

2017 CTP Scheme

Quarterly Actuarial Monitoring

30 June 2022 data

15 August 2022

Limitations and use of the report: Our report has been provided to the State Insurance Regulatory Authority (SIRA) in accordance with the Contract Agreement. The report has been completed solely for the benefit of SIRA and EY has not been engaged to act, and has not acted, as advisor to any other party. Accordingly, EY makes no representations as to the appropriateness, accuracy or completeness of the report for any other party's purposes.

In completing the report we have relied on information provided by SIRA. The reliance and limitations are set out in the report.

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Executive summary (1/4)

High level summary

Purpose

- ▶ This report is a quarterly actuarial monitoring report for the 2017 CTP Scheme using data as at 30 June 2022
- ▶ The key actuarial measures and indicators in this report are used to monitor Scheme experience at an overall level, rather than supervisory measures at an operational level
- ▶ This report is used for monitoring purposes and is not an actuarial valuation report. Any key insights or trends observed in this monitoring will be used for further investigations which could result in operational insights and recommendations, or subsequent changes to valuation assumptions and/or models.

Key insights

- ▶ From Scheme commencement, 50,903 claims have been reported to date. A further 2,035 claims are expected to have been incurred but not yet reported (IBNR) for accident periods up to 30 June 2022
 - ▶ For the earlier accident periods, almost 100% of ultimate expected statutory benefit claims have been lodged, however there is still expected to be further transitions between claim types following insurer and dispute processes
 - ▶ For more recent accident quarters, there is a greater level of uncertainty surrounding the mix of claims. This is primarily driven by damages claims with most claims having not passed the 20 month waiting period for lodgement*
- ▶ Payments continue to progress as expected, 54% of the ultimate expected payments for first accident year have been paid. There is still a level of uncertainty surrounding ultimate payments given:
 - ▶ Not at-fault non-minor claims are eligible for statutory benefits for up to 5 years after the date of the accident
 - ▶ For damages claims, although a material number have now lodged, the settlement experience is still emerging
- ▶ Average claim sizes, for more recent accident quarters (excluding the COVID-19 lockdown impacted quarters), are higher than previous quarters at the same point of development. This may be due to insurers having better established claims processes resulting in claimants receiving payments earlier and/or higher payments overall. This will not be known with certainty until the profile of these accident quarters develops over time compared to the earlier periods
- ▶ Accident quarter 2021Q3 was heavily impacted by the COVID-19 lockdown in NSW which resulted in significantly fewer accidents and claims. It is expected that ultimate claims for 2021Q4, 2022Q1 and 2022Q2 will be higher than 2021Q3 but remain at a level that is lower than pre-COVID-19 levels.

*20 month waiting period for damages claim lodgement is only relevant for claims with Whole Person Impairment (WPI) \leq 10%

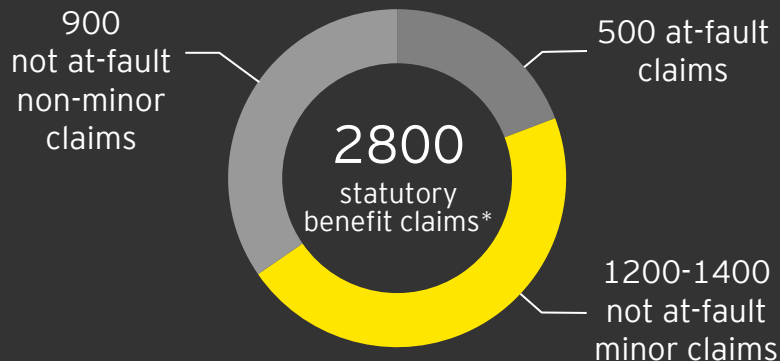
Executive summary (2/4)

Key observations on claim numbers

Claims reported

Statutory and non statutory* benefit claims

Total claim numbers**:
~3200 claims/quarter



*Remaining 400 claims per quarter are early notifications, interstate, compensation to relatives and workers compensation recoveries claims



Claims continue to transition between different claim types during claims management process



Due to the recent COVID-19 lockdown in 2021Q3, the ultimate claims over this period and 2021Q4 are expected to be lower. Ultimate claims for subsequent periods 2022Q1 and 2022Q2 are expected to start to return towards pre-COVID-19 levels.

** Average figures exclude COVID-19 affected quarters

Claims for damages

99% & 84%

of expected claims for damages have been lodged for the first accident year* and second accident years respectively

*13 months; 1 Dec 2017-31 Dec 2018

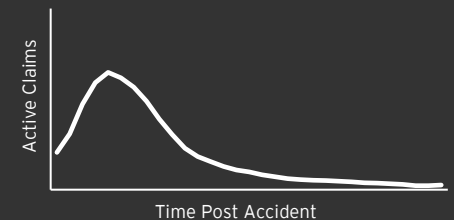
20 month

key legislative milestone has now passed for claims arising from accidents occurring between 1 Dec 2017 - 30 October 2020; of these, all of the not at-fault non-minor claims are now eligible to make a claim for damages.

Active claims

Claims are remaining active as expected

At-fault and not at-fault minor injury claim timeline:



At-fault and not at-fault minor injury claims remain active for 3-4 months after accident, before approaching close to zero at 12-18 months post-accident

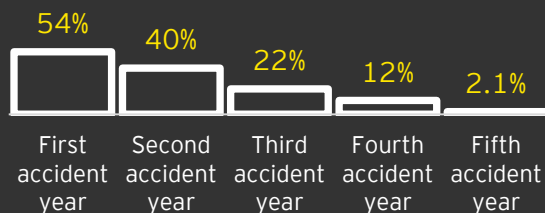
As expected, not at-fault non-minor claims are remaining active for extended periods.

Executive summary (3/4)

Key observations on claim payments

Ultimate Claim Payments

% of expected* claim payments paid to date



- ▶ 54% of the ultimate expected payments for first accident year have been paid. The majority of the remaining 46% relates to lump sum damages payments
- ▶ This is not surprising as it reflects the availability of statutory benefits for up to 5 years and the 24 month waiting period for settlement of claims for damages (for claims with whole person impairment less than or equal to 10 percent).

*Expected payments as at 31 December 2021 valuation

Statutory Benefit Claims

Average Claim Payments

\$16,000 - \$23,000

Per at-fault claim

\$4,500 - \$9,000

Per not at-fault minor claim

- ▶ Figures have been estimated from claims in early accident quarters; 26 week benefit entitlement period has been reached for these claims.

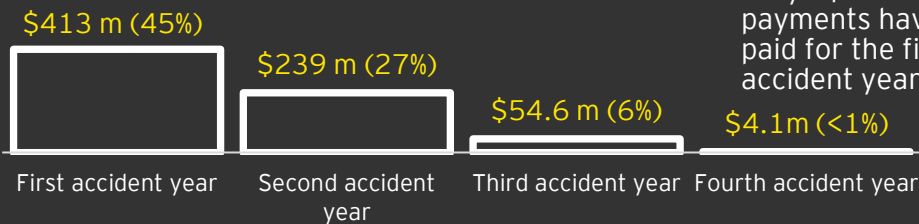
Developing Average Non-Minor Claim Payments



Average claim payments for not at-fault non-minor claims continue to develop upwards as these claims continue to access statutory benefits for up to 5 years.

Award of Damages

Claim payments paid for damages claims (% of expected)



- ▶ Only ~\$5k of damages payments have been paid for the fifth accident year

Expected* average amount of damages for claims with Whole Person Impairment (WPI)

\$130,000 **\$485,000**

for WPI ≤ 10% for WPI > 10%

*Figures estimated when most damages claims have been settled, which will take several more years

Executive summary (4/4)

Key observations on experience (reported versus ultimate)

- ▶ Nearly 100% of expected ultimate statutory benefit claims have been reported for the first accident year
- ▶ Approximately 99% of expected ultimate damages claims have been reported for the first accident year
- ▶ For non statutory benefit claims, which includes interstate, workers compensation, death and early notification claims, around 98% of expected ultimate claims have been reported for the first accident year
- ▶ The third accident year was impacted by COVID-19 lockdowns, where traffic volume was observed to be lower than historic levels from March 2020 to June 2020, with some residual afterwards. The impact of this reduced exposure was greater on less severe claims than more severe claims. The ultimate estimates for 2020Q3 and 2020Q4 have reverted back towards pre-COVID-19 periods as exposure has returned to closer to pre-COVID-19 levels
- ▶ Similarly, the fourth accident year has been impacted by the most recent COVID-19 lockdown in which the ultimates for 2021Q3 are expected to be lower than historic levels, including the 2020 lockdown. The ultimate claims for 2021Q4 is expected to revert back to a level that is similar to earlier quarters in 2021 due to increased exposure resulting from the end of the recent COVID-19 lockdown
- ▶ For the fifth accident year, although claims reported in 2022Q1 and 2022Q2 have not returned to pre-COVID-19 levels, ultimate claims are expected to return to a level that is slightly lower than accident quarters prior to COVID-19, which is driven in part by the continual general reduction in road casualties over time.

		Statutory benefit claims	Non statutory benefit claims	All claims	Claims for damages
1st accident year (13 months)	Reported to date	12,271	1,526	13,797	2,876
	Expected ultimate	12,273	1,559	13,832	2,915
2nd accident year	Reported to date	11,438	1,380	12,818	2,706
	Expected ultimate	11,469	1,463	12,932	3,204
3rd accident year	Reported to date	9,890	843	10,733	1,517
	Expected ultimate	10,003	932	10,935	2,979
4th accident year	Reported to date	8,670	774	9,444	165
	Expected ultimate	8,880	973	9,853	2,700
5th accident year	Reported to date	3,767	344	4,111	11
	Expected ultimate	10,517	1,295	11,811	2,871

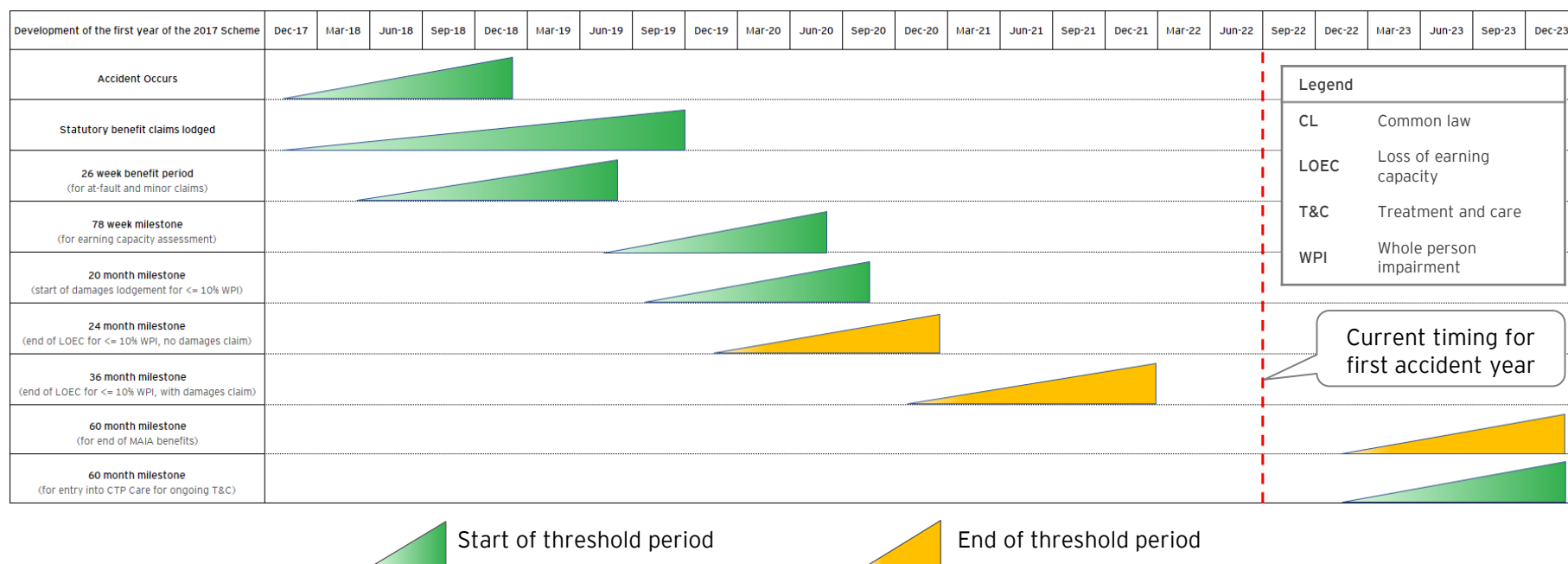
Note: the ultimate estimate for the fifth accident year is determined using the expected ultimate claims for 2022Q1 and 2022Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years - noting that the third and fourth accident years were impacted by COVID-19.

Scheme development

Key legislative milestones

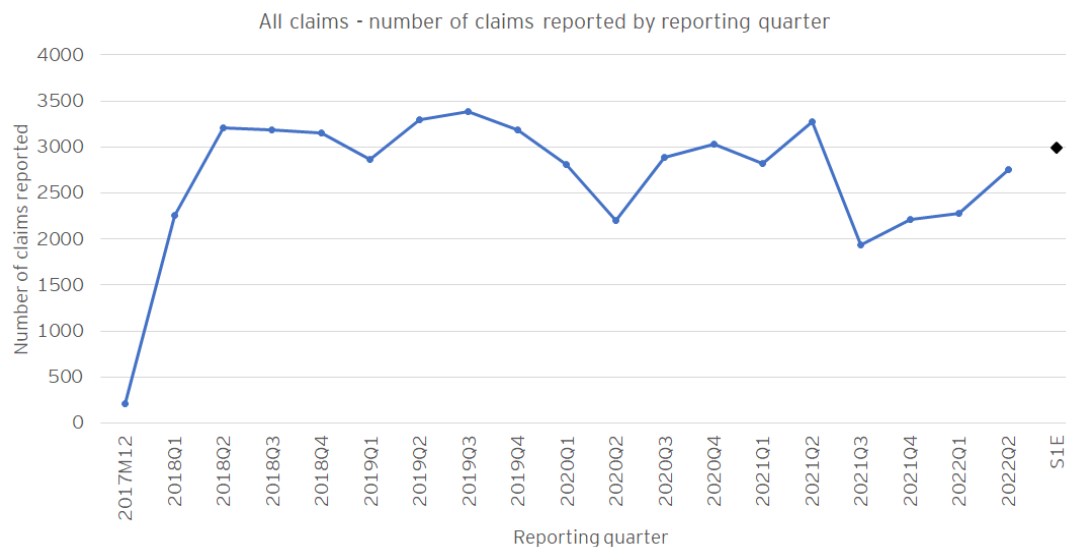
The following chart shows the level of claim experience available for the first accident year of the 2017 Scheme (i.e. accidents occurring between 1 Dec 2017 to 31 Dec 2018) as at 30 June 2022. The key points for this accident year are:

- ▶ 100% of accidents have already occurred;
- ▶ ~100% of expected statutory benefit claims have been lodged;
- ▶ The 26 week benefit entitlement period for at-fault and not at-fault minor injury claims has ended for all claims;
- ▶ Around 1% of expected claims for damages (Part 4 MAIA) are yet to be made - damages claims account for approximately 66% of total expected claims costs;
- ▶ The key 2017 Scheme milestones which will trigger lodgements of claims for damages have occurred for all claims occurred in the first accident year. However, the emerging settlement experience for these claims continues to create uncertainty in assessing the financial performance of the 2017 Scheme even for the first accident year.



Claim numbers

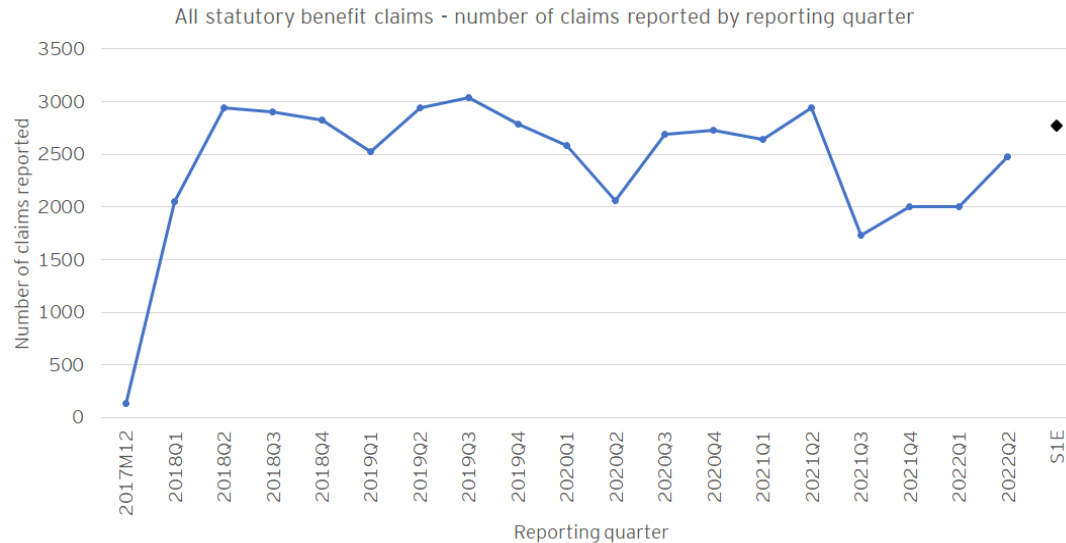
All claims - reporting quarter basis



- ▶ This chart shows the total number of statutory benefit and non statutory benefit claims reported by reporting quarter (or claim lodgement quarter)
- ▶ Claims by reporting quarter act primarily as an indicator of changes in reporting from older accident periods, operational changes, and calendar time effects
- ▶ As expected, claim numbers reported started to stabilise around 2018Q2, six months after the 2017 Scheme commenced
- ▶ Reporting quarter 2020Q2 was impacted by the COVID-19 lockdown in NSW, which began in March 2020 and continued until June 2020. As a result, reported numbers are lower at 2,200
- ▶ 2020Q3 to 2021Q1 are higher at around 3,000 claims, but this is still lower than 2019 as these reporting quarters were still impacted by low accident volumes during the COVID-19 lockdown. Reported claim numbers in 2021Q2 returned to pre-COVID-19 lockdown levels
- ▶ Reporting quarter 2021Q3 was impacted by another COVID-19 lockdown due to the spread of the Delta strain. This lockdown was longer and more severe than the previous lockdown in 2020Q2. As such, numbers for 2021Q3 - 2022Q1 are lower at 1,900 - 2,250 claims
- ▶ Reported claim numbers have since increased to around 2,700 in 2022Q2, suggesting a return towards pre-COVID-19 lockdown levels
- ▶ Excluding 2020Q2 and 2021Q3 - 2022Q1, on average around 3,200 claims are reported per quarter.

Claim numbers

Statutory benefit claims - reporting quarter basis

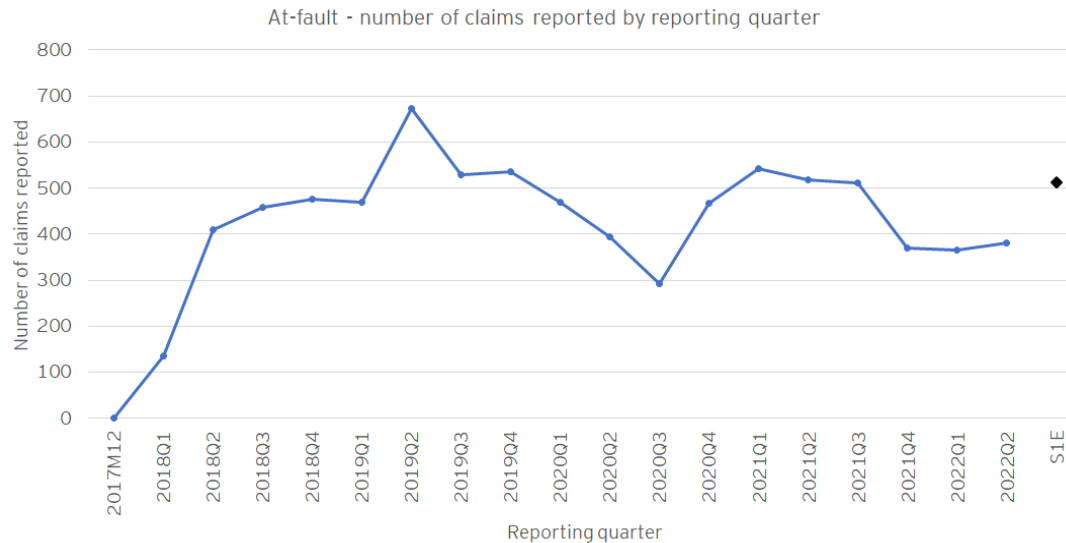


- ▶ This chart shows the total number of statutory benefit claims reported by reporting quarter*
- ▶ The number of statutory benefit claims reported shows a similar trend to all claims reported in the previous slide
- ▶ Reporting quarter 2020Q2 was impacted by the COVID-19 lockdown in NSW. As a result, reported numbers in 2020Q2 are lower at 2,000 claims reported in the quarter. 2020Q3 to 2021Q1 are higher at 2,700 claims reported, however this is still lower than 2019 as these reporting quarters were still impacted by low accident volumes following the COVID-19 lockdown
- ▶ Reporting quarters 2021Q2 indicated a return towards pre-COVID-19 lockdown levels
- ▶ However, due to another COVID-19 lockdown which was longer and more severe than the previous lockdown in 2020Q2, reported numbers for the 2021Q3 and 2021Q4 - 2022Q1 quarter are lower at 1,700 and 2,000 respectively
- ▶ For development quarter 2022Q2, reported claims have increased to around 2,500, but this remains below pre-COVID lockdown levels
- ▶ On average, around 2,800 statutory benefit claims are reported per quarter, excluding 2020Q2, 2021Q3 - 2022Q1.

*Note, the total number of statutory benefit claims include at-fault claims, not at-fault minor claims, not at-fault non-minor claims and claims with unknown minor injury status. For example, if an unknown claim has its minor injury decision determined in subsequent reporting period, it is not considered a newly reported statutory benefit claim in this slide

Claim numbers

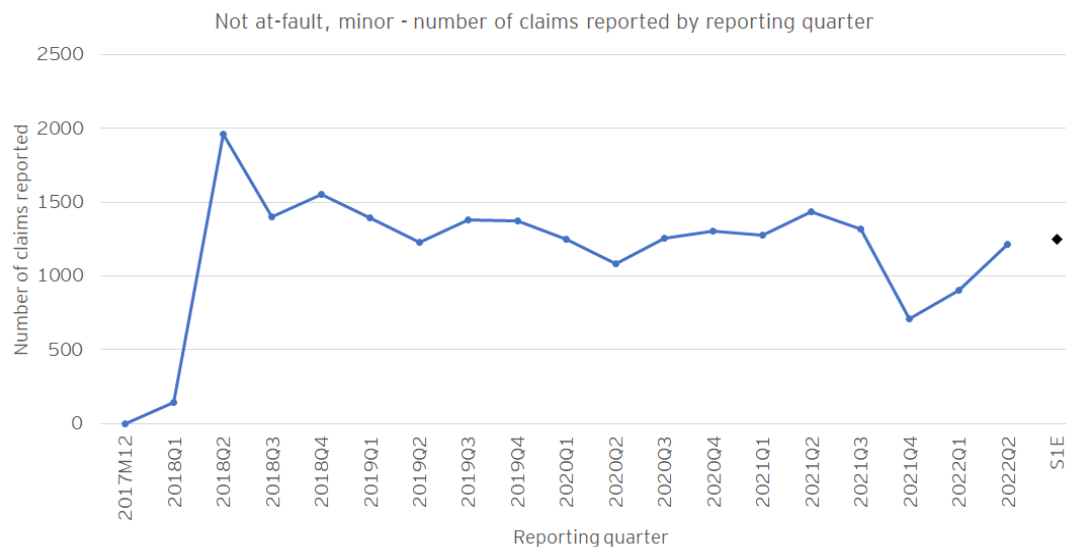
At-fault injury claims - reporting quarter basis



- ▶ This chart shows the total number of at-fault and mostly at-fault claims reported by reporting quarter. It should be noted there is a delay of up to around three months between a claim being reported to an insurer, and the claim being assessed as 'at-fault'. This chart illustrates the quarter a claim was determined as 'at-fault', rather than reported to the insurer
- ▶ Reporting quarters 2020Q2 is lower at 400 claims due to the COVID-19 lockdown in NSW. This continues to be even lower in reporting quarter 2020Q3 at 300, which could reflect a lower volume of at-fault claims during COVID and/or an operational delay in determining fault status. From 2020Q4 - 2021Q2, claim numbers increased to around 500 claims, with 2021Q1 being slightly higher due to an insurer catching up with fault status determination processes for claims that occurred in 2020
- ▶ Despite experiencing the restrictions under the most recent lockdown, at-fault claims for 2021Q3 remained at a level similar to previous quarters
- ▶ Since then, there has been a reduction in claims reported observed at 360 - 380 claims for reporting quarters 2021Q4 - 2022Q2. This behaviour may be due to the nature of fault assessment processes
- ▶ After allowing for the one-off increase in the second quarter of 2019 and excluding reporting quarters 2020Q3, and 2021Q4 - 2022Q2, on average, around 500 at-fault claims are reported per quarter.

Claim numbers

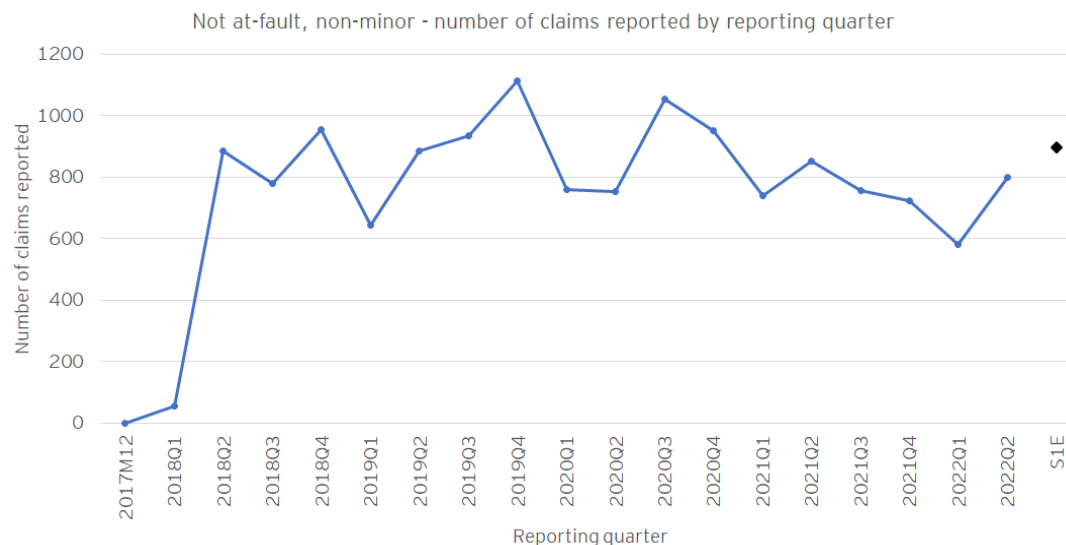
Not at-fault minor injury claims - reporting quarter basis



- ▶ This chart shows the total number of not at-fault minor injury claims reported by reporting quarter. In addition, any finalised not at-fault claims with an unknown severity status are assumed to be not at-fault minor, and are also included in the chart above. These finalised unknown severity cohort accounts for around 50-100 claims per quarter
- ▶ It should be noted that there is a delay of up to around three months between a claim being reported to an insurer, and the claim being assessed as 'minor'. This chart illustrates the quarter a claim was determined as not at-fault minor, rather than reported to the insurer
- ▶ Not at-fault minor claim numbers include claims assessed as 'minor', and fault status determined as 'not at-fault'. In addition, minor claims with fault status 'yet to be determined' are included in this chart, as a large proportion have historically been determined as not at-fault claims
- ▶ There was a relatively low volume of not at-fault minor claims reported between December 2017 and March 2018 quarters. This is due to the Scheme taking six months to stabilise after commencement, as well as insurers developing processes to complete the minor injury assessment
- ▶ In reporting quarter 2020Q2, we observe a reduction in claims reported to 1,100 claims due to the first COVID-19 lockdown in NSW
- ▶ While subsequent quarters have appeared to return to pre-COVID-19 levels, a significant reduction in claims reported is observed for reporting quarters 2021Q4 and 2022Q1, at 700 - 900 claims. This is likely a delayed effect of the second COVID-19 lockdown in 2021Q3 which was longer and more severe than the lockdown in 2020Q2
- ▶ The number of claims in reporting quarter 2022Q2 increased to approximately 1,200 claims, suggesting a return towards pre-COVID-19 levels
- ▶ On average, excluding reporting quarters 2020Q2, 2021Q4 and 2022Q1, there are around 1,200 - 1,500 not at-fault minor injury claims reported per quarter.

Claim numbers

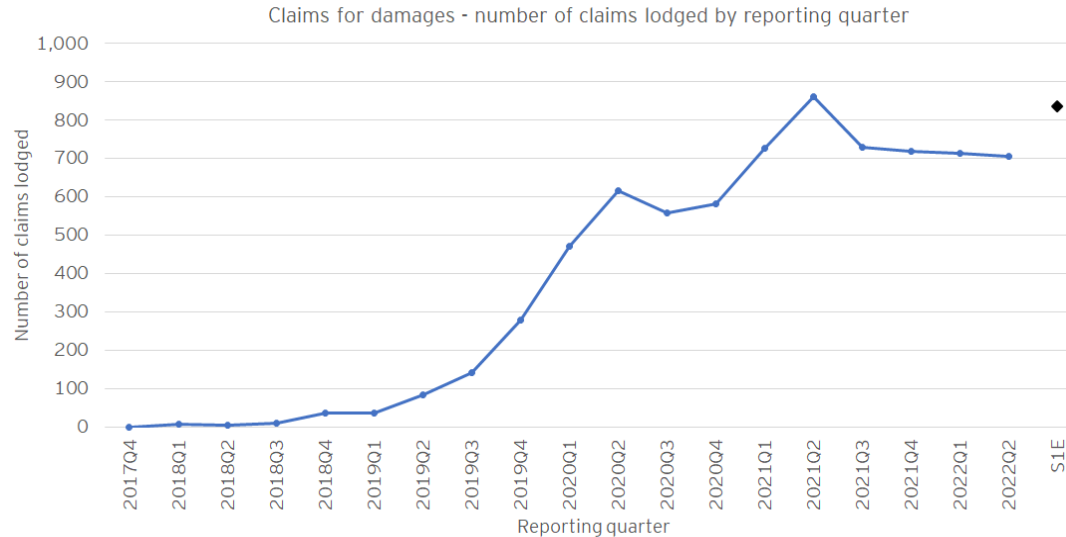
Not at-fault non-minor claims - reporting quarter basis



- ▶ This chart shows the total number of not at-fault, non-minor claims reported by reporting quarter. It should be noted that there is a delay of up to around three months between a claim being reported to an insurer, and the claim being classified as 'non-minor'. This chart illustrates the quarter a claim was determined as not at-fault non-minor, rather than reported to the insurer
- ▶ Lower reported numbers are observed in the first reporting quarter of each year which appears to be a seasonal effect
- ▶ Reporting quarter 2020Q2 is slightly lower than 2019Q2, due to the first COVID-19 lockdown in NSW
- ▶ Due to the effect of the second COVID-19 lockdown, which was longer and more severe than the previous lockdown, not at-fault non-minor claims continued to trend downwards from 2021Q3 - 2022Q1 to just below 600 claims in 2022Q1
- ▶ Even though claim numbers are volatile, the decreases in claim numbers for this claim cohort over the COVID-19 lockdown periods do not appear as large as those observed for at-fault and not at-fault minor claims
- ▶ Reporting quarter 2022Q2 sees an increase in claim numbers to 800 claims, suggesting a return to pre-COVID-19 lockdown levels
- ▶ The volatility present between reporting quarters is due to combinations of insurer processes for minor injury assessment and/or volatility in the rate at which not at-fault minor injury claims transition into not at-fault non-minor claims following the completion of insurer internal review and dispute processes combined with claims reporting patterns.

Claim numbers

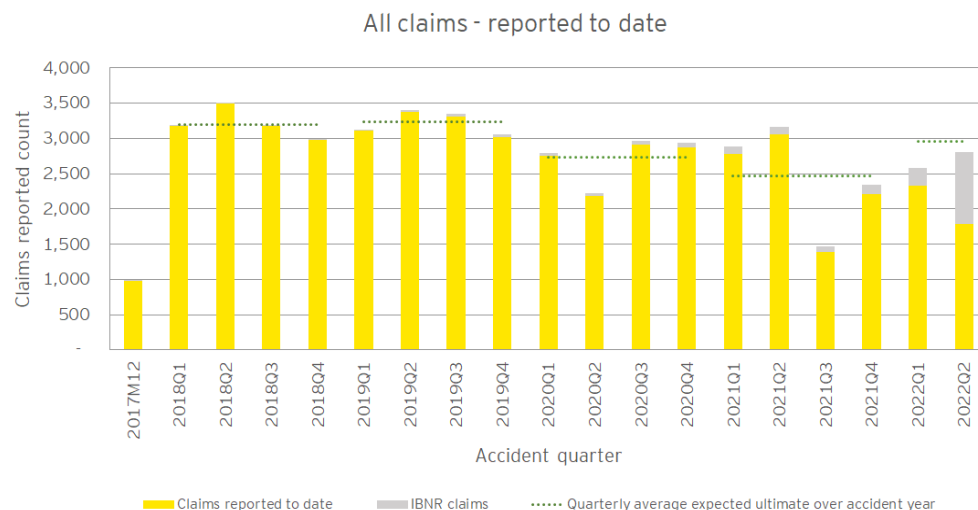
Claims for damages - reporting quarter basis



- ▶ This chart shows the total number of claims for damages made by reporting quarter. It includes non-minor claims with whole person impairment (WPI) less than or equal to 10 percent, WPI greater than 10 percent, as well as claims with an undetermined WPI
- ▶ The number of claims for damages continued to trend upwards until 2021Q2. However, the number of claims lodged for damages has decreased in recent reporting quarters to between 700 - 730 claims per quarter. This may be attributed to the most recent COVID-19 lockdown
- ▶ Overall, however, the number of claims for damages shows an upward trend, and the number of claims reported should continue to increase before stabilising, as more claims continue to pass the 20 month key legislative milestone
- ▶ The timing of claim lodgements appears to be volatile due to interaction between different accident years, all at different development stages
- ▶ Once the number of claims for damages stabilises, approximately 800 - 1,000 claims are expected to be reported per quarter.

Claim numbers

All claims - accident quarter basis

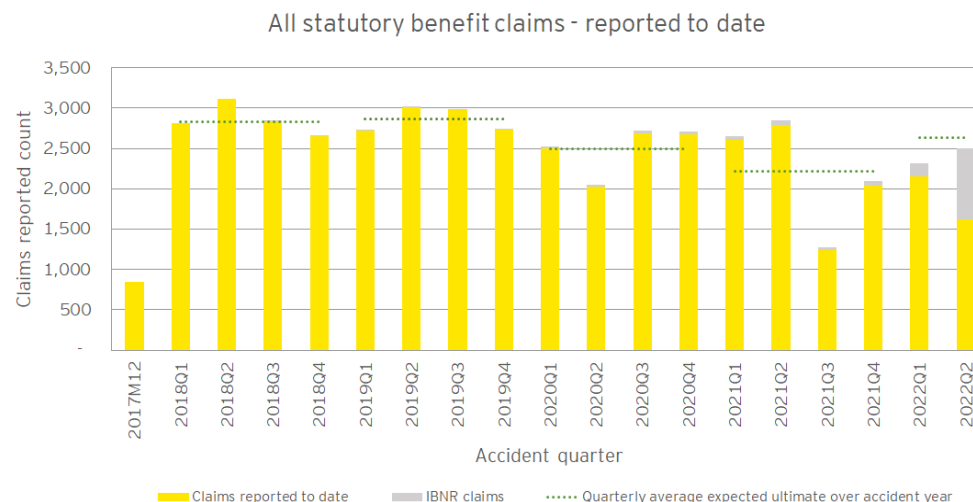


1st accident year (13 months)	Reported to date	13,797
	Expected ultimate	13,832
2nd accident year	Reported to date	12,818
	Expected ultimate	12,932
3rd accident year	Reported to date	10,733
	Expected ultimate	10,935
4th accident year	Reported to date	9,444
	Expected ultimate	9,853
5th accident year	Reported to date	4,111
	Expected ultimate	11,811

- ▶ This chart shows the total number of claims reported to date by accident quarter
- ▶ Earlier accident periods are more developed, and more recent accident quarters still have a number of incurred but not yet reported (IBNR) claims
- ▶ The table on the top right shows the actual number of claims reported for each accident year, starting from the first accident year (1 Dec 17 to 31 Dec 18) to the fifth accident year (1 Jan 22 to 31 Dec 22), compared to their expected ultimate claims. The ultimate for the fifth accident year is determined using the expected ultimate claims for 2022Q1, and an average of prior quarter ultimate claim numbers across the first and second accident years - noting that the third and fourth accident years were impacted by COVID-19
- ▶ The observed drop in projected ultimate claims in 2020Q1 and 2020Q2 is due to a reduction in exposure during the COVID-19 lockdown in NSW. 2020Q2 was most heavily impacted, as traffic reduced for the months of April, May and June 2020. This has led to lower ultimate claims projected for 2020Q2
- ▶ The significant reduction in 2021Q3 ultimate claims is attributed to reduced exposure during the most recent lockdown
- ▶ Ultimate claims for accident quarters 2021Q4 and 2022Q1 and 2022Q2 are expected to be higher compared to 2021Q3 due to an increase in exposure but still at a level that is lower than earlier accident quarters in 2021.

Claim numbers

All statutory benefit claims - accident quarter basis

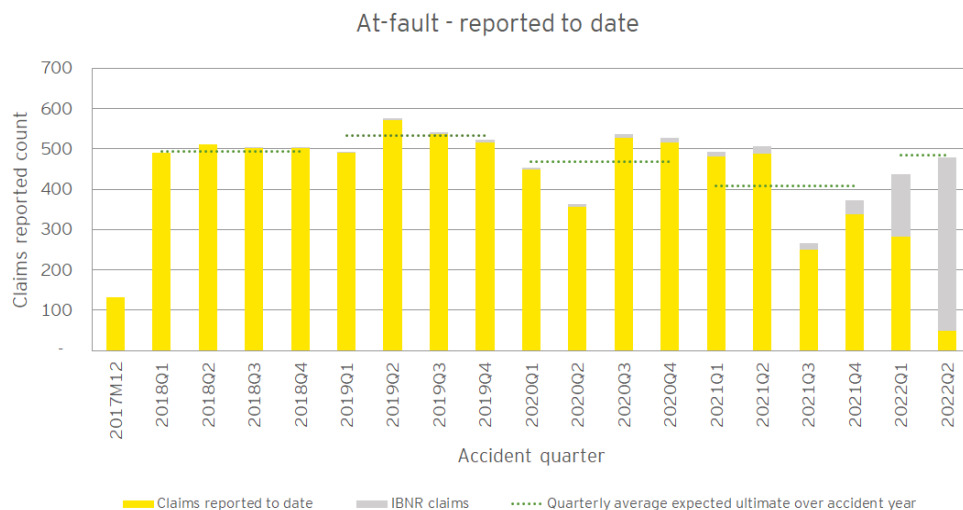


1st accident year (13 months)	Reported to date	12,271
	Expected ultimate	12,273
2nd accident year	Reported to date	11,438
	Expected ultimate	11,469
3rd accident year	Reported to date	9,890
	Expected ultimate	10,003
4th accident year	Reported to date	8,670
	Expected ultimate	8,880
5th accident year	Reported to date	3,767
	Expected ultimate	10,517

- ▶ This chart shows the total number of statutory benefit claims (i.e. all claims, excluding workers compensation, interstate and compensation to relatives, and early notifications) reported to date by accident quarter
- ▶ Earlier accident periods are more developed, and more recent accident quarters still have a number of IBNR claims
- ▶ For the first and second accident years, over 99% of statutory benefit claims ultimately expected have been reported
- ▶ The ultimate for the fifth accident year is determined using the expected ultimate claims for 2022Q1 and 2022Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years - noting that the third and fourth accident years were impacted by COVID-19
- ▶ The observed drop in projected ultimate claims in 2020Q1 and 2020Q2 is due to a reduction in exposure during the COVID-19 lockdown in NSW. 2020Q2 was more heavily impacted, as traffic has reduced by up to 30%, 20% and 10% for the months of April, May and June 2020 respectively
- ▶ The significant reduction in 2021Q3 ultimate claims is similarly attributed to reduced exposure during the most recent lockdown
- ▶ Ultimate claims for accident quarters 2021Q4 to 2022Q2 are expected to increase compared to accident quarter 2021Q3 due to an increase in exposure but still at a level that is lower than earlier accident quarters in 2021.

Claim numbers

At-fault claims - accident quarter basis

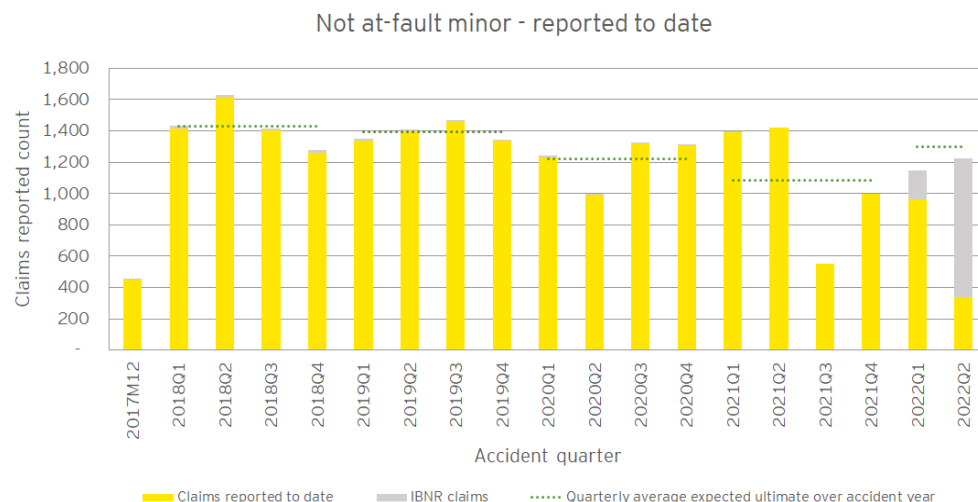


1st accident year (13 months)	Reported to date	2,140
	Expected ultimate	2,142
2nd accident year	Reported to date	2,116
	Expected ultimate	2,133
3rd accident year	Reported to date	1,849
	Expected ultimate	1,879
4th accident year	Reported to date	1,561
	Expected ultimate	1,638
5th accident year	Reported to date	331
	Expected ultimate	1,943

- ▶ This chart shows the total number of at-fault and mostly at-fault claims reported to date by accident quarter
- ▶ At-fault claim numbers include all claims determined as 'at-fault', regardless of injury severity
- ▶ Earlier accident periods are more developed, and more recent quarters still have a number of IBNR claims
- ▶ The fault status of the claim may be undetermined for up to 3 months post the claim received date, and therefore a material number of claims incurred in the last two quarters are yet to receive a fault determination
- ▶ On average across all quarters in the latest accident year excluding 2021Q3, around 500 at-fault claims are expected to be incurred per quarter
- ▶ For the first three accident years, nearly 100% of ultimate expected at-fault claims have been reported
- ▶ The observed drop in expected ultimate claims in 2020Q1 and 2020Q2 was due to a reduction in vehicle traffic during the COVID-19 lockdown
- ▶ The significant reduction in 2021Q3 ultimate claims is attributed to reduced exposure during the most recent lockdown. The impact of the lockdown extends into reporting quarters 2021Q4 and 2022Q2, with ultimate claims for these quarters expected to increase compared to accident quarter 2021Q3 due to an increase in exposure but still at a level that is lower than earlier accident quarters in 2021.

Claim numbers

Not at-fault minor claims - accident quarter basis

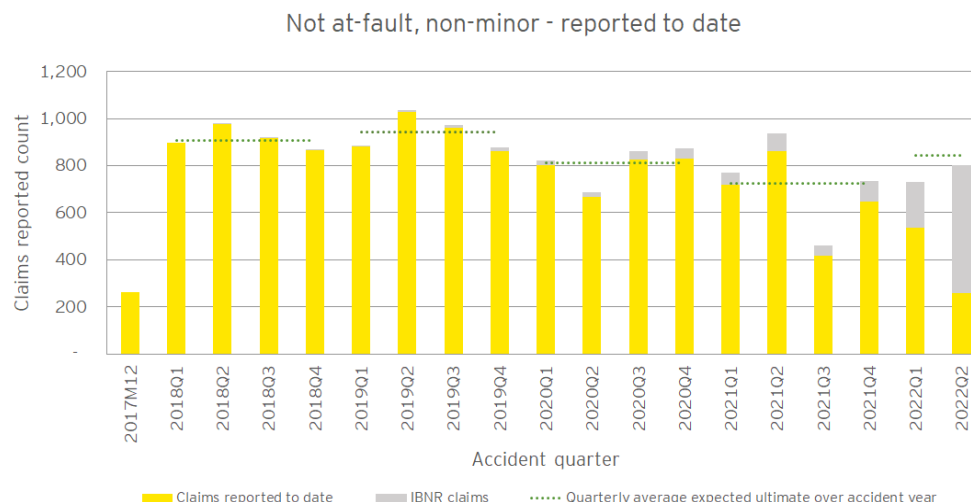


1st accident year (13 months)	Reported to date	6,148
	Expected ultimate	6,207
2nd accident year	Reported to date	5,533
	Expected ultimate	5,567
3rd accident year	Reported to date	4,848
	Expected ultimate	4,878
4th accident year	Reported to date	4,357
	Expected ultimate	4,340
5th accident year	Reported to date	1,302
	Expected ultimate	5,194

- ▶ This chart shows the total number of not-at-fault minor claims reported to date by accident quarter
- ▶ Not at-fault minor claim numbers include claims assessed as 'minor', and fault status determined as 'not at-fault'. In addition, minor claims with fault status 'yet to be determined' are included in this chart, as a large proportion have historically been determined as not at-fault claims. Any finalised not at-fault claims with an unknown severity status are assumed to be not at-fault minor, and also included in the chart above
- ▶ For the first and second accident years, we expect some current not at-fault minor claims to transition to not-at-fault non-minor following the completion of dispute processes
- ▶ The minor injury assessment can take up to 3 months following claim lodgement to be completed, therefore a material number of claims incurred in the last quarter are yet to receive a minor injury assessment
- ▶ The observed drop in expected ultimate claims in 2020Q1 and 2020Q2 is due to a reduction in exposure; 2020Q2 was more heavily impacted, as a result the ultimate projected for these accident quarters are lower than prior accident periods
- ▶ The significant reduction in 2021Q3 ultimate claims is similarly attributed to reduced exposure during the most recent lockdown. Ultimate claims for accident quarters 2021Q4 - 2022Q2 are expected to increase compared to accident quarter 2021Q3 due to an increase in exposure but still at a level that is lower than earlier accident quarters in 2021.

Claim numbers

Not at-fault non-minor claims - accident quarter basis

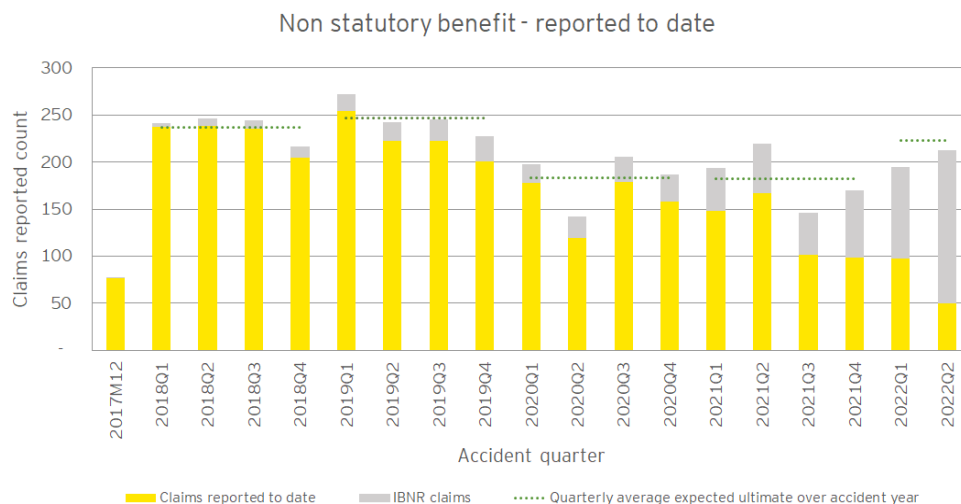


1st accident year (13 months)	Reported to date	3,920
	Expected ultimate	3,924
2nd accident year	Reported to date	3,729
	Expected ultimate	3,768
3rd accident year	Reported to date	3,128
	Expected ultimate	3,245
4th accident year	Reported to date	2,648
	Expected ultimate	2,901
5th accident year	Reported to date	795
	Expected ultimate	3,379

- ▶ This chart shows the total number of not at-fault non-minor claims reported to date by accident quarter
- ▶ Not at-fault non-minor claim numbers include claims assessed as non-minor with fault status determined as 'not at fault' or 'yet to be determined' as a large proportion have historically been assessed as not at-fault claims
- ▶ Accident years 2020 to 2022 are expected to develop upwards from current levels. This is due to the lodgement of incurred but not reported claims, and for not at-fault minor injury claims which are 'overturned' to not at-fault non-minor claims following the completion of insurer internal review and external dispute processes
- ▶ The minor injury assessment can take up to 3 months following claim lodgement to be completed, therefore a material number of claims incurred in the last two quarters are still awaiting a minor injury assessment. The latest expected ultimate numbers allow for a reduction in the minor injury overturn rate assumption following a lower than expected emergence of overturns
- ▶ The observed drop in expected ultimate claims in 2020Q2 is due to reduction in exposure as a result of the NSW COVID-19 lockdown
- ▶ The significant reduction in 2021Q3 ultimate claims is attributed to reduced exposure during the most recent lockdown, which was more severe compared to the previous lockdown. Ultimate claims for accident quarters 2021Q4 - 2022Q2 are expected to increase compared to accident quarter 2021Q3 due to an increase in exposure but still at a level that is lower than earlier accident quarters in 2021.

Claim numbers

Non statutory benefit claims - accident quarter basis

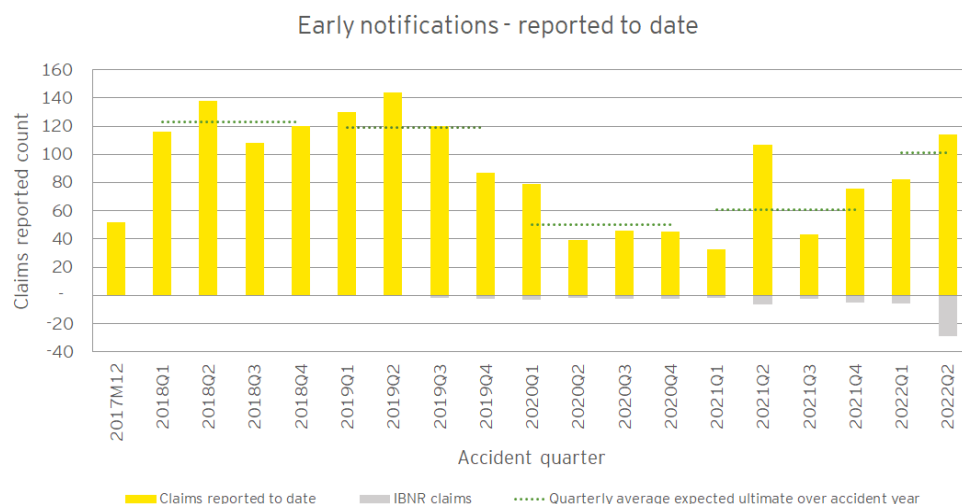


1st accident year (13 months)	Reported to date	992
	Expected ultimate	1,026
2nd accident year	Reported to date	899
	Expected ultimate	987
3rd accident year	Reported to date	634
	Expected ultimate	732
4th accident year	Reported to date	515
	Expected ultimate	729
5th accident year	Reported to date	148
	Expected ultimate	891

- ▶ This chart shows the total number of non statutory benefit claims reported to date by accident quarter
- ▶ Non statutory benefit claims include workers compensation, interstate and compensation to relatives claims (excluding early notifications)
- ▶ All accident years still have a number of IBNR claims reflected in their expected ultimate
- ▶ On average across accident quarters prior to 2020, approximately 240 non statutory benefit claims are expected to be incurred per quarter. This is lower for the accident years 2020 and 2021, where approximately 190 non-statutory benefit claims are expected to incur per accident quarter due to the lockdowns and prolonged State border closures which leads to fewer interstate claims
- ▶ The significant reduction in 2021Q3 ultimate claims is attributed to reduced exposure during the most recent lockdown
- ▶ The ultimate number of non statutory benefit claims for 2021Q3 is comparable with 2020Q2. Despite the reduction in expected ultimate interstate claims due to the extended lockdown, it is offset by the higher expected ultimate workers compensation claims compared to 2020Q2
- ▶ Ultimate claims for accident quarters 2021Q4 and 2022Q1 are expected to be higher compared to 2021Q3 due to an increase in exposure but still at a level that is lower than earlier accident quarters in 2021
- ▶ Ultimate claims for accident quarter 2022Q2 are expected to return to pre-COVID-19 lockdown levels.

Claim numbers

Early notification claims - accident quarter basis

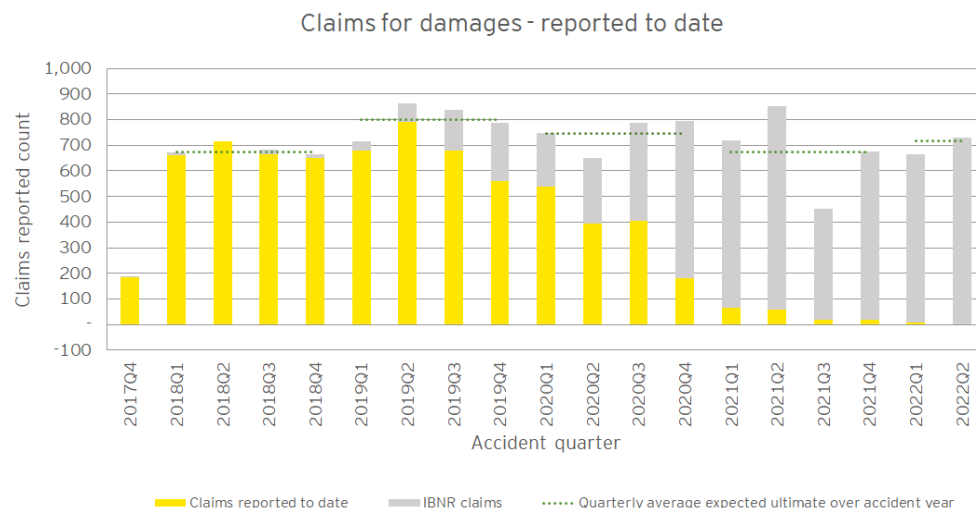


1st accident year (13 months)	Reported to date	534
	Expected ultimate	533
2nd accident year	Reported to date	481
	Expected ultimate	476
3rd accident year	Reported to date	209
	Expected ultimate	200
4th accident year	Reported to date	259
	Expected ultimate	244
5th accident year	Reported to date	196
	Expected ultimate	404

- ▶ This chart shows the expected total number of early notification claims by accident quarter that are not expected to progress to become a statutory benefit claim
- ▶ On average across all accident quarters prior to 2020, approximately 110 early notification claims are expected to be ultimately incurred per accident quarter.
- ▶ The reduction in early notification claims for accident quarters 2020Q2 - 2021Q1 and 2021Q3 reflects lower exposure due to COVID-19 restrictions in 2020 and 2021 and potential changes to insurer processes
- ▶ At the December 2020 valuation, the early notification model was updated to allow for the rate at which claims transition out of the early notification model once they progress to become a statutory benefit claim. This change results in a negative development for the more recent accident periods
- ▶ After accounting for transitions out of early notification, ultimate early notification claims continue to trend upwards since 2021Q3, suggesting a gradual return towards pre-COVID-19 levels.

Claim numbers

Damages claims - accident quarter basis

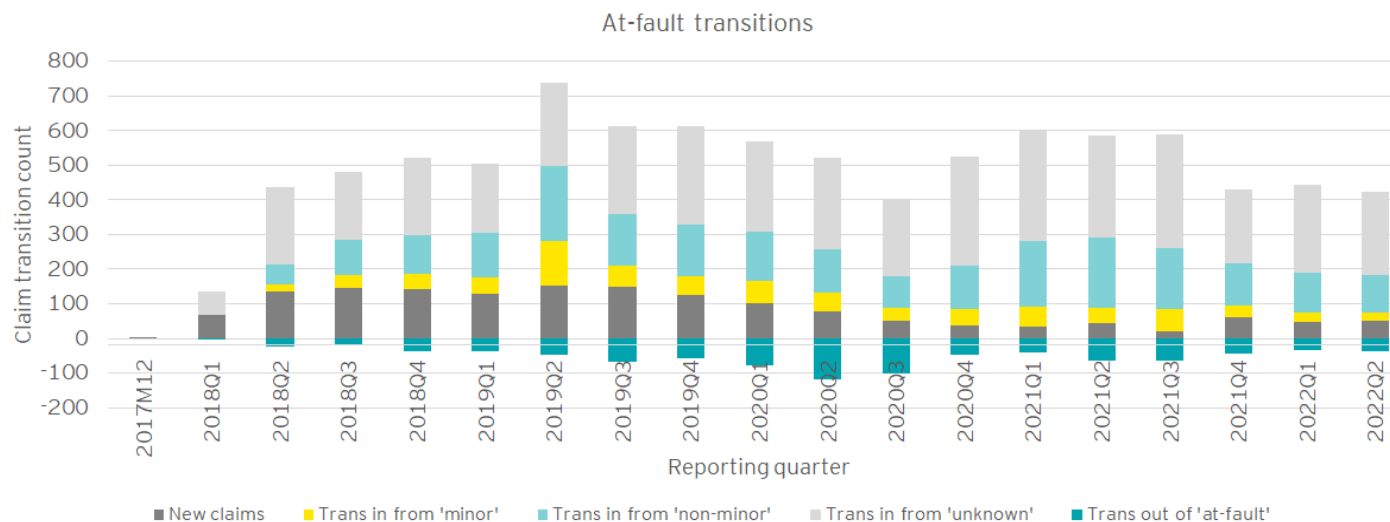


1st accident year (13 months)	Reported to date	2,876
	Expected ultimate	2,915
2nd accident year	Reported to date	2,706
	Expected ultimate	3,204
3rd accident year	Reported to date	1,517
	Expected ultimate	2,979
4th accident year	Reported to date	165
	Expected ultimate	2,700
5th accident year	Reported to date	11
	Expected ultimate	2,871

- ▶ This chart shows the total number of claims for damages made to date by accident quarter, along with the expected incurred but not reported (IBNR) claims by accident quarter. The chart includes both non-minor claims with whole person impairment (WPI) less than or equal to 10 percent, WPI greater than 10 percent as well as claims with undetermined WPI
- ▶ During the December 2021 valuation, the estimated proportion of not at-fault non-minor claims that are expected to lodge a claim for damages has been revised from previously assumed lodgement rates, resulting in a reduction in ultimate claims, particularly for earlier accident years. At the June 2022 valuation, selected lodgement rates remain roughly the same as the December 2021 valuation, at approximately 70% for accident year 2018, 80% for accident year 2019 and 85% for accident years 2020 and 2021. Selections ranging from 87% - 93% have also been adopted for quarters impacted by COVID-19 lockdowns as these quarters have been observed to have a higher mix of high injury severity claims and are therefore more likely to lodge a damages claim. These updated selections reflect the current emerging damages claims experience however they remain highly uncertain and will continue to be monitored and updated as required
- ▶ For the first accident year, ~99% of expected claims for damages have been lodged
- ▶ Ultimate expected claims for accident quarter 2021Q3 has experienced a large reduction due to decreased exposure from the COVID-19 lockdown. Ultimate claims for accident quarters 2021Q4, 2020Q1 and 2022Q2 are expected to return to levels similar to accident quarters before the recent COVID-19 lockdown
- ▶ Excluding accident quarters affected by COVID-19, approximately 700 - 900 claims are expected to be incurred per accident quarter.

Claim numbers

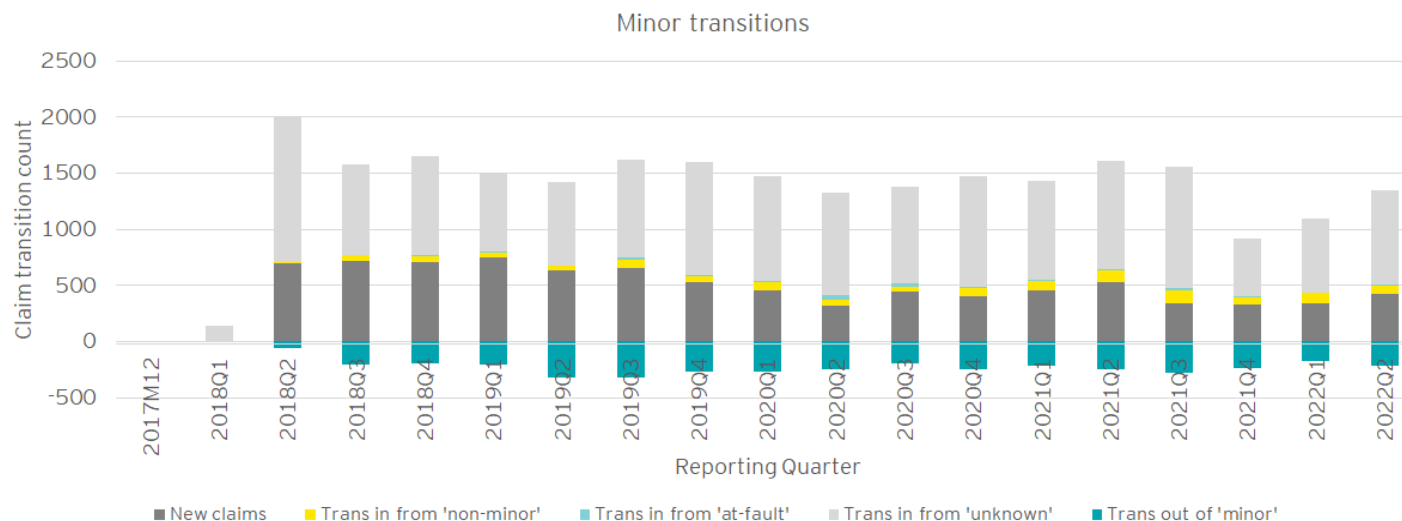
At-fault claims - transitions by reporting quarter



- ▶ The chart above shows the number of claims that transition in and out of the at-fault claims model by reporting quarter. Either claims are newly reported ('New claims'), transition in from an alternative claim type ('Trans in') or transition out to an alternative claim type ('Trans out')
- ▶ When a claim is initially reported, for the purposes of our modelling, it is categorised as a 'not at-fault, unknown severity' claim, until the fault status and minor injury assessment is determined by the insurer. This is due to the vast majority of claims being eventually determined as not at-fault. Similarly, any minor or non-minor claims with undetermined fault status are initially categorised as not at-fault, and assumptions are made as to how many will eventually transition to an at-fault status
- ▶ Around 130 new claims are assigned to 'at-fault' within the first quarter of the claim being reported for accident quarters up to 2020Q1
- ▶ From reporting quarters 2020Q2 to 2021Q3, new claims are lower than previously observed, sitting at around 30 - 60 claims. This may be a combined effect of operational delay in determining fault status by the insurers, as well as reduced claims volume during the two main COVID-19 lockdown periods in 2020 - 2021
- ▶ Reporting quarters 2021Q4 - 2022Q2 have seen an increase in new claims compared to previous quarters, but this remains lower than pre-COVID-19 levels
- ▶ There are also some claims (< 100 per quarter) which transition out of at-fault into other claim types.

Claim numbers

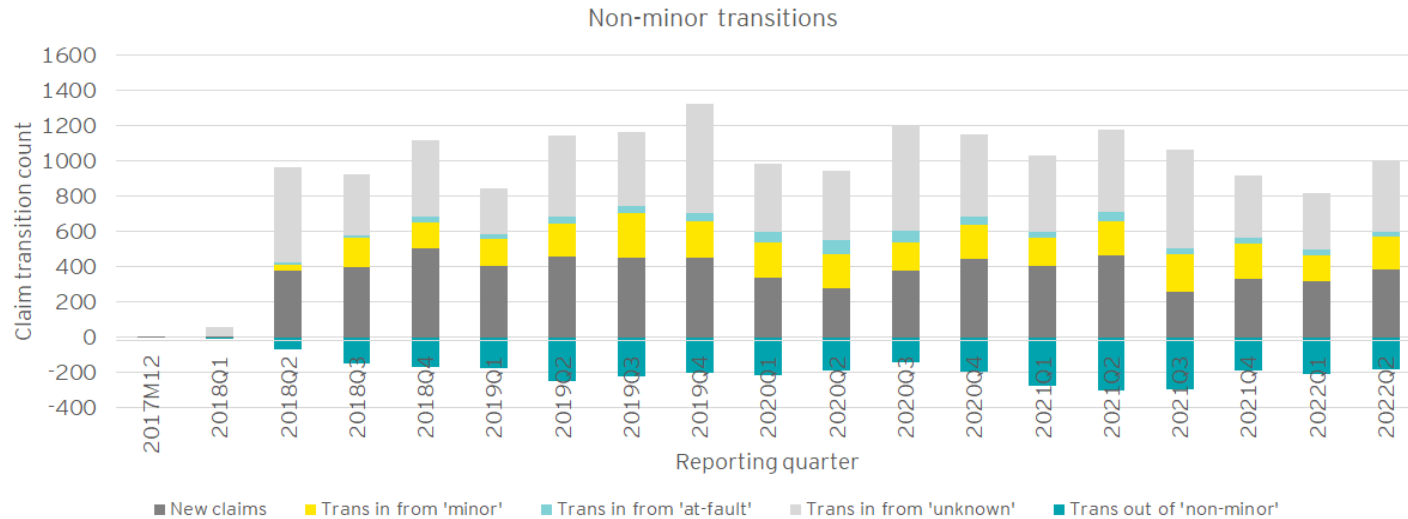
Not at-fault minor claims - transitions by reporting quarter



- ▶ The chart above illustrates the number of claims that transition in and out of the not at-fault minor injury claim category by reporting quarter
- ▶ Around 40% of the claims transitioning into not at-fault minor claims each quarter are due to new claims reported within the quarter. Recently, this has been lower as a result of the 2020Q2 and 2021Q3 COVID-19 lockdowns, partially offset by the increase in transitions from 'unknown'
- ▶ The majority of the remaining claims transitioning into not at-fault minor injury claims come from the not at-fault unknown severity claim type. This is expected, as these claims typically do not have a minor injury assessment completed until up to around three months after being reported
- ▶ However, for reporting quarter 2021Q4, the transitions from 'unknown' are significantly lower than experienced in previous accident quarters. This has increased slightly for reporting quarters 2022Q1 and 2022Q2
- ▶ There are also on average 240 claims per quarter transitioning out of the not at-fault minor injury claim type into other claim types.

Claim numbers

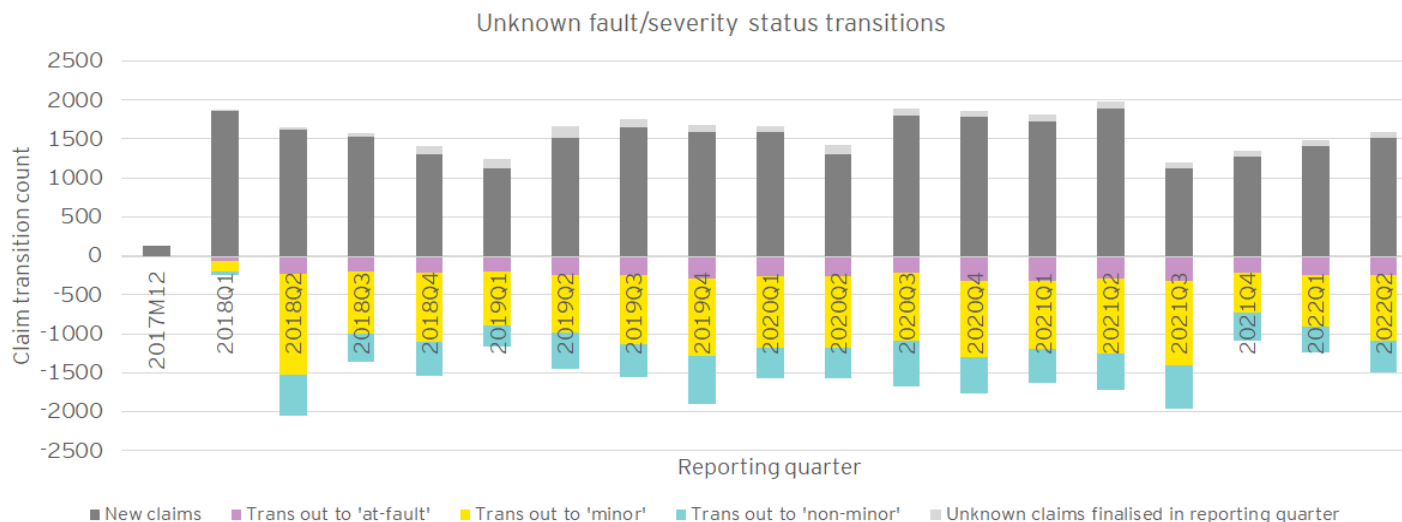
Not at-fault non-minor claims - transitions by reporting quarter



- ▶ Around 40% of the claims transitioning into the not at-fault non-minor category each quarter are due to new claims reported within the quarter
- ▶ The majority of the remaining claims transitioning into the not at-fault non-minor injury category come from the not at-fault unknown severity claim type. This is expected, as these claims typically do not have a minor injury assessment completed until up to around three months after being reported
- ▶ There are around 180 claims per quarter transitioning into the not at-fault non-minor injury category from the not at-fault minor injury category
- ▶ There is on average around 200 claims per quarter transitioning out of the not at-fault non-minor injury category into alternative categories. Initially, non-minor claims with an undetermined fault status are assumed to be not at-fault, so the majority of the transitions out of this category represent the claims which are later determined as 'at-fault'.

Claim numbers

Claims with an unknown fault/severity status - transitions by reporting quarter



- ▶ When a claim is initially reported, the fault status and the severity of the claim may be undetermined for up to around 3 months after the claim received date
- ▶ This cohort of claims is modelled separately, and assumptions are made about whether these claims eventuate as an at-fault (any severity), not at-fault minor or not at-fault non-minor claim
- ▶ The chart above illustrates the transitions in and out of the unknown claim category. The number of claims finalising without a severity determination are illustrated by the light grey bar. The average claim size of these finalised claims indicates they are likely to be minor claims
- ▶ Around 1,500 new claims with an unknown fault or severity determination are reported per quarter
- ▶ In reporting quarters 2021Q3, reduced volumes were observed for new claims with the 'unknown' category, reflecting the impact of the COVID-19 lockdown in 2021. This has slowly increased during reporting quarters 2021Q4 - 2022Q2, reaching a level slightly below that of reporting quarters pre-COVID-19 lockdown
- ▶ The number of claims transitioning out of the 'unknown' category have also reduced for reporting quarter 2021Q4 and 2022Q1, primarily driven by the reduced number of unknown claims transitioning out to the 'minor' category. In 2022Q2 we see an increase in claims transitioning out of unknown, which signals a return towards pre-COVID-19 levels.

Actual versus expected claims experience

Statutory benefit claims reported

			December 2021 - June 2022			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	414	536	-122	-23%
Not At-Fault	Minor	Stat Ben	731	903	-172	-19%
	Non-minor	Stat Ben	586	688	-102	-15%
	Unknown	Stat Ben	-1,014	-954	-60	6%
Total			717	1,174	-457	-39%

December 2021 - June 2022				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2020Q3 and Earlier	29	116	-87	-75%
2020Q4	14	21	-7	-34%
2021Q1	16	27	-11	-41%
2021Q2	15	45	-30	-66%
2021Q3	44	63	-19	-30%
2021Q4	599	903	-304	-34%
Total	717	1,174	-457	-39%

- ▶ A full statutory benefits valuation was carried out for 31 December 2021, resulting in updated expected payments and claim numbers projected for future quarters for accidents
- ▶ In the six months leading up to 30 June 2022, reported claims have been lower than expected by around 39%, or 457 claims
- ▶ The lower than expected claims are observed across all models, driven by not at-fault unknown claims and not at-fault minor claims
- ▶ On an accident quarter basis, there are fewer than expected claims reported in all accident quarters, primarily driven by the reporting quarters 2021Q4 (expected due to the ongoing impact of the most recent COVID lockdown), and 2020Q3 and earlier periods (driven by one insurer's data clean-up of null claims during reporting quarter 2022Q1)
- ▶ The reporting patterns are still developing in the 2017 Scheme, driving higher volatility in the actual versus expected from older accident periods.

Actual versus expected claims experience

Statutory benefit claim payments

			December 2021 - June 2022			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	\$10.6m	\$13.3m	-\$2.8m	-21%
Not At-Fault	Minor	Stat Ben	\$10.9m	\$10.6m	\$0.2m	2%
	Non-minor	Stat Ben	\$88.1m	\$128.6m	-\$40.5m	-32%
	Unknown	Stat Ben	-\$5.1m	\$0.9m	-\$6.0m	-675%
Total			\$104.4m	\$153.4m	-\$49.0m	-32%

December 2021 - June 2022				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2020Q3 and Earlier	\$39.2m	\$70.1m	-\$30.9m	-44%
2020Q4	\$8.2m	\$10.1m	-\$2.0m	-19%
2021Q1	\$9.0m	\$10.7m	-\$1.6m	-15%
2021Q2	\$12.2m	\$15.4m	-\$3.2m	-21%
2021Q3	\$8.8m	\$12.1m	-\$3.3m	-27%
2021Q4	\$27.0m	\$35.0m	-\$8.0m	-23%
Total	\$104.4m	\$153.4m	-\$49.0m	-32%

- ▶ Statutory benefit payments over the last six months to 30 June 2022 have been \$49.0m (or 32%) lower than expected
- ▶ The lower than expected payments is primarily driven by not at-fault non-minor claims
- ▶ On an accident quarter basis, the experience is consistently lower than expected across all accident periods
- ▶ The lower than expected experience could be due to operational interruption as a result of COVID-19, which caused delays to scheduled treatment & care for claims incurred up to December 2021
- ▶ Recent developments of COVID-19 causing ongoing lockdowns continues to be a key source of uncertainty, especially the impact on public sentiment on seeking certain treatments.

Actual versus expected claims experience

Not at-fault non-minor active claims reported

December 2021 - June 2022				
Payment Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Loss of Income	3,688	3,958	-270	-7%
Treatment & Care	10,797	11,460	-663	-6%
Total	14,485	15,419	-934	-6%

December 2021 - June 2022				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2020Q3 and Earlier	8,288	8,823	-535	-6%
2020Q4	1,196	1,260	-64	-5%
2021Q1	1,176	1,229	-53	-4%
2021Q2	1,576	1,647	-71	-4%
2021Q3	798	973	-175	-18%
2021Q4	1,451	1,487	-36	-2%
Total	14,485	15,419	-934	-6%

- ▶ The number of not at-fault non-minor 'active claims' i.e. those receiving a loss of income or treatment payment are shown in this slide
- ▶ In the six months leading up to 30 June 2022, there were 14,485 not at-fault non-minor active claims. This was 934 (or 6%) less claims than expected
- ▶ On an accident quarter basis, the lower than expected not at-fault non-minor active claims for the period is consistent across all accident periods
- ▶ The level of claim activity is still developing, driving higher volatility in the actual versus expected experience from older accident periods.

Actual versus expected claims experience

Non statutory benefit claims reported

		December 2021 - June 2022			
Claim Type	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Interstate	Non Stat Ben	61	106	-45	-42%
Death	Non Stat Ben	43	44	-1	-2%
Workers Compensation	Non Stat Ben	117	96	21	22%
Early notification	Non Stat Ben	-21	-42	21	-50%
Total		200	204	-4	-2%

		December 2021 - June 2022			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2020Q3 and Earlier		73	84	-11	-13%
2020Q4		8	9	-1	-14%
2021Q1		12	15	-3	-18%
2021Q2		28	19	9	49%
2021Q3		30	25	5	19%
2021Q4		49	51	-2	-5%
Total		200	204	-4	-2%

- ▶ Non statutory benefit claims include interstate, death, worker's compensation and early notification
- ▶ In the six months leading up to 30 June 2022, reported non statutory benefit claims have been lower than expected by around 2%, or 4 claims
- ▶ The lower than expected claims numbers are primarily driven by fewer than expected interstate claims, partially offset by a higher number of workers compensation and early notification claims
- ▶ The higher than expected workers' compensation claims can be partially attributed to a data clean-up by one insurer during reporting quarter 2022Q1
- ▶ On an accident quarter basis, the lower than expected claim numbers is primarily driven by accident quarter 2020Q3 and prior, partially offset by accident quarters 2021Q2 and 2021Q3
- ▶ The level of claim activity is still developing, driving higher volatility in the actual versus expected experience.

Actual versus expected claims experience

Non statutory benefit claim payments

		December 2021 - June 2022			
Claim Type	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Interstate	Non Stat Ben	\$22.4m	\$21.3m	\$1.1m	5%
Death	Non Stat Ben	\$12.2m	\$16.5m	-\$4.3m	-26%
Workers Compensation	Non Stat Ben	\$5.0m	\$9.0m	-\$4.0m	-45%
Early notification	Non Stat Ben	-\$41.3k	\$4.7k	-\$46.0k	-977%
Total		\$39.5m	\$46.8m	-\$7.3m	-16%

		December 2021 - June 2022			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2020Q3 and Earlier		\$34.8m	\$41.2m	-\$6.4m	-15%
2020Q4		\$2.6m	\$1.4m	\$1.2m	82%
2021Q1		\$0.5m	\$1.3m	-\$0.8m	-64%
2021Q2		\$0.8m	\$1.3m	-\$0.6m	-42%
2021Q3		\$0.1m	\$0.6m	-\$0.5m	-81%
2021Q4		\$0.7m	\$0.9m	-\$0.2m	-22%
Total		\$39.5m	\$46.8m	-\$7.3m	-16%

- ▶ Non statutory benefit payments over the six months to 30 June 2022 have been \$7.3m (or 16%) less than expected
- ▶ This is driven by the lower than expected payments in death and workers compensation claims, partially offset by the higher than expected payments for interstate claims
- ▶ Lower than expected death payments were observed, likely due to the sparse number of Compensation to Relative (CTR) claims which typically settles for a higher claim amount than funeral only death claims
- ▶ On an accident quarter basis, there is lower than expected claims payments across most accident periods, excluding 2020Q4.

Actual versus expected claims experience

Claims reported for damages

			December 2021 - June 2022			
Fault Status	Severity	WPI	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Not At-Fault	Non-minor	> 10%	358	638	-280	-44%
		≤ 10%	203	667	-464	-70%
		Unknown	552	393	159	40%
Other			296	166	130	78%
Total			1,409	1,864	-455	-24%

December 2021 - June 2022				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q4 and Earlier	405	732	-327	-45%
2020Q1	179	153	26	17%
2020Q2	272	231	41	18%
2020Q3	326	337	-11	-3%
2020Q4	133	256	-123	-48%
2021Q1 - 2021Q4	94	155	-61	-39%
Total	1,409	1,864	-455	-24%

- ▶ In the six months to 30 June 2022, reported claims for damages have been lower than expected by around 24%, or 455 claims
- ▶ The lower than expected claims numbers are primarily driven by the lower than expected number of not at-fault non-minor claims with WPI > 10% and WPI ≤ 10%
- ▶ 'Other' claims include claims that are at-fault, mostly-at-fault or minor claims which may not be eligible for damages claims settlements. This will be monitored as the settlement experience of these claims emerges
- ▶ On an accident quarter basis, there is lower than expected claims reported for most accident quarters except 2020Q1 - 2020Q3
- ▶ The reporting patterns are still developing in the 2017 Scheme, driving higher volatility in the actual versus expected from older accident periods.

Actual versus expected claims experience

Claim payments for damages

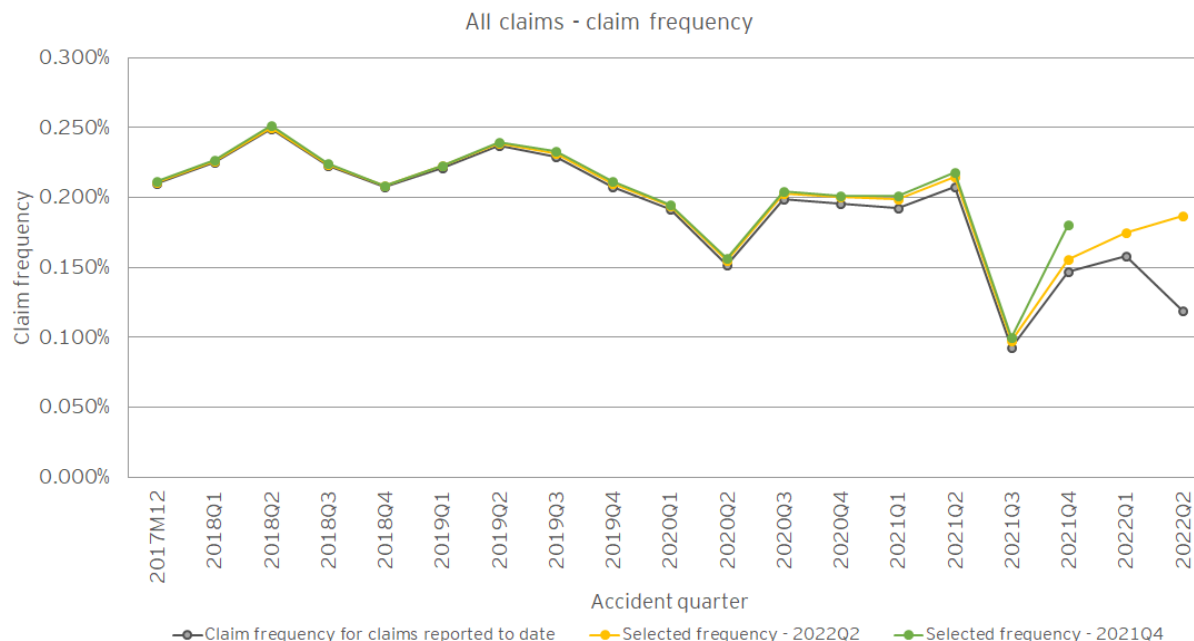
			December 2021 - June 2022			
Fault Status	Severity	WPI	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Not At-Fault	Non-minor	> 10%	\$180.2m	\$98.5m	\$81.7m	83%
		≤ 10%	\$21.1m	\$49.8m	-\$28.7m	-58%
		Unknown	\$25.1m	\$0.0m	\$25.1m	-
Other			\$6.8m	\$17.4m	-\$10.6m	-61%
Total			\$233.2m	\$165.6m	\$67.6m	41%

December 2021 - June 2022				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q4 and Earlier	\$197.4m	\$153.8m	\$43.6m	28%
2020Q1	\$12.1m	\$5.8m	\$6.3m	109%
2020Q2	\$11.7m	\$3.0m	\$8.6m	285%
2020Q3	\$7.6m	\$0.9m	\$6.7m	706%
2020Q4	\$1.2m	\$1.0m	\$0.3m	26%
2021Q1 - 2021Q4	\$3.2m	\$1.1m	\$2.1m	194%
Total	\$233.2m	\$165.6m	\$67.6m	41%

- ▶ Claim payments for damages over the last three months to 30 June 2022 have been \$67.6m (or 41%) higher than expected
- ▶ This is largely driven by a higher amount of payments for not at-fault non-minor claims with WPI greater than 10% and unknown WPI, partially offset by the lower than expected payments for not-at-fault non-minor claims with WPI less than or equal to 10%
- ▶ The settlement experience of 'Other' claims will be monitored as many of these claims may not be eligible for a damages claims settlement
- ▶ On an accident quarter basis, actual payments are greater than expected across all accident periods.

Claim frequency

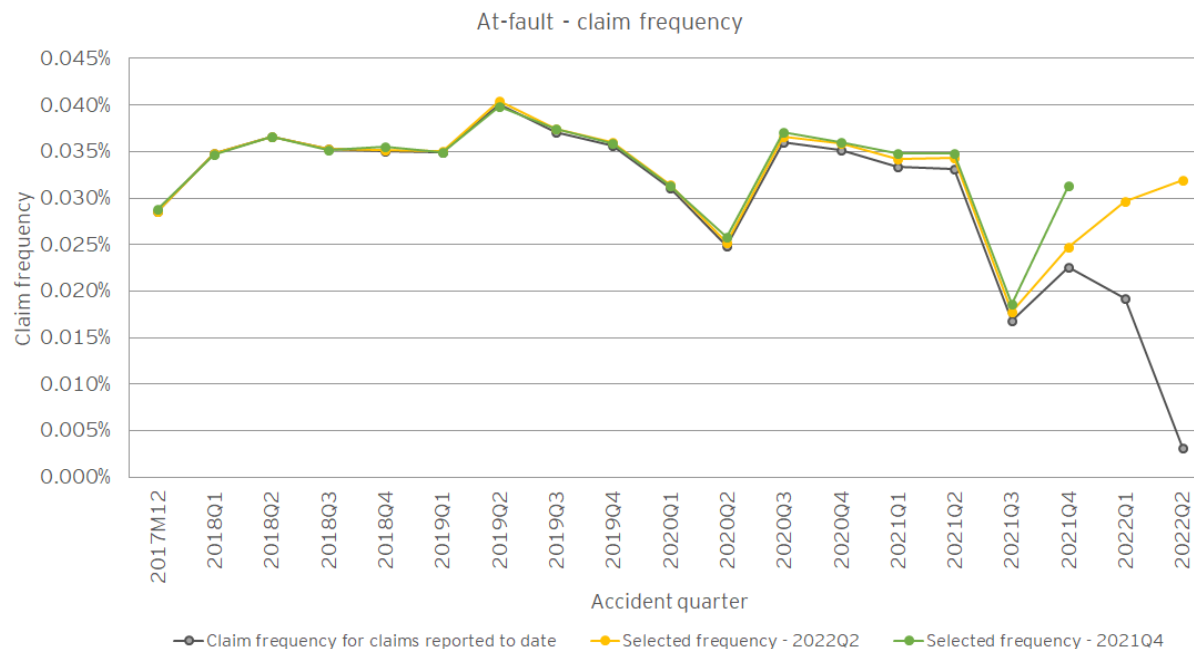
All claims



- ▶ The chart above shows the ultimate claim frequency for all claims per accident quarter
- ▶ A higher amount of uncertainty is associated with the most recent accident quarter, as a larger number of claims are still yet to be reported compared to previous quarters
- ▶ The gap between the grey line and the yellow line illustrates the claims which are expected to have been incurred but have not yet been reported
- ▶ The observed reduction in 2020Q1 and 2020Q2 is due to a reduction in exposure during the first COVID-19 lockdown in NSW. Claim numbers for 2020Q3 - 2021Q2 have returned towards pre-COVID levels
- ▶ The observed reduction in 2021Q3 is due to the most recent COVID-19 lockdown in NSW
- ▶ Claim frequency for 2021Q4, 2022Q1 and 2022Q2 are projected to increase compared to 2021Q3 due to increase in exposure but at a level that is slightly below pre-COVID-19 levels.

Claim frequency

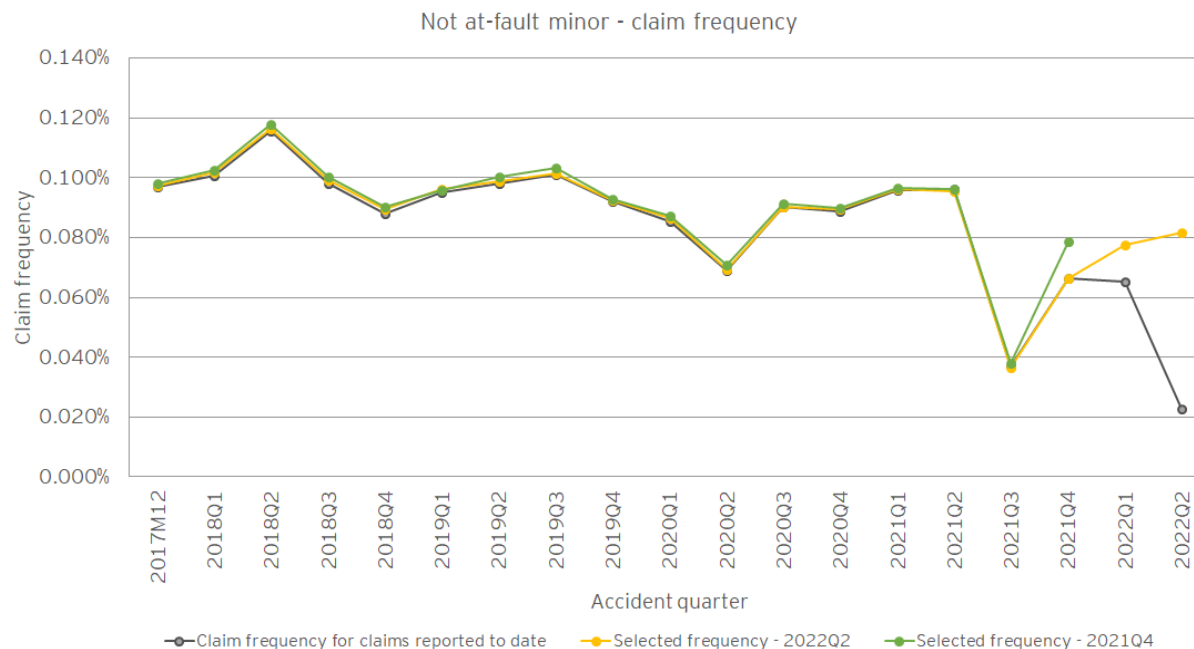
At-fault claims



- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for at-fault and mostly at-fault claims
- ▶ The ultimate frequency for at-fault claims is broadly consistent with the previous full valuation in December 2021 (i.e. green line vs yellow line) for accident quarters before 2020.
- ▶ The gap between reported to date claim frequency and ultimate frequency illustrates the claims which have incurred but not yet been reported, or claims that have not yet been determined as 'at-fault'. For accident periods in December 2017 to 2020Q4, it is not expected that there will be any material additional at-fault claims reported
- ▶ The observed reduction in 2020Q1 and 2020Q2 is due to a reduction in exposure during the first COVID-19 lockdown in NSW. Claim frequency has returned to pre-COVID levels for 2020Q3 - 2021Q2
- ▶ The observed reduction in 2021Q3 is due to the most recent COVID-19 lockdown in NSW
- ▶ Claim frequency for 2021Q4, 2022Q1 and 2022Q2 are projected to increase compared to 2021Q3 due to increase in exposure but at a level that is slightly below pre-COVID-19 levels.

Claim frequency

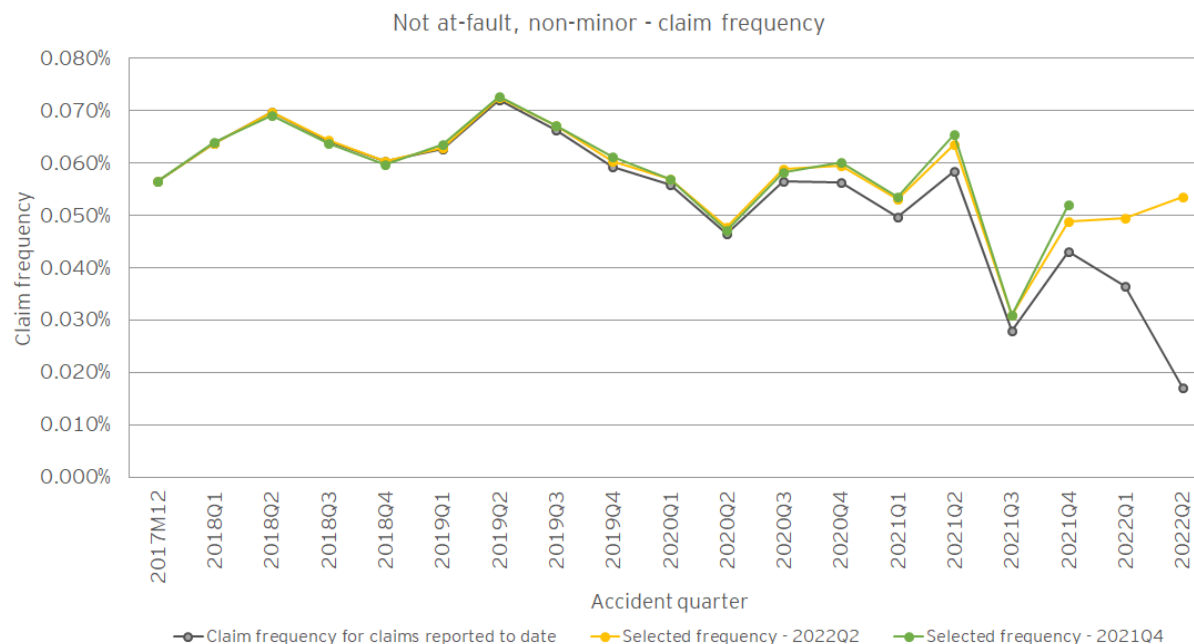
Not at-fault minor claims



- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for not at-fault minor injury claims
- ▶ The ultimate frequency for not at-fault minor claims is broadly consistent with the previous full valuation in December 2021
- ▶ Where the reported to date frequency is higher than the ultimate frequency, it means a proportion of reported claims are expected to transition out of not at-fault minor into the not at-fault non-minor claim category following the completion of insurer internal reviews and any further dispute processes
- ▶ The observed reduction in 2020Q1 and 2020Q2 is due to a reduction in exposure during the COVID-19 lockdown in NSW. Claim numbers from 2020Q3 - 2021Q2 have returned towards pre-COVID levels
- ▶ The observed reduction in 2021Q3 is due to the most recent COVID-19 lockdown in NSW
- ▶ Claim frequency for 2021Q4 to 2022Q2 are projected to increase compared to 2021Q3 due to increase in exposure but at a level that is slightly below pre-COVID-19 levels.

Claim frequency

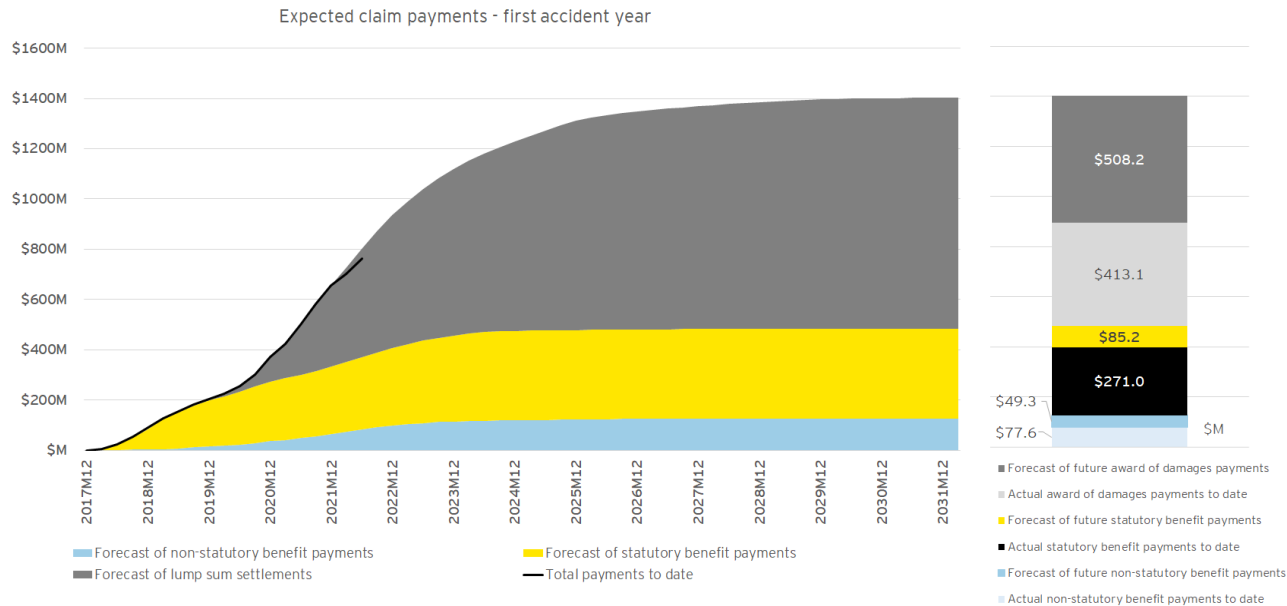
Not at-fault non-minor claims



- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for not at-fault minor injury claims
- ▶ The ultimate frequency for minor claims is broadly consistent with the previous full valuation at December 2021
- ▶ The observed reduction in 2020Q1 and 2020Q2 is due to a reduction in exposure during the COVID-19 lockdown in NSW. Claim numbers from 2020Q3 - 2021Q2 have returned towards pre-COVID-19 levels
- ▶ The observed reduction in 2021Q3 is due to the most recent COVID-19 lockdown in NSW
- ▶ Claim frequencies for 2021Q4 to 2022Q2 are projected to increase towards pre-COVID-19 levels.

Claim payments

Actual vs. expected payment pattern (1 Dec 2017 - 31 Dec 2018)



54% of expected* total payments have been paid

- ▶ The chart above shows the expected payment pattern of the 2017 Scheme for the first accident year, split by statutory benefit payments, lump sum settlements and non statutory benefit payments
- ▶ This graph shows that a material component of the claims cost in relation to the award of damages has yet to emerge due to the Scheme design and access to statutory benefits in the interim
- ▶ In particular, it highlights that total payments to date account for 54% of total expected payments. In addition, approximately 66% of the expected claims costs are for the award of damages (grey segment). To date, there have been \$271.0m payments relating to statutory benefit payments, \$413.1m payments relating to award of damages payments and \$77.6m payments relating to non statutory benefit payments for the first accident year.

*Expected total payments as at 31 Dec 2021 valuation

Claim payments

Actual vs. expected payment pattern (Accident years 2018 - 2021)

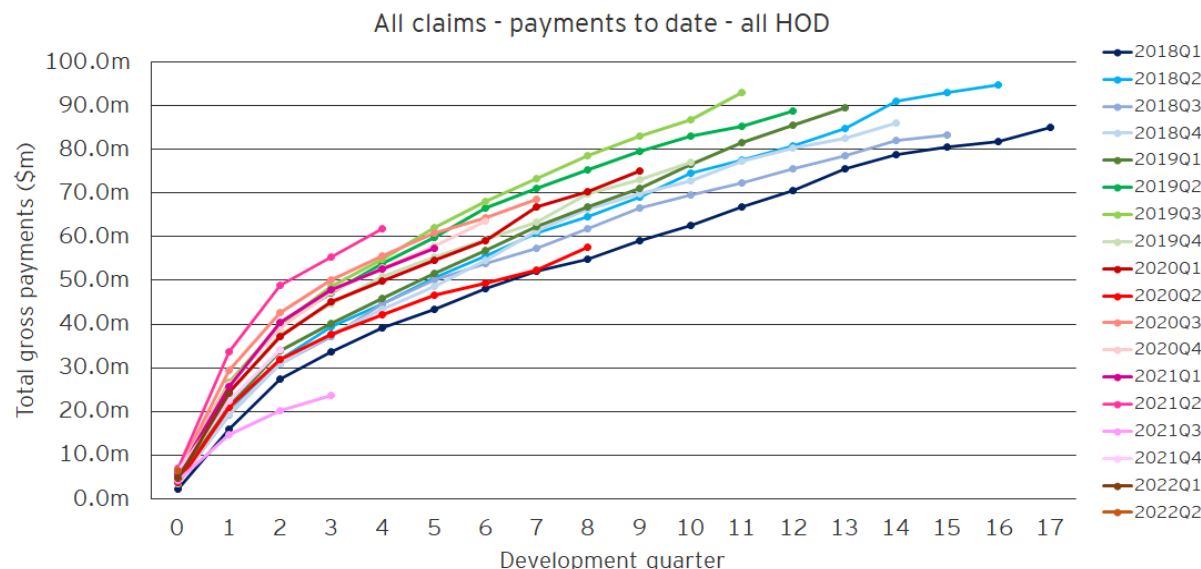
Accident year	Award of damages		Statutory benefit		Non-statutory benefit		% of expected* total payments paid
	Actual payments to date	Forecast of future payments	Actual payments to date	Forecast of future payments	Actual payments to date	Forecast of future payments	
2018	\$413.1 m	\$508.2 m	\$271.0 m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

- ▶ The table above shows the actual payments to date and forecast of future payments for the 2018-2021 accident years. The 2022 accident year is not shown as only a small amount of damages claims payments (~\$5k) have been made for this year
- ▶ The table shows that a material component of the claims cost in relation to the award of damages has yet to be paid due to the Scheme design and access to statutory benefits in the interim
- ▶ For the first accident year, as illustrated in the previous slide, total payments to date account for 54% of total expected payments and approximately 66% of the expected claims costs are for the award of damages
- ▶ For the second accident year, total payments to date account for 40% of total expected payments and approximately 62% of the expected claims costs are for the award of damages
- ▶ For the third accident year, total payments to date account for 22% of total expected payments and approximately 65% of the expected claims costs are for the award of damages
- ▶ For the fourth accident year, total payments to date account for 12% of total expected payments and approximately 65% of the expected claims costs are for the award of damages
- ▶ The lack of damages payment experience for these accident years creates considerable uncertainty in assessing Scheme performance.

**Expected total payments as at 31 Dec 2021 valuation*

SB - claim payments

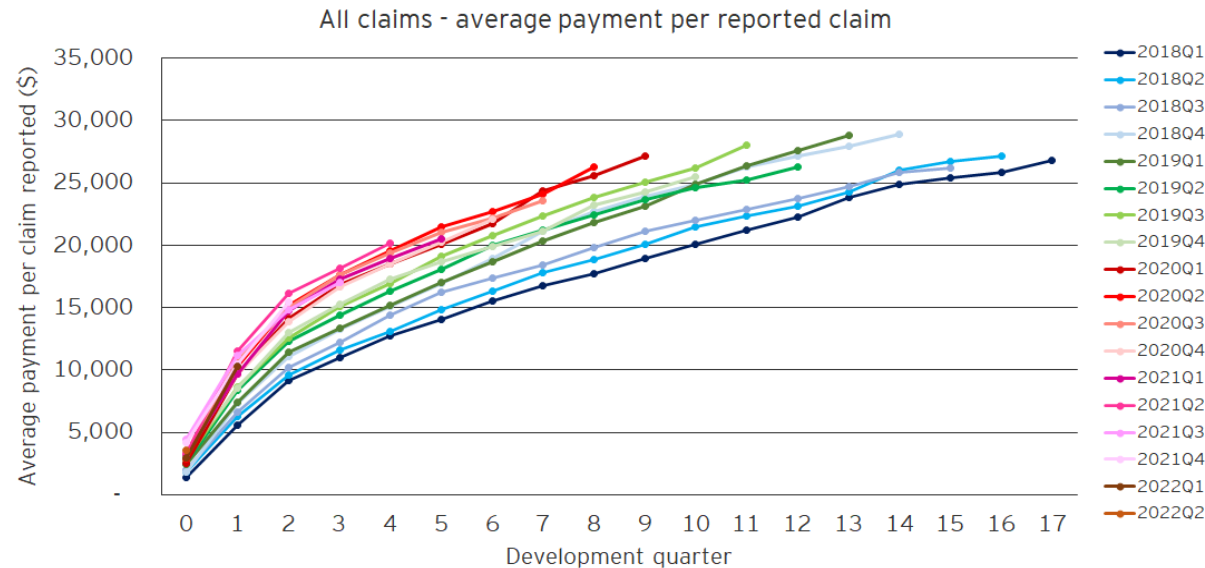
Total gross statutory benefit payments by development quarter (current value)



- ▶ The above chart shows the total statutory benefit payment profile for each accident quarter for all claims across all heads of damage (HOD)
- ▶ The more mature accident quarters are still developing, and this is mainly due to not at-fault non-minor claimants who are still eligible to receive statutory benefits
- ▶ The ultimate cost per accident quarter will not be known with certainty until after five years after the accident quarter, due to not at-fault non-minor claimants being entitled to statutory benefits until this point, as well as the larger payments relating to the award of damages being finalised
- ▶ It appears for most recent accident quarters with the exclusion of COVID-19 quarter 2021Q3, claimants are receiving higher payments compared to previous quarters at the same point of development. This is especially the case for 2021Q2. This may be due to insurers having better established claims operations resulting in claimants receiving payments earlier, rather than higher payments overall. However, this is not known with certainty until the profile of these accident quarters develops over time compared to the earlier periods
- ▶ For accident quarter 2021Q3, it appears that total gross payments are trending lower compared to previous accident quarters after three quarters of development. This is likely driven by the lower reported claim numbers due to the second COVID-19 lockdown in NSW.

SB - average payment per claim reported

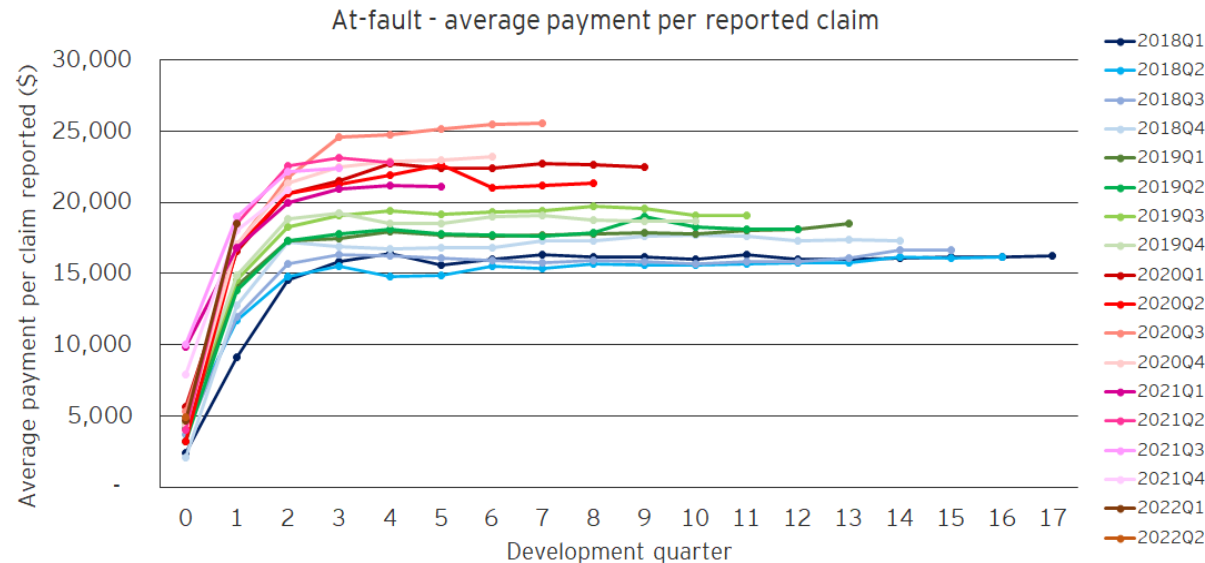
All claims - average cumulative payments per reported claim (current value)



- ▶ This chart shows the profile of average cumulative statutory benefit payments per claim reported by accident quarter and development quarter
- ▶ On a development basis, the more mature accident quarters are still showing development, which is due to non-minor claimants still receiving statutory benefit payments
- ▶ More recent accident quarters have a higher profile than older accident quarters which may indicate a speeding up of payments as the Scheme has progressed, rather than higher payments overall. However, this is not known with certainty, until the profile of these accident quarters develops over time compared to the earlier periods.

SB - average payment per claim reported

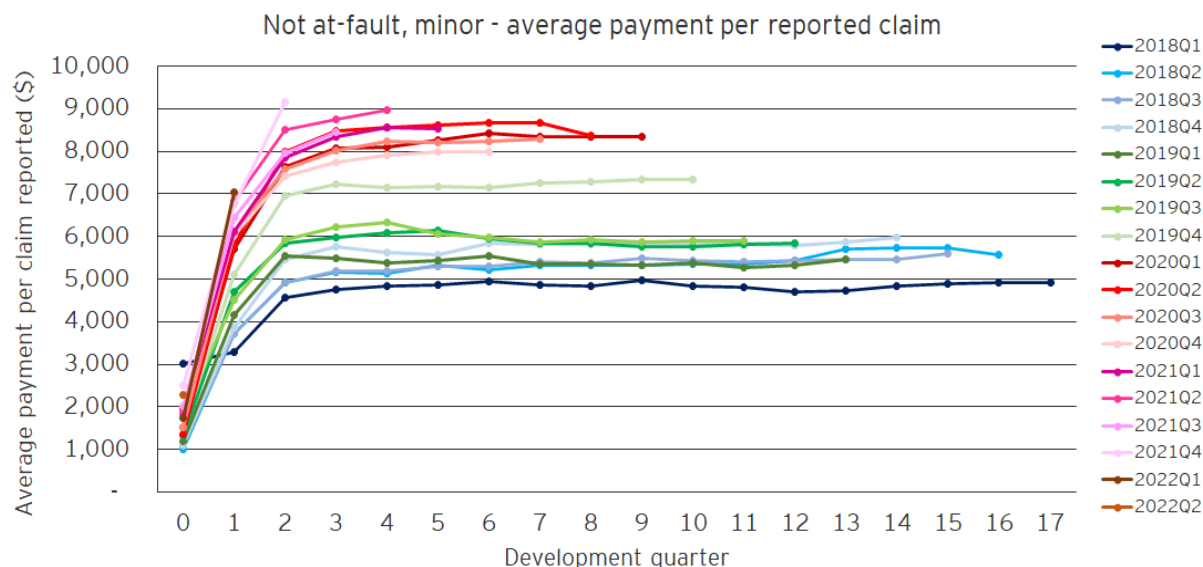
At-fault claims - average cumulative payment per reported claim (current value)



- ▶ This chart shows the profile of average cumulative payments per at-fault claim reported by accident quarter and development quarter
- ▶ On a development quarter basis, the older accident quarters have reached a steady level of average claim size by around development quarter 3. This is expected as at-fault claimants are entitled to 26 weeks of benefits, with some allowance for delay in payments and invoicing
- ▶ It appears the recent accident quarters have a higher average claim size than more mature accident quarters
- ▶ This chart indicates that the average claim size is emerging at around \$16,000-\$23,000 for at-fault claims
- ▶ The higher average claim size for 2021Q1 in development quarter 0 is mainly attributable to higher cost of treatment & care payments paid to some claimants with high injury severity. This has returned to levels in line with 2020Q1 for development quarter 1 onwards
- ▶ Payments per claim reported in accident quarter 2020Q3 has continued to develop higher in comparison to other accident quarters in the same development period. Despite accident quarters 2021Q2 and 2021Q3 developing higher in earlier development quarters, they have started to converge towards the upper range of \$23,000 average claim size
- ▶ The behaviour of these recent accident quarters will continue to be monitored going forward.

SB - average payment per claim reported

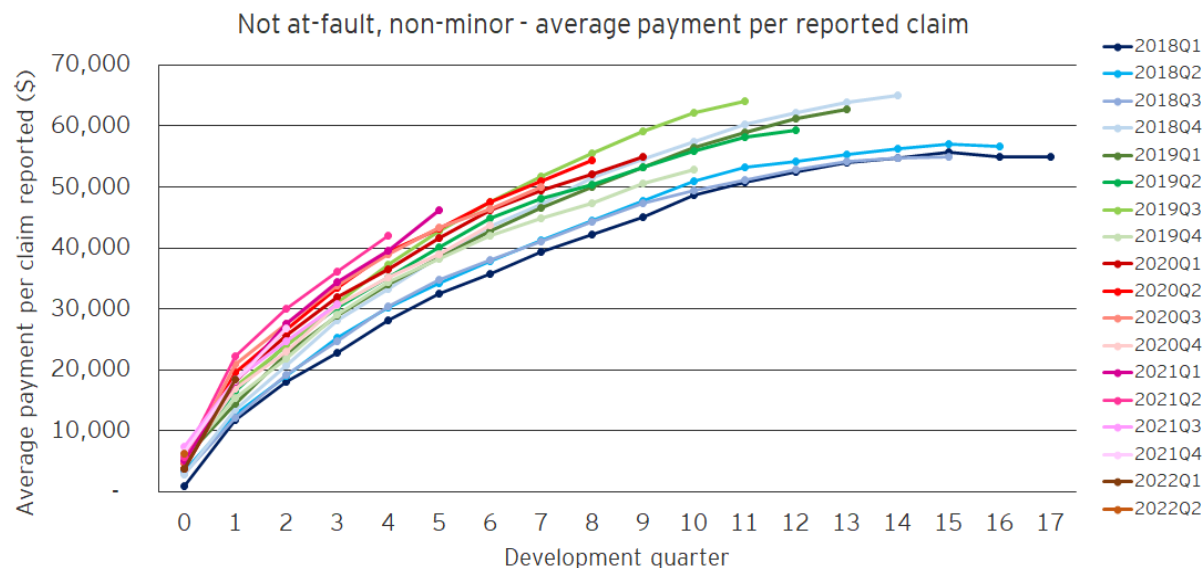
Not at-fault minor claims - average cumulative payment per reported claim (current value)



- ▶ This chart shows the profile of average cumulative payments per not at-fault minor injury claim reported by accident quarter and development quarter
- ▶ On a development quarter basis, the older accident quarters have reached a steady level of average claim size by around development quarter 3. This is expected as not at-fault minor injury claimants are entitled to 26 weeks of benefits, with some allowance for delay in payments, invoicing and accessing further benefits for some claims if the insurer agrees that further treatment will aid recovery
- ▶ It appears that more recent accident quarters have around a 20% - 60% higher average claim size than more mature accident quarters prior to 2019Q3
- ▶ This chart indicates that the average claim size is around \$4,500 - \$6,000 for not at-fault minor claims up until 2019Q3, and the average claim size is around \$7,000 - \$9,000 for claims 2019Q4 and onwards
- ▶ Higher average claim sizes for recent accident quarters may be due to a change in claims mix for claims incurred during the COVID-19 lockdown. The reduced number of claims have a higher average severity compared to those in prior quarters
- ▶ The 2021Q2, 2021Q4 and 2022Q1 accident quarters appear to be developing at a higher rate than other accident quarters when compared within their respective most recent development periods. We will continue to monitor this going forward
- ▶ Note that the small drops observed in multiple development quarters across all accident quarters are driven by recovery payments.

SB - average payment per claim reported

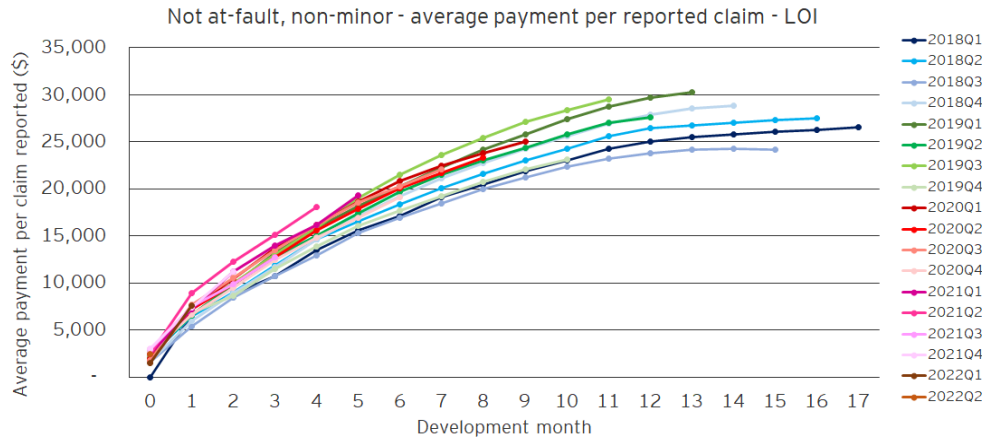
Not at-fault non-minor claims - average cumulative payment per reported claim (current value)



- ▶ This chart shows the profile of average cumulative payments per not at-fault non-minor injury claim reported by accident quarter and development quarter
- ▶ It appears that more recent accident quarters have a higher average claim size than more mature accident quarters prior to 2018Q3. This may be indicative of a speeding up of payments for more recent accident years and/or a higher ultimate average claim size for recent accident quarters
- ▶ The average cumulative payment per not at-fault non-minor claim reported will not be known with certainty until after five years after the accidents occur, due to not at-fault non-minor claimants being entitled to benefits up to this point, as well as the larger payments relating to the award of damages being finalised
- ▶ For accident quarter 2018Q1, there is a slight reduction in average payment per not at-fault non-minor claim reported in development quarter 16. This is driven by large recoveries for two interstate nominal defendant claims
- ▶ Similarly, the reduction for the latest development quarter of accident quarter 2018Q2 is also driven by recovery payments.

SB - average payment per claim reported

Not at-fault non-minor claims - average cumulative payment per reported claim (current value)



These charts illustrate the profile of average cumulative payments per not at-fault non-minor injury claims reported by accident quarter and development quarter, split by loss of income (LOI) payments and treatment & care payments

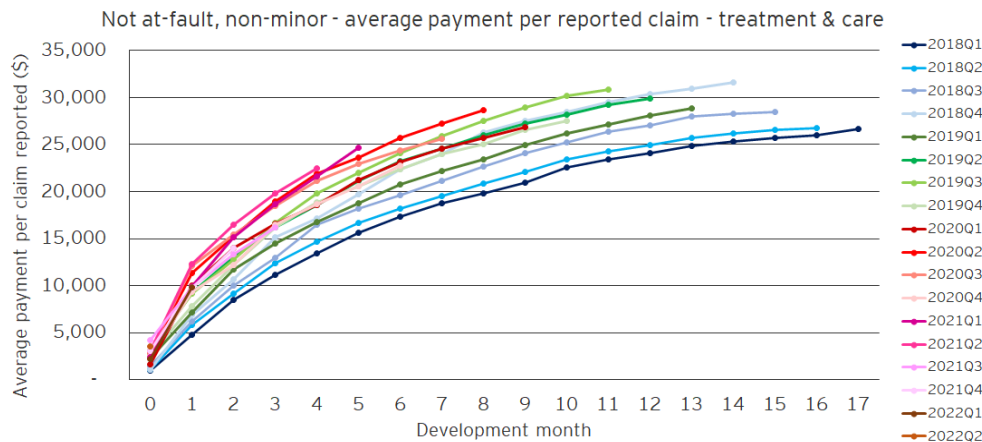
Both payment types are continuing to develop which is not unexpected as the design of the Scheme enables this cohort of claimants to continue to claim LOI and treatment & care benefits for up to five years

For LOI payments, the average claim sizes for each accident quarter are mostly analogous, averaging between \$12k - \$15k by development quarter 4 and between \$20k - \$25k by development quarter 8

For treatment & care payments, it appears that the average claim size is developing upwards for more recent accident quarters. This could be indicative of speeding up of payments for more recent accident periods and/or a higher ultimate average claim size for recent accident periods

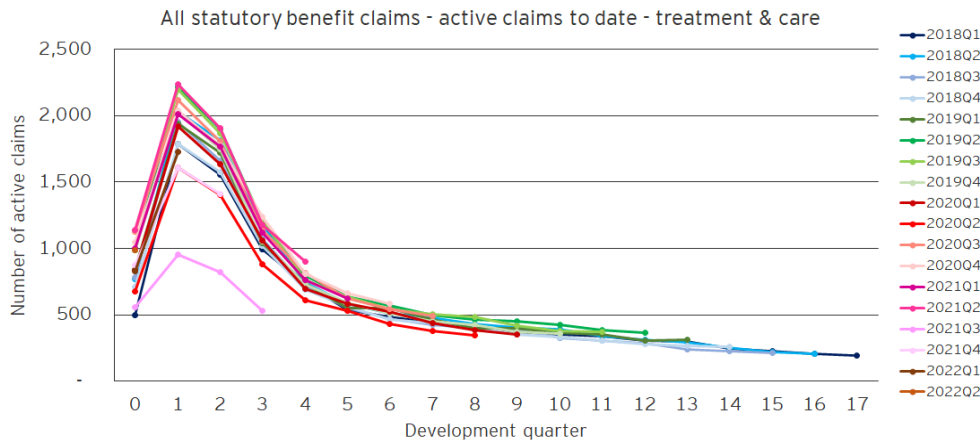
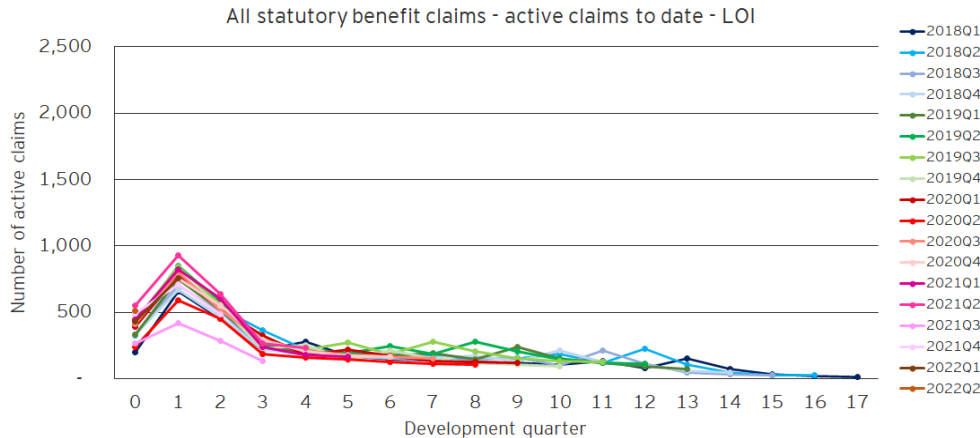
Superimposed inflation could also explain this trend as treatment costs are more susceptible to superimposed inflation, although it is more likely related to the longer term trends of the underlying scheme emerging, which includes insurer processes and providers adjusting over time

For both LOI and T&C payments, the 2021Q2 accident quarter shows a higher average payment per reported claim in development quarters 1-4.



SB - number of active claims

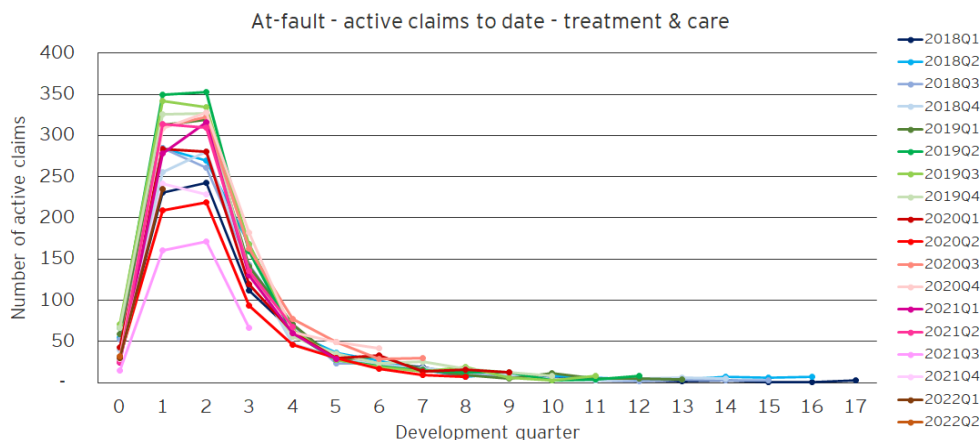
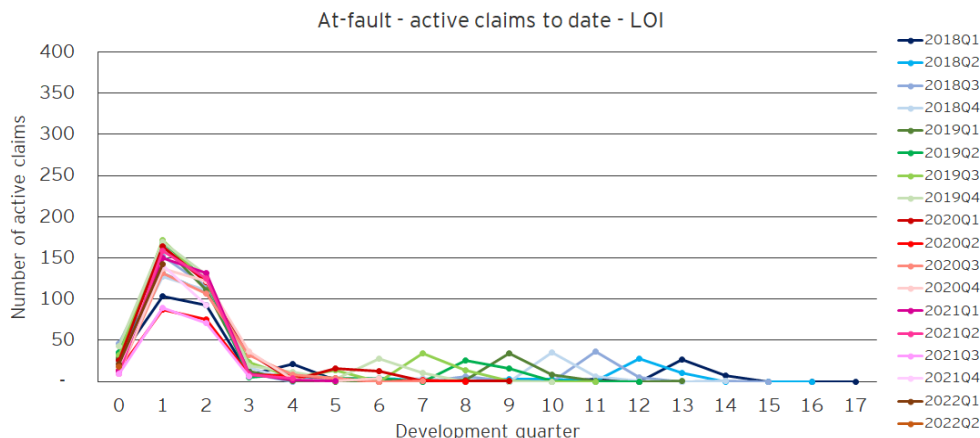
All statutory benefit claims



- ▶ These charts illustrate the number of 'active' claims (i.e. those receiving loss of income (LOI) and/or treatment & care benefits), by development quarter
- ▶ A claim is determined as 'active' if the injured person has received a payment within the quarter
- ▶ The volume of active claims reaches the peak around 1 quarter after the accident has occurred for loss of income benefits, and around 1 - 2 quarters after for treatment & care benefits
- ▶ From this point onwards, the number of injured persons receiving these types of benefits starts to decline
- ▶ By development quarter 4 for loss of income, and development quarter 6 for treatment & care, the claims receiving any payments are mostly the not at-fault non-minor claims
- ▶ For both loss of income and treatment & care benefits, more recent accident quarters (other than COVID-19 impacted 2020Q2, 2021Q3 and 2021Q4) have a higher proportion of active claims than more mature accident quarters. This indicates a higher number of claimants are receiving payments earlier and potentially staying active for longer
- ▶ The uptick in LOI active experience for reporting quarter 2021Q2 across all accident quarters was due to one insurer for at-fault and not at-fault minor claims. We now see the number of active claims mostly returning to previous levels
- ▶ Overall, the volume of claims receiving treatment & care is much higher than loss of income benefits, and they remain active for relatively longer
- ▶ LOI and T&C active claims to date for the 2021Q2 accident quarter has returned to a level comparable to other accident quarters at the same stage of development
- ▶ The 2021Q3 accident quarter has a significantly smaller number of active claims than other accident quarters at the same stage of development. This is likely a reflection of the most recent COVID-19 lockdown which had a longer and more severe impact.

SB - number of active claims

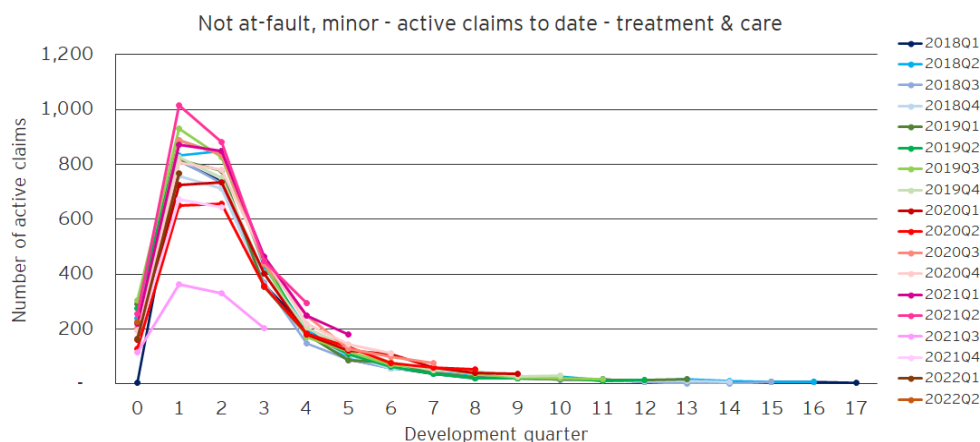
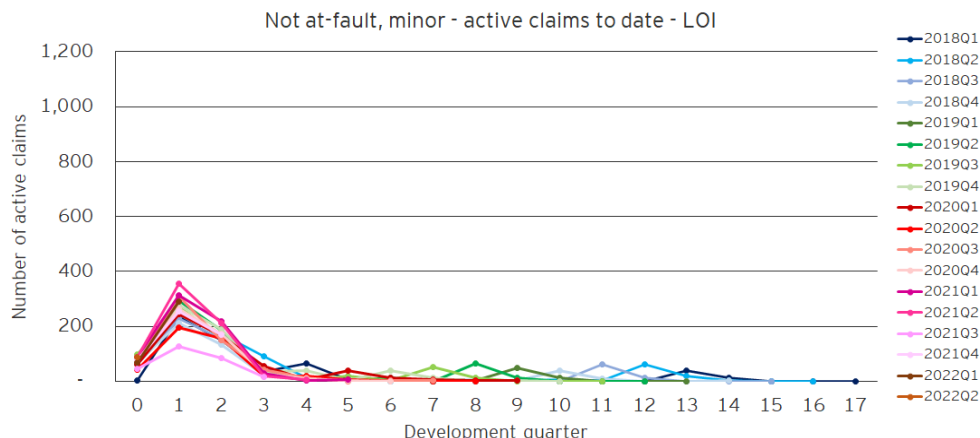
At-fault claims



- ▶ These charts illustrate the number of 'active' at-fault claims (i.e. those receiving loss of income (LOI) and/or treatment & care benefits), by development quarter
- ▶ On a development quarter basis, the number of at-fault claims receiving loss of income benefits reduces to almost 0 after 4 quarters; this is expected as benefit entitlements cease for at-fault claimants after 26 weeks, given allowance for delay in payments and invoicing
- ▶ Claims receiving treatment & care benefits tend to remain active for longer; there are still a small proportion of the earlier claims which are still active eighteen months later
- ▶ More recent accident quarters tend to have a higher volume of active claims receiving benefits. This indicates a higher number of claimants are receiving payments earlier
- ▶ The low number of actives observed for 2020Q2 is due to reduced exposure as a result of the first COVID-19 lockdown
- ▶ The uptick in LOI active experience for reporting quarter 2021Q2 across all accident quarters is due to one insurer. This has reduced in the latest quarter. For the earliest accident periods, we do not expect any active claims for this claim cohort
- ▶ Accident quarter 2021Q3 has a lower number of active claims compared to the previous COVID-19 impacted accident quarter 2020Q2. This is likely due to the second COVID-19 lockdown which was longer and more severe than the previous lockdown
- ▶ We will continue to monitor the development of the COVID accident quarters going forward.

SB - number of active claims

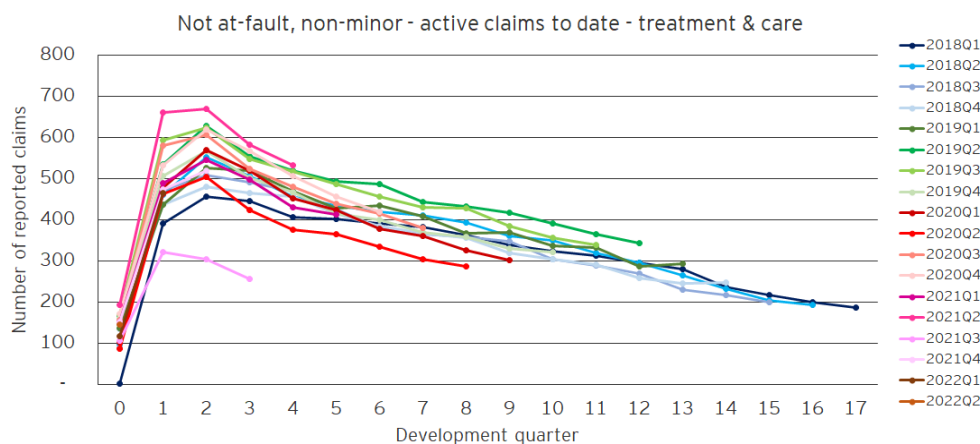
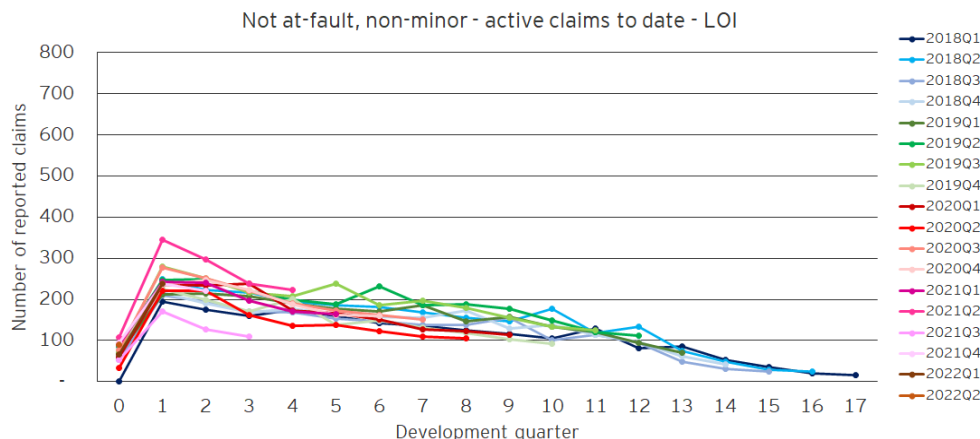
Not at-fault minor claims



- ▶ These charts illustrate the number of 'active' minor claims (i.e. those receiving loss of income (LOI) and/or treatment & care benefits), by development quarter
- ▶ On a development quarter basis, not at-fault minor injury active claims follow a similar profile to at-fault claims, as their benefits also generally cease 26 weeks after the accident date
- ▶ Claims receiving treatment & care benefits tend to remain active for longer than for loss of income benefits, and hence there are still a small proportion of the earlier claims still active six quarters later
- ▶ This is related to the ability to receive treatment & care benefits more than 26 weeks after the accident if the insurer accepts that further treatment & care is likely to aid recovery
- ▶ The low number of actives observed for 2020Q2 is due to reduced exposure as a result of the COVID-19 lockdown
- ▶ The uptick in LOI active experience for reporting quarter 2021Q2 across all accident quarters is due to one insurer. This has reduced in the latest development quarter. For the earliest accident periods, we do not expect any active claims for this claim cohort
- ▶ Active not at-fault minor claims in accident quarter 2021Q2 has returned to a level comparable to other accident quarters as at the latest development quarter
- ▶ Accident quarter 2021Q3 has a lower number of active claims compared to the previous COVID-19 impacted accident quarter 2020Q2. This is likely due to the second COVID-19 lockdown which was longer and more severe than the previous lockdown
- ▶ We will continue to monitor the development of the COVID-19 accident quarters going forward.

SB - number of active claims

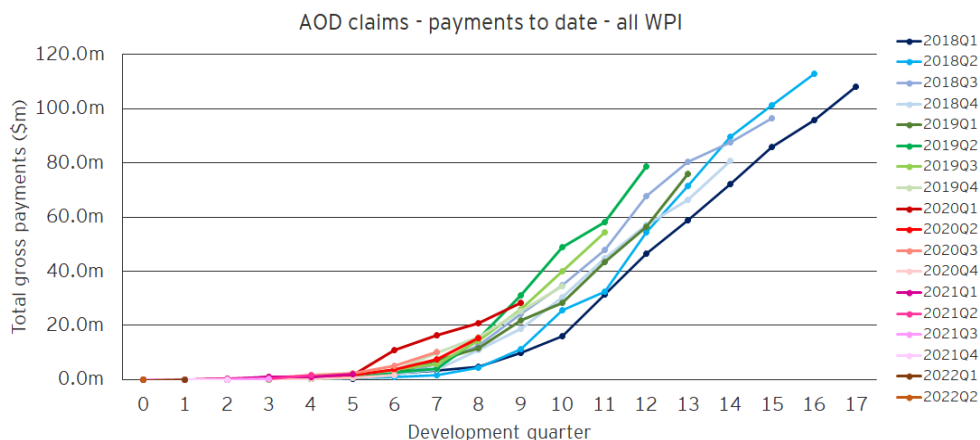
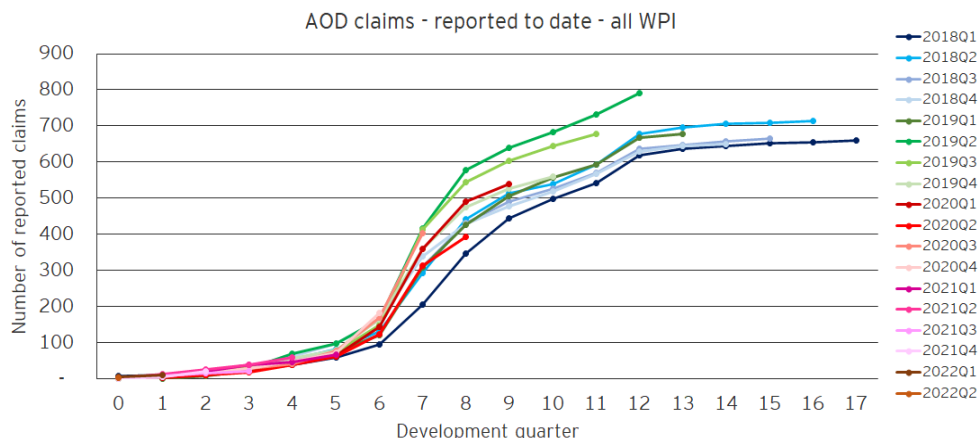
Not at-fault non-minor claims



- ▶ These charts illustrate the number of 'active' not at-fault non-minor claims (i.e. those receiving loss of income (LOI) and/or treatment & care benefits), by development quarter
- ▶ For both loss of income and treatment & care benefits, more recent accident quarters have a higher number of active claims than more mature accident quarters. This indicates a higher number of claimants are receiving payments earlier than previous accident quarters and this may persist to remaining active for a longer period of time as well
- ▶ Not at-fault non-minor claims are entitled to statutory benefits for up to 5 years (injury severity dependent), so it is expected that claims will remain active for a prolonged period of time, unlike at-fault or not at-fault minor injury claims
- ▶ The number of LOI actives and treatment & care actives are observed to be slightly lower for the 2020Q2 accident quarter compared to the same development period in 2019, due to reduced exposure as a result of the COVID-19 lockdown
- ▶ The 2021Q2 accident quarter shows higher active claim for earlier development quarters, but the latest development period suggests it is converging towards a level that is consistent with other accident quarters
- ▶ Accident quarter 2021Q3 has a lower number of active claims compared to the previous COVID-19 impacted accident quarter 2020Q2. This is likely due to the second COVID-19 lockdown which was longer and more severe than the previous lockdown
- ▶ We will continue to monitor the development of the COVID-19 accident quarters going forward.

AOD - claim payments and reported numbers

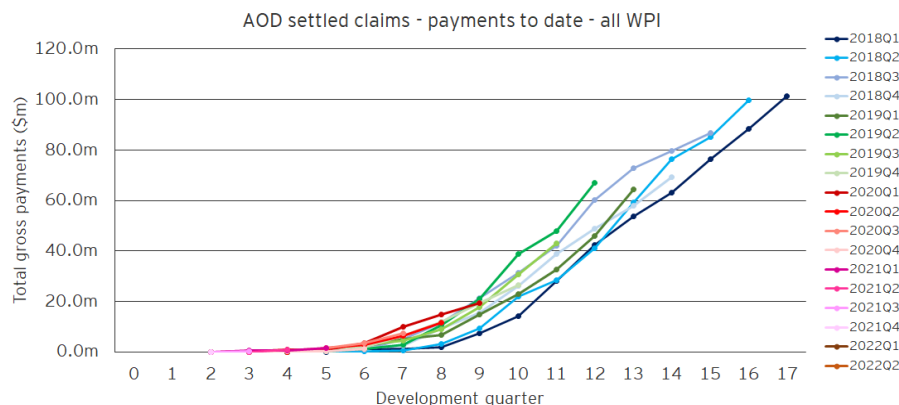
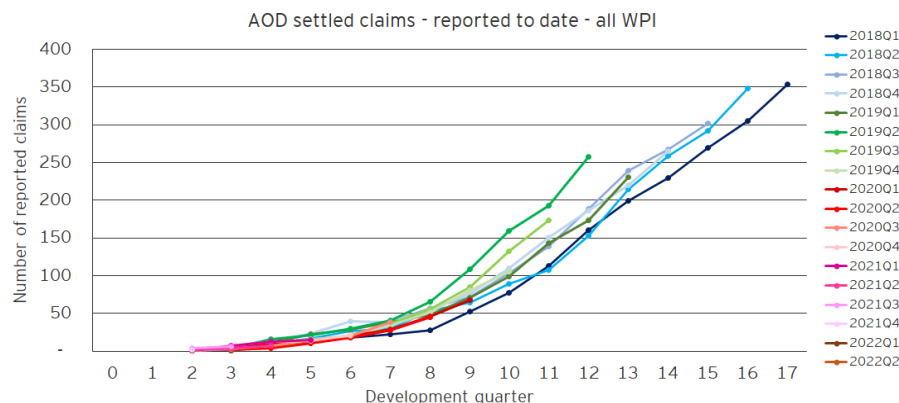
Award of damages (AOD) claims



- ▶ The charts show the claims reporting profile and total payment profile for each accident quarter for all award of damages claims across all whole person impairment (WPI) levels, which includes undetermined WPI
- ▶ The key 2017 Scheme milestones which will trigger lodgements of claims for damages have occurred for all claims incurred in the first accident year
- ▶ Volatility in the payment profile of these AOD claims demonstrates the lack of experience for these claims continues to create uncertainty in assessing the financial performance of the 2017 Scheme
- ▶ Both payments and claims reported to date continue to increase for all accident quarters
- ▶ It appears for most recent accident quarters, claimants are receiving higher payments compared to previous quarters at the same point of development. This may be due to the embedment of damages claims process between lodgements and payments, which will include the changes in interaction between those involved in the process. This is expected to result in claims receiving payments more quickly, rather than higher payments overall. However, this is not known with certainty until the profile of how these accident quarters develop over time compared to the earlier periods is better understood.

AOD - claim payments and reported numbers

Award of damages (AOD) settled claims only



1st accident year (13 months)	Payments to date	\$383.0 m
	Claims to date	1,381
2nd accident year	Payments to date	\$200.9 m
	Claims to date	767
3rd accident year	Payments to date	\$39.5 m
	Claims to date	172
4th accident year	Payments to date	\$2.7 m
	Claims to date	30
5th accident year*	Payments to date	\$0.0 m
	Claims to date	-

- ▶ The charts show the total payment profile and claims reporting profile for each accident quarter for settled** award of damages claims across all whole person impairment (WPI) levels, which includes undetermined WPI
- ▶ The difference between the payments to date for settled claims and all AOD claims in the previous slide is primarily driven by claims which have received a settlement payment and have been classified as 'settled' by insurers. This may be a result of claims awaiting additional settlement payouts and/or lags in data entry
- ▶ Volatility in the payment profile of these settled AOD claims demonstrates the lack of experience for these claims continues to create uncertainty in assessing the financial performance of the 2017 Scheme
- ▶ Both payments and claims reported to date continue to increase for all accident quarters due to an increasing number of AOD settlements.

* The 5th accident year has only 6 months of data with no claims settled to date

** For monitoring purposes, a claim is considered 'settled' when the insurer has indicated the 'Common Law Status' is 'Settled' and the claim has a positive settlement amount. Finalised claims that do not have a 'Common Law Status' of 'Settled' but have a positive settlement amount have also been included as these claims generally have no further updates unless the claim re-opens in the future.

Schedule 1E Parameters

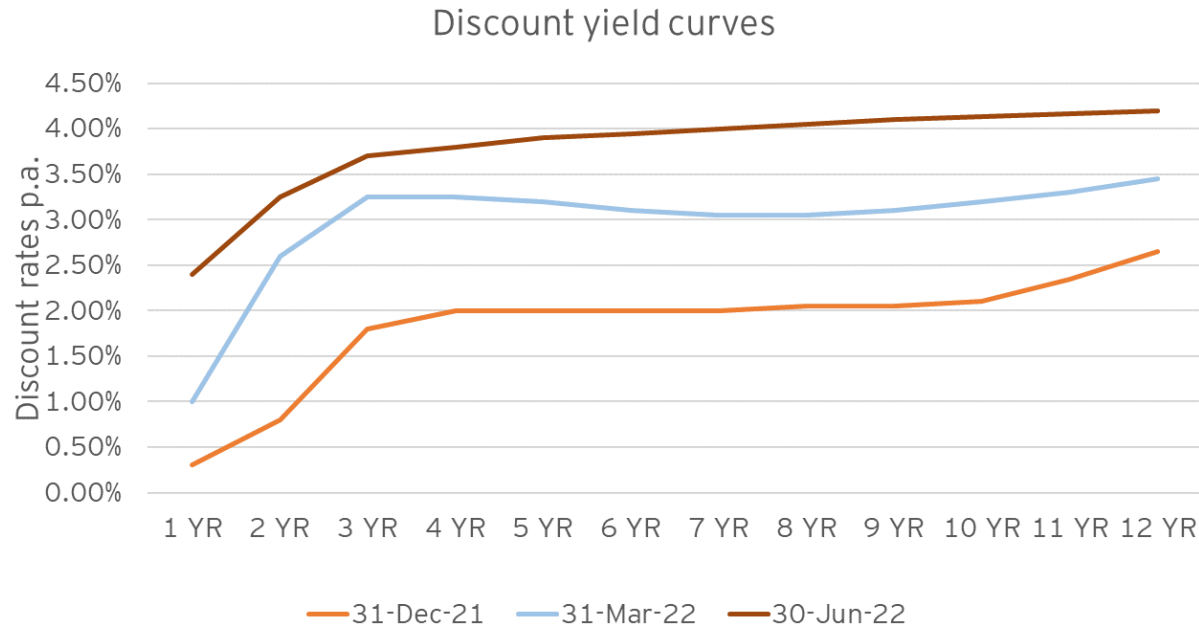
Claim frequency

Schedule 1E effective date	Not at-fault minor claims	Not at-fault non-minor claims	At-fault claims	Non statutory benefit claims	Early notification claims	All statutory benefit claims	All claims	Claims for damages (WPI ≤ 10%)	Claims for damages (WPI > 10%)
1 st Dec 2017	0.031%	0.120%	0.015%	0.063%	0.009%	0.214%	0.238%	0.015%	0.007%
15 th Jan 2019	0.094%	0.084%	0.015%	0.036%	0.009%	0.214%	0.238%	0.011%	0.007%
15 th Jan 2020	0.088%	0.085%	0.014%	0.037%	0.008%	0.210%	0.233%	0.011%	0.007%
15 th Jan 2021	0.086%	0.064%	0.015%	0.036%	0.008%	0.194%	0.209%	0.009%	0.006%
15 th Jan 2022	0.085%	0.061%	0.014%	0.035%	0.008%	0.188%	0.203%	0.008%	0.006%

- ▶ The above table outlines the Schedule 1E claim frequencies effective each year from 1 Dec 2017 to 1 Jan 2022
- ▶ The 2022 Schedule 1E claim frequency is broadly consistent with the initial 1 December 2017 Schedule 1E except for the not-at-fault non-minor injury category which has a lower expected number of claims:
 - ▶ The minor injury threshold was a new feature introduced with the 2017 Act and was a segmentation not seen in other jurisdictions
 - ▶ As such, there was additional uncertainty on where this threshold would resolve on the injury continuum. The initial 1 December 2017 Schedule 1E parameters estimated a higher number of claims in the not at-fault non-minor injury category as it allowed for a number of lower injury severity claims to be assessed (either by the insurer or following relevant dispute processes) as non-minor
 - ▶ To date, it appears that the minor injury assessment threshold is relatively stable, and most lower injury severity claims are being assessed as minor rather than non-minor
 - ▶ The 2022 Schedule 1E estimate of claims in these categories has been adjusted to allow for this experience. The cost per policy impact of this adjustment has been relatively modest as the initial estimates already allowed for the lower cost of these claims, however it was not known precisely how these claims would be distributed between the minor and non-minor claim categories.

Discount Rates

Premium Impact



- ▶ The economic assumptions are updated quarterly
- ▶ The chart above shows the movement in yield curve, which is used for discounting premiums
- ▶ In comparison to the yield curve at 31 December 2021 and 31 March 2022, the 30 June 2022 yield curve is sitting higher across all periods
- ▶ Typically, an increase in yield curve will act to decrease the average premium and vice versa, holding all other factors constant.

Reliance and limitations

- ▶ This report is a quarterly actuarial monitoring report for the 2017 CTP Scheme using data as at 30 June 2022
- ▶ This report is an actuarial monitoring report. As such, key actuarial measures and indicators are used to monitor Scheme experience at an overall level, rather than supervisory measures at an operational level
- ▶ This report is used for monitoring purposes and is not an actuarial valuation report. Any key insights or trends observed in this monitoring will be used for further investigations which could result in operational insights and recommendations, or subsequent changes to valuation assumptions and/or models
- ▶ The report provides Scheme monitoring results and has been provided for the sole purpose of monitoring claims experience and should not be used or relied on for any other purpose or distributed to any other party outside of SIRA without EY's prior written consent. No representation, warranty or undertaking is made or liability is accepted by EY as to the adequacy, completeness or factual accuracy of the contents of our report. In addition, we disclaim all responsibility to any party for any loss or liability that any party may suffer or incur arising from or relating to or in any way connected with the contents of the report, the provision of the report to any party or the reliance upon the report by any party
- ▶ In carrying out our work and preparing our report, EY has worked solely on the instructions of SIRA and has not taken into account the interests of any other party. Our report has been developed based on information current as of 30 June 2022 and provided to us by SIRA. Material events may have occurred since this date which are not reflected in this document
- ▶ The results of our work is limited by the availability and quality of data. The results of our work and procedures performed do not constitute an audit, a review or other form of assurance in accordance with any generally accepted auditing, review or other assurance standards, and accordingly we do not express any form of assurance.

Glossary

Term	Definition
Accident Quarter	Denotes the quarter in which the vehicle accident, giving rise to the claim, occurred.
Development Quarter	Denotes the time elapsed since the quarter in which the accident occurred and the quarter in which the claim is reported to insurers or SIRA.
Reporting Quarter	Denotes the quarter in which the claim is reported to either SIRA (through the online portal) or directly to an Insurer.
Early Notification	A notification of injury where a claims form for statutory benefits is not submitted however the injured party is entitled to access to treatment such as one general practitioner consultation and two treatment consultations (for example physiotherapy).
Compensation to Relatives	Claims in relation to the Compensation to Relatives Act (1897), where a financially dependent person or family member has made a claim in relation to a fatality from a motor vehicle accident.
Interstate	A claim arising from when a NSW registered vehicle has an accident in a state which is not NSW.
Statutory Benefit	A schedule of benefits prescribed in the legislation, with limits on some benefits accessed by submitting a statutory benefit claims form.
Statutory Benefit/Award of Damages	A statutory benefit claim which has also submitted a claim for damages. Also known as a 'lump sum' claim.

Glossary

Term	Definition
Award of Damages Only	A claim where only a claim for damages is made
Workers Compensation	A claim whereby the workers compensation Scheme provider seeks recovery of benefits paid to not-at-fault workers injured in a motor accident during the course of employment (excluding journeys to/from work and recess journeys) from the CTP insurer of the at-fault party.
Care	Covers payments in relation care including domestic care services, personal care services, past care and future care and home and vehicle modifications.
Treatment expenses	Covers payments in relation to GPs, Specialists, Imaging, Psychology, Physiotherapy, Chiropractic, Dental, Occupational Therapy, Exercise Physiologists, Optometry, Osteopathy services, Private Hospital Services etc.
Weekly payments or Loss of Income	Covers payments in relation to loss of income (Interim Payments, Partial Incapacity, Total Incapacity and Centrelink payback).
Payment in current values	Payments in historical values inflated to current valuation date

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