

**From:** [REDACTED]  
**To:** [CTP Review](#)  
**Subject:** Reforming Insurer Profit in CTP motor vehicle insurance  
**Date:** Tuesday, 29 November 2016 9:27:57 AM

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This is a personal submission in response to the discussion paper on reforming insurer profit in CTP motor vehicle insurance.

I am aware the consultation period has concluded (last Friday), but I firmly believe SIRA should take the following matters into account.

Disclosure: I am a former Deputy General Manager and General Manager of the Motor Accidents Authority. I am also former General Manager, Statutory Classes, and Deputy Chief Executive, at the Insurance Council of Australia. I am currently Chief Executive Officer of the National Insurance Brokers Association of Australia.

These comments are my own personal comments, and are not necessarily the views of NIBA or any other organisation I have worked with in the past.

Submission:

While at the MAA, I spent a number of years researching overseas experience seeking to find a solution to the problems arising out of community rating of CTP premiums, with limited bonus/malus pricing by insurers. All assigned risk pools and residual market mechanisms I was able to identify during the 1990's had significant design and operational problems.

While at the ICA, I continued to search for an appropriate private sector, competitive market model with a residual market mechanism. I was not able to locate any. I have recently spoken with a leading economist who has also conducted extensive research in this area in recent years, and he also confirms there have been no successful residual market mechanisms elsewhere in the world.

I believe SIRA needs to proceed very cautiously in this area, as there have been many attempts to smooth profits and distribute the population of high risk vehicles across competing insurers, and they have all failed.

Finally, if in fact there have been a number of years of high profitability of among CTP insurers, the MAA has not been making effective use of its regulatory powers to challenge the assumptions being used by insurers using recent scheme experience. There is no discussion in the Discussion Paper about why this regulatory function has apparently failed. I believe MAA should make effective use of its current powers, rather than introducing ideas which are unlikely to achieve better outcomes for motor vehicle owners in NSW.

Given my extensive experience in these matters, I would be happy to meet with SIRA privately to discuss these matters.

Thank you.

Dallas Booth