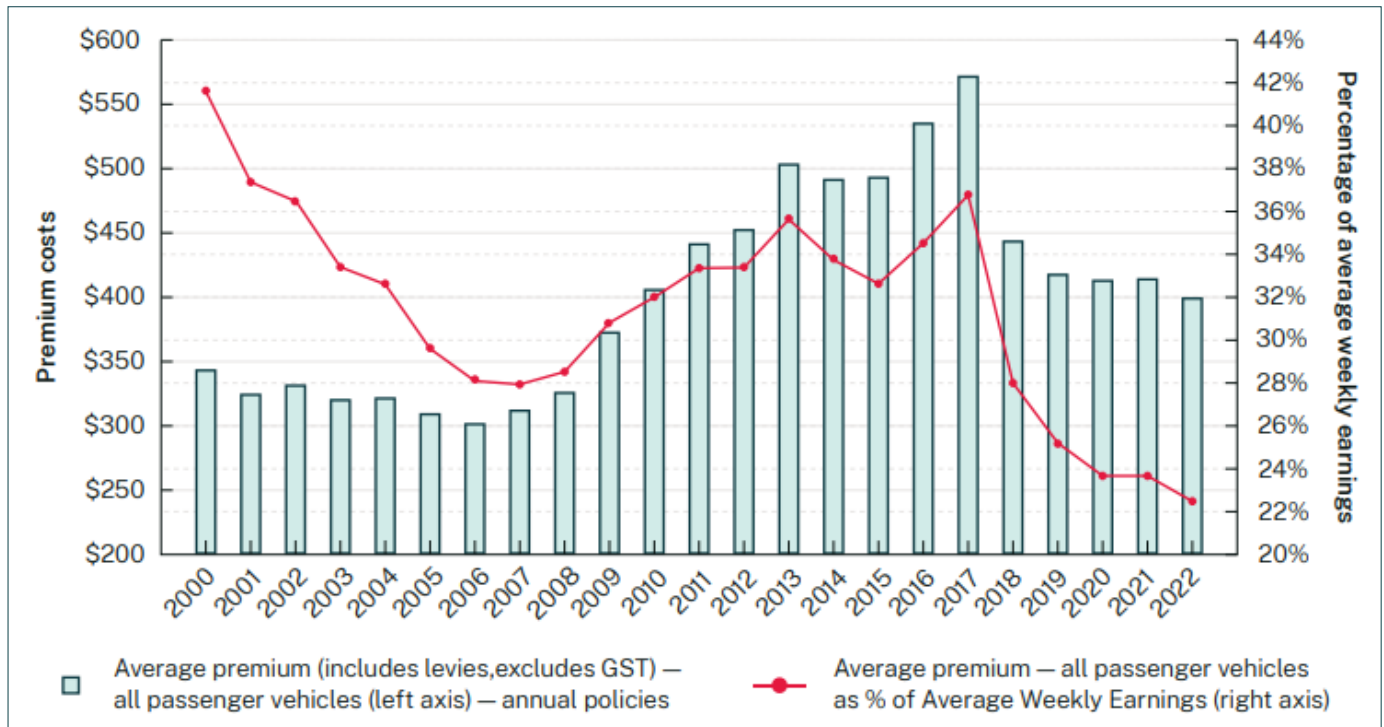
**Table 9: Actual versus expected payment patterns per accident year**

Year	Award of damages		Statutory benefit		Non-statutory benefit		% of expected total payments paid
	Actual payments to date	Forecast of future payments	Actual payments to date	Forecast of future payments	Actual payments to date	Forecast of future payments	
2018	\$413.1m	\$508.2m	\$271.0m	\$85.2m	\$77.6m	\$49.3m	54%
2019	\$239.3m	\$644.2m	\$280.8m	\$132.5m	\$51.6m	\$76.9m	40%
2020	\$54.6m	\$872.9m	\$231.7m	\$166.0m	\$23.9m	\$81.0m	22%
2021	\$4.1m	\$932.2m	\$167.5m	\$241.6m	\$6.0m	\$99.1m	12%
2022	\$0.0m	\$889.8m	\$29.3m	\$379.8m	\$0.9m	\$107.8m	2%

## 6. Affordability

SIRA's benchmark for affordability is based on the average premium for all passenger vehicles (Class 1), excluding GST and levies. Affordability for the 2017 Scheme as of 30 June 2022 is around 22 per cent, compared to 37 per cent under the 1999 Scheme.

**Figure 9: Premium affordability**



### 6.1. Premiums

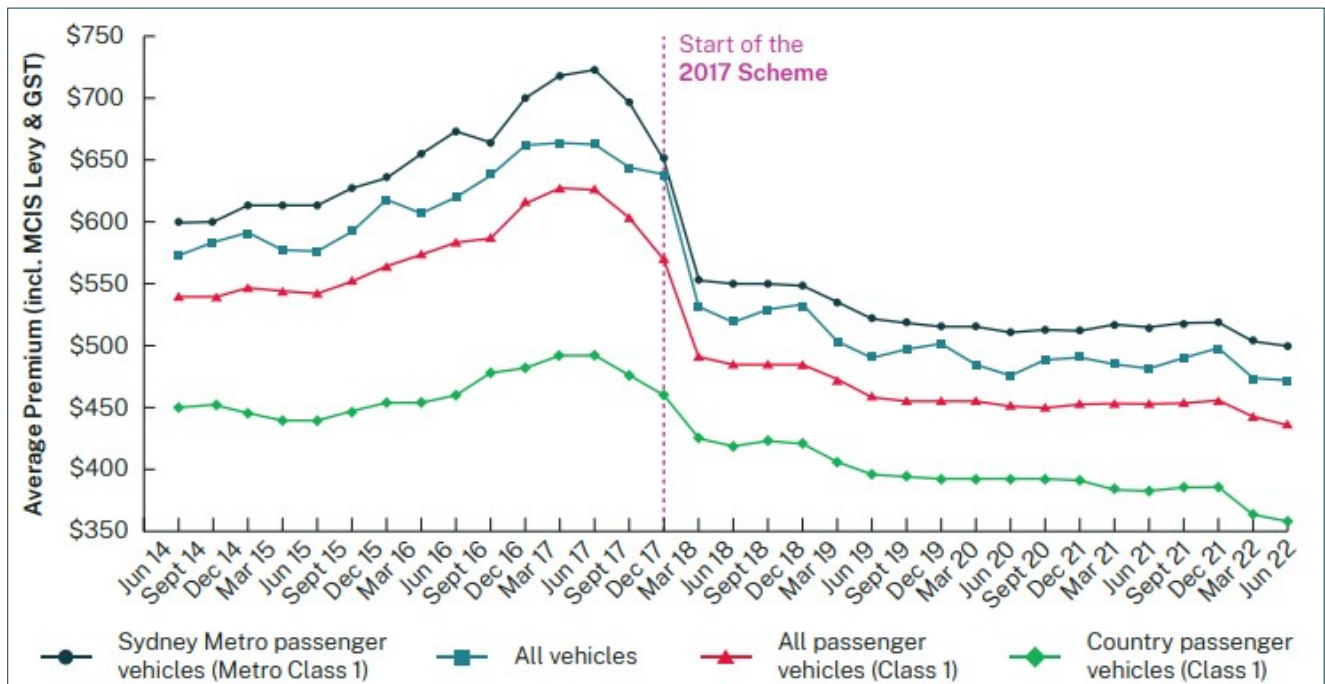
Since the commencement of the 2017 Scheme, premiums have continually reduced across all vehicles with the June 2022 quarter being the lowest to date.

**Table 12: Average premium comparisons pre and post 2017 scheme reform**

Average CTP (incl. of levies and GST)	Average premium pre-2017 reforms	Average premium 2017 Scheme (FY 2021/2022)	Savings
All NSW vehicles	\$635	\$482	\$153
Metropolitan taxi	\$7,881	\$3,016	\$4,865
All NSW motorcycles	\$353	\$328	\$25

**Figure 10: CTP premiums over time 2014-2022**



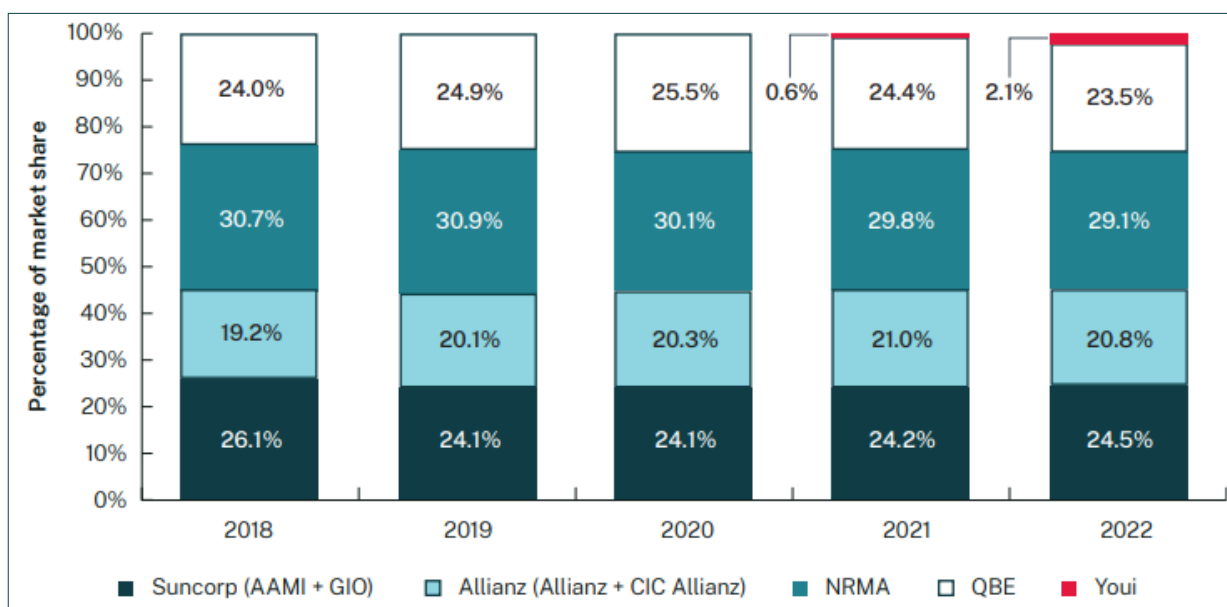


## 6.2. Market trends

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.

Insurer premium market share remains fluid indicating increased competitiveness. There was increased competition during 2021- 2022 with Youi entering the NSW CTP market effective 1 December 2020.

**Figure 11: Market share (premium) by insurer as at June 2022**



SIRA also maintains the Green Slip Price Check website with the most up-to-date prices, which allows customers to find the best deal on their Green Slip across all insurers and contributes to market competition.

## 6.3. Insurer profit

After all TEPL excess profit recoveries, insurer profit as a percentage of premiums since 1 December 2017 is 10 per cent (excluding any innovation support).

In 2021 following an assessment for the first (2018) and second (2019) accident years, SIRA activated the TEPL mechanism for the first time to claw back almost \$91 million in insurer profits.

This profit was redistributed to NSW motorists through savings on Green Slips, where it contributed to an average savings of \$19 when they take out or renew a Green Slip from 15 January 2022.

As the Green Slips levy varies by vehicle type and region, the savings are applied as a 35 per cent reduction in the levy so that the savings can be shared fairly among motorists for a period of 12 months from 15 January 2022. The third TEPL assessment cycle is currently underway. This will examine three accident years: 2018, 2019 and 2020. The outcome of this assessment will be available by the end of 2022.

## 7. Customer experience

### 7.1. SIRA's Customer Service Conduct Principles

SIRA has developed a consistent set of Customer Service Conduct Principles and in December 2021, made adherence to these principles a license condition for all insurers operating in the 2017 Scheme.

Insurers must be efficient and easy to engage with; act fairly, with empathy and respect; resolve customer concerns quickly, respect customers' time and be proactive; have systems in place to identify and address customer concerns; and be accountable for actions and honest in interactions with customers.

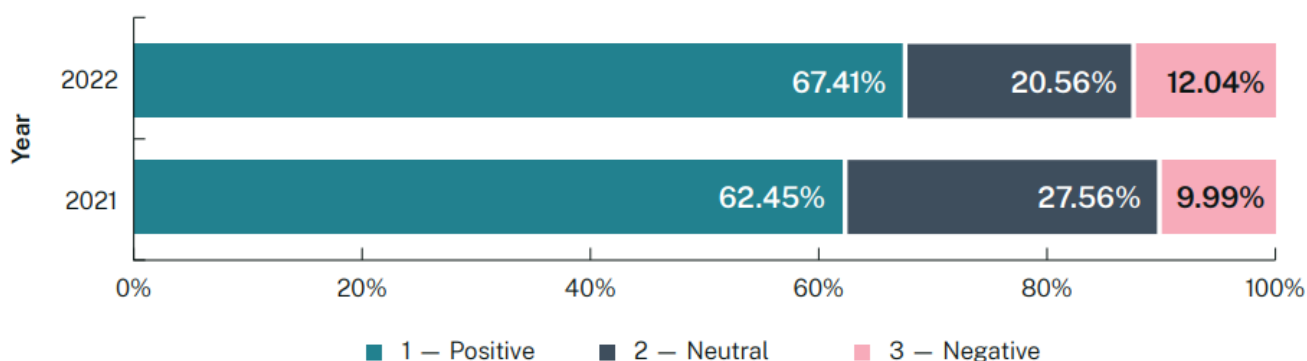
### 7.2. CTP Assist milestone calls and customer feedback

From 1 December 2017, CTP Assist has helped injured people navigate the CTP claims process and understand their entitlements. A structured outbound call program aims to connect with injured people at key points of their claim to provide injured people with support and enables SIRA to monitor insurer compliance with regulatory requirements.

The CTP Assist team actively attempt to contact injured people at key points during their claim. During the support calls, insights are gathered about health, return to work and experience with their insurer.

At every milestone call made, the CTP Assist team asks the injured person about their experience with the CTP insurer. Figure 12 below shows the results from people contacted at the 23-week milestone call.

**Figure 12: How would you describe your experience with the insurer so far (23-week milestone call)**



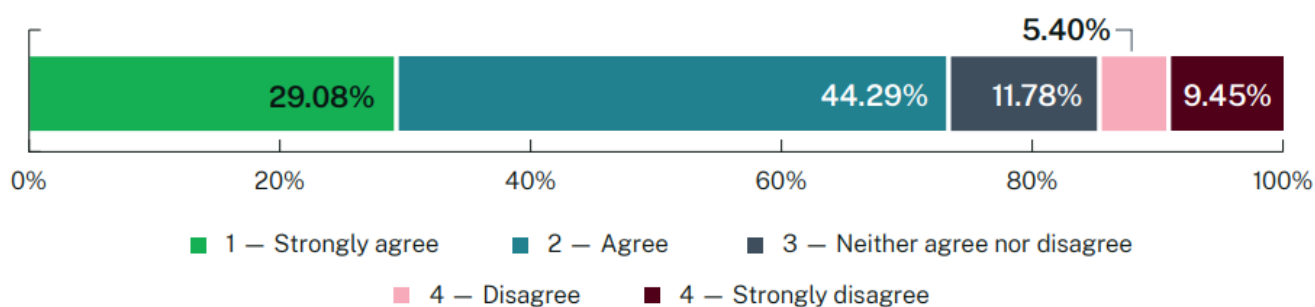


To continue to monitor customer outcomes and ensure CTP Assist continues to meet the needs of injured people, SIRA has implemented a customer touchpoint survey program. Between 1 July 2020 to 30 June 2022 SIRA received over 2000 survey responses and 888 customer comments.

Results include a Net Promoter Score of +36 (this indicates CTP Assist has 36 per cent more customer promoters than detractors of the service it provides) and a Customer Effort Score of four out of five, indicating customers found it easy to get the help they need.

In FY 2021/2022, 902 responses were received specifically on CTP and the overall positive trust score is 73 per cent.

**Figure 13: To what extent do you agree or agree that you trust the CTP scheme to help those injured get back to work or usual activities?**



### 7.3. Customer complaints

From 1 March 2021, the IRO commenced oversight of CTP complaints raised by injured people about their insurer in relation to their claim. SIRA manages complaints relating to all other aspects of the 2017 Scheme, including complaints from customers in relation to their CTP Green Slip.

In FY 2021/2022, 727 complaints were received for the CTP scheme, of which 664 complaints were handled by IRO and 62 were handled by CTP Assist.

The top three reasons for complaints about insurers relate to the:

- timeliness of insurer decision
- level of service and insurer communications practices
- decisions made by insurers.

Non-insurer related complaints related to service provider claim payments and CTP policy matters.

## 8. Internal review and disputes

### 8.1. Internal review

Internal reviews are a feature of the 2017 Scheme designed to help resolve disputes about insurer decisions. Internal reviews are conducted independently of the original decision maker, allowing the injured person and insurer to resolve the issue before bringing a dispute before the Commission.

For most internal reviews, the insurer must provide their internal review decision within 14 days of receiving the request for internal review. However, there are some medical assessment and miscellaneous claims assessment matters where this timeframe is extended to 21 days. The maximum timeframe for all internal reviews is 28 days if further information is required.

From June 2021 to July 2022, a total of 7,446 internal reviews were lodged with insurers. This represents an average of 31.8 internal reviews lodged for every 100 claims received.

Of the 18,787 internal reviews determined since 1 December 2017, 78 per cent of original decisions have been upheld, with 21 per cent overturned in favour of the injured person and one per cent overturned in favour of the insurer.

The proportion of internal review decisions being upheld has increased over time with 75 per cent upheld in 2019, 77 per cent in 2020 and as at June 2022, 80 per cent of internal reviews are being upheld. Of the 20 per cent overturned in 2022, 19 per cent are overturned in favour of the injured person.

**Table 15: Internal review determinations per year**

Financial year ending June	Number of applications	Number of determinations	Percentage upheld
<b>2018</b>	335	289	<b>76%</b>
<b>2019</b>	2885	2368	<b>75%</b>
<b>2020</b>	5004	4213	<b>77%</b>
<b>2021</b>	6985	5837	<b>79%</b>
<b>2022</b>	7472	6350	<b>80%</b>

Figures are rounded to the nearest whole percentage

From 1 July 2021 to 30 June 2022, 98 per cent of all timeframes for internal review were met by insurers. Supervision and regulatory actions have seen this significantly improve from 65.6 per cent in 2020.

The most common type of decisions reviewed relate to minor injury assessments. The majority (88 per cent) of these have the insurer's original decision upheld (same outcome for customer) with the remaining 12 per cent decided in favour of the injured person (different outcome for customer).

**Table 16: Determined internal reviews from scheme commencement to June 2022**

Internal review type	Internal review sub-type	Decision upheld	Decision overturned in favour of customer	Decision overturned in favour of insurer	Total
<b>Medical assessment</b>	Minor injury	5,047 (88%)	713 (12%)	0 (0%)	<b>5,760</b>
	Is treatment/care reasonable and necessary?	3,796 (71%)	1,454 (27%)	77 (1%)	<b>5,327</b>
	Permanent Impairment	2,179 (95%)	121 (5%)	0 (0%)	<b>2,300</b>
	Treatment improving recovery	879 (75%)	271 (23%)	28 (2%)	<b>1,178</b>
<b>Merit review</b>	Amount of weekly payments	437 (46%)	455 (47%)	66 (7%)	<b>958</b>
	Treatment/care related to injury from accident	425 (80%)	106 (20%)	2 (0%)	<b>533</b>
	Statutory benefits claim time limits	180 (66%)	92 (34%)	0 (0%)	<b>272</b>
<b>Miscellaneous claims assessment</b>	Is the injured person mostly at-fault?	896 (77%)	264 (23%)	0 (0%)	<b>1,160</b>
<b>Other</b>	N/A	839 (65%)	437 (34%)	23 (2%)	<b>1,299</b>
<b>Total</b>		<b>14,678 (78%)</b>	<b>3,913 (21%)</b>	<b>196 (1%)</b>	<b>18,787</b>

## 8.2. Disputes

As at 30 June 2022, 6,351 disputes have been lodged for the 2018 accident year, and 4,390 for the 2019 accident year. Injured people may raise multiple disputes for one claim. Fifty-four per cent of claimants who have disputes have raised one, and 46 per cent have raised more than one.

The number of disputes for each accident year has been increasing steadily and is expected to continue to increase over time as more claims are lodged, and as existing claims pass through key legislative milestones and/or insurer processes which may trigger disputes.

**Figure 14: Cumulative disputes by accident year**

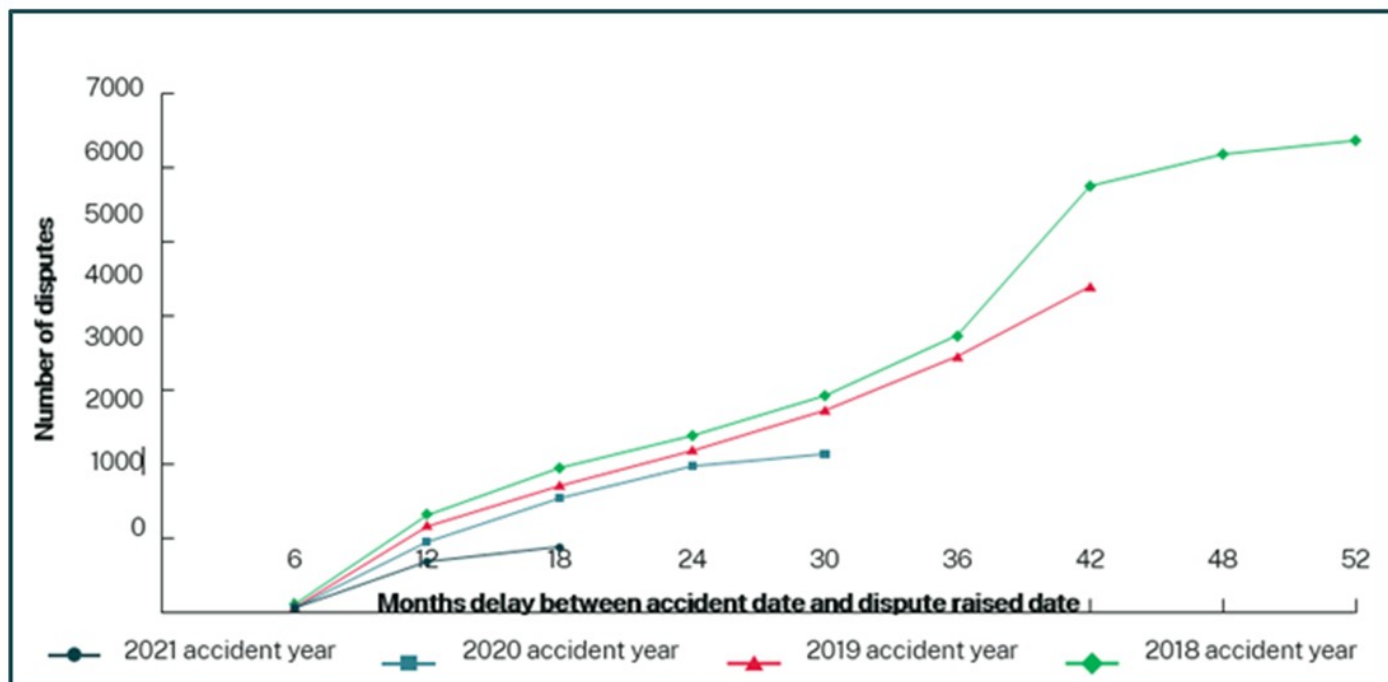


Table 17 below shows the number of dispute applications received since 2018 and the percentage of disputes finalised within 26 weeks and 52 weeks.

In 2021 and 2022, disputes related to medical assessments had the lowest finalisation rate within 26 weeks since application, compared to other types. This may be attributed to a range of factors, including the impact of the COVID-19 lockdowns and mandatory health orders impacting face to face assessments during the pandemic.

**Table 17: Dispute applications and finalisation timeframes**

Assessment type	Financial year ending June	Total dispute applications	Total disputes finalised	% of finalised disputes finalised within 26 weeks since application	% of finalised disputes finalised within 52 weeks since application
<b>Total</b>	2018	88	11	100%	100%
	2019	1,659	1,064	92%	100%
	2020	2,561	1,694	80%	96%
	2021	4,714	2,404	49%	84%
	2022	5,281	3,304	40%	74%
<b>Claims assessment</b>	2018	0	0	0%	0%
	2019	20	14	100%	100%
	2020	103	55	89%	100%
	2021	1,265	363	92%	99%
	2022	1,870	1,069	63%	89%
<b>Medical assessment</b>	2018	68	2	100%	100%
	2019	1,318	828	91%	100%
	2020	2,010	1,298	79%	96%
	2021	2,936	1,640	37%	80%
	2022	3,129	1,881	26%	64%
<b>Merit review</b>	2018	9	5	100%	100%
	2019	135	92	98%	100%
	2020	240	180	83%	97%
	2021	302	237	68%	92%
	2022	131	175	46%	84%
<b>Miscellaneous claims review</b>	2018	11	4	100%	100%
	2019	186	130	94%	100%
	2020	208	161	75%	97%
	2021	211	164	52%	86%
	2022	151	179	47%	82%

## 9. Glossary

Item	Description
Accident year	The year in which the motor vehicle accident giving rise to the claim occurred. Accident years generally run from 1 January to 31 December.
Active claims	Claims where payments have been made in the past 3 months.
Affordability	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.
Best price	The best price is the lowest CTP premium price (including levies and GST) offered by each insurer to a new customer, aged 30 to 54, for a private use passenger vehicle garaged in Sydney.
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 forms 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.
Pre-claim support	The provision of access to treatment before a claim is made but after notification of injury has been given. This is at the insurer's discretion. Any such treatment will only be approved within the first 28 days from the date of the motor accident. However, if further treatment is required after 28 days, a claim for statutory benefits must be made by the injured person.
Return to work rate (RTW)	The RTW rate measures the percentage of pre-accident earners, at a set point in time, who have been off work for at least one day due to the accident and then returned to some form of work i.e. with the same or different employer, performing full or partial work capacity (reduced hours or modified duties).
Scheme actuary	Actuarial analysis for the NSW 2017 scheme is provided by Ernst & Young Australia.
Scheme efficiency	Measures how much of the premium dollar goes to claimants as benefits. The higher the proportion, the greater the efficiency of the scheme.
Stay at work rate (SAW)	The SAW rate measures the percentage of pre-accident earners who have not taken time off work or have had less than one day absence from work after the accident. This may include those performing reduced hours or modified duties.

Item	Description
Transitional Excess Profit and Loss (TEPL)	A SIRA mechanism to assess insurers' profit on an aggregate industry basis against SIRA's determined reasonable profit range in the early years of the scheme. The TEPL mechanism is outlined in the 'Motor Accident Guidelines – Transitional excess profits and transitional excess losses.
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.
Permanent impairment (PI)	This 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.
Working rate	The working rate is the percentage of earners who are at work at 4, 13, 26, 52 and 104 weeks. It draws on data from two measures: the RTW rate and the SAW rate, so includes earners who have had at least one day off work and have subsequently returned to work as well as workers who stayed at work.

## **Disclaimer**

This publication may contain information that relates to the regulation of workers compensation insurance, motor accident compulsory third party (CTP) insurance and home building compensation in NSW. This publication does not represent a comprehensive statement of the law as it applies to particular problems or to individuals, or as a substitute for legal advice.

SIRA, Level 14-15, 231 Elizabeth Street, Sydney NSW 2000

Website [www.sira.nsw.gov.au](http://www.sira.nsw.gov.au)

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