

Review of dispute projections for 2017 CTP Scheme

State Insurance Regulatory Authority
May 2021

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

Purpose

- ▶ This report provides the results of an estimate of the total expected number of disputes for the first accident year of the 2017 Scheme and provides the drivers of difference between this estimate and the estimate of disputes per accident year when the scheme reaches maturity as estimated in 2017 (i.e. maturity is where all the processes and practices of the scheme have been established, embedded and are known to all participants, which is expected to occur 7 to 9 years after scheme commencement).

Background

- ▶ Prior to the commencement of the 2017 Scheme on 1 December 2017, and following consultation with SIRA, Dispute Resolution Services (DRS)*, licensed insurers and representatives of the legal profession, key assumptions about the propensity for injured people to lodge disputes, the estimated legal representation rate for the scheme, the number and type of disputes per disputed claim and associated legal fees were set
- ▶ These assumptions were then used to estimate the ultimate (or total) number of disputes per accident year for a mature scheme rather than to estimate the number of disputes expected to arise from day 1. The approach taken is typical in that assessments and analysis are performed with a mature state as the objective, given the uncertainty of what the experience looks like prior to full maturity together with the changing patterns of experience as it emerges until maturity, and with the intent that the Motor Accidents Insurance Regulation was to be reviewed after the scheme had some emerging experience
- ▶ The mature scheme analysis estimated that the total number of disputes for a mature scheme could be in the order of ~32,000 per accident year and a potential additional ~10,000 Panel Reviews per accident year
- ▶ This level of disputes was expected to start to emerge once the 2017 Scheme had reached a 'mature' state in 7 to 9 years after scheme commencement. These disputes would also arise throughout the entire life of the relevant claims (i.e. over the next 1 to 10+ years following claim lodgement) and not over any one calendar year
- ▶ The analysis provided an ultimate number of expected disputes for testing that the costing of the mature scheme was sufficient and did not provide a projection of how the disputes would arise over time as this is not typically required for scheme costings

Executive summary

Background cont.

- ▶ This analysis was not used to set the \$526 Schedule 1E premium guidance provided to insurers for scheme commencement but was used to compare against the total envelope of legal fees allowed for in this guidance
- ▶ The legal fees associated with statutory benefit claims in Schedule 1E was based on an allowance of the percentage (10%) of expected defined benefits that would be paid for legal costs
- ▶ Overall, the Schedule 1E provided for scheme commencement included an allowance for legal costs related to statutory benefit claims of approximately \$10 per policy (or \$54m per underwriting year) and approximately \$40 per policy (or \$220m per underwriting year) for legal fees (excluding contracting out) associated with the settlement of claims for damages (i.e. regulated legal costs).

Executive summary

Current estimate of ultimate number of disputes for the first accident year of the 2017 Scheme

Current estimate for accident year 1 of the 2017 Scheme

- ▶ As at 31 December 2020, there have been 6,079 disputes lodged across all accident years. 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/decisions which can trigger disputes
- ▶ Analysis has been conducted to estimate the ultimate number of disputes per accident year using scheme experience as at 31 December 2020. This analysis estimates approximately 8,600 disputes (including panel reviews) for the first accident year of the scheme
- ▶ This estimate is an ultimate (or total) expectation. These disputes are not expected to arise over any one calendar year but will emerge over the next 1 to 10+ years as the relevant claims (both statutory benefit and damages claims) from the first accident year are lodged, pass through key legislative milestones and insurer processes/decisions and are settled/finalised (notwithstanding that lifetime treatment and care is available and provided by icare which may also result in disputes)
- ▶ This estimate also allows for feedback received during recent consultations with SIRA and representatives of the legal profession regarding the expectation of a very low number of impairment of earning capacity disputes per accident year due to the possibility of addressing any earning capacity disagreements during the negotiations of damages settlements (estimate reduced from ~1,650 to 150)
- ▶ A breakdown of the estimated ultimate ~8,600 disputes per accident year by sub-component including main underlying assumptions can be found in the appendix
- ▶ Many of the underlying assumptions in this estimate of disputes are highly uncertain as the scheme experience is still developing and past experience is either not yet available or may not be a reliable indicator of future experience. Detailed information on the sources of uncertainty and the sensitivity of the estimate of ultimate disputes per accident year to changes in underlying assumptions can be found on slides 7 to 9.

Executive summary

Sources of difference between mature scheme estimate and current estimate

- ▶ The current estimate of 8,600 disputes (including panel reviews) per accident year for scheme commencement is lower than the 42,000 disputes (including panel reviews) per accident year estimated in the mature scheme analysis. There are a number of drivers or factors which explain this difference, these include:
 - ▶ Lower at-fault claims for scheme commencement than mature scheme assumption (-4,550 disputes impact)
 - ▶ Lower not at-fault statutory benefit claims for scheme commencement than mature scheme assumption (-800 dispute impact)
 - ▶ Lower damages claims for scheme commencement than mature scheme assumption (-1,500 disputes impact)
 - ▶ Lower legal representation than mature scheme assumption (-8,800 disputes impact)
 - ▶ Lower dispute rate than mature scheme assumption (-13,100 disputes impact)
 - ▶ Impact of the insurer internal review process (-3,400 disputes impact)
 - ▶ Fewer disputes per disputed claims (-1,600 disputes impact)
- ▶ Detailed information on each of these sources of difference can be found on slides 10-20.
- ▶ There are a number of external environmental factors which may lead to systemic changes to the 2017 Scheme and create uncertainty in dispute projections. These external factors may change dispute processes, insurer internal review processes and/or the legal fees associated with disputes. These include:
 - ▶ The Legal Support Review initiated by SIRA
 - ▶ The legislated 3 year review of the NSW CTP Scheme (expected to commence in 2021)
 - ▶ The establishment of the Personal Injury Commission (PIC) replacing DRS on 1 March 2021

Uncertainty

Sources of uncertain in dispute projections

There are a number of other factors which drive a high level of uncertainty in the projection of disputes, these include:

1. Uncertainty in the future number of damages claims as many have yet to be lodged, including for the first accident year. This creates significant uncertainty in the number and nature of associated disputes
2. The future level of legal representation is uncertain as injured people are expected to continue to seek legal representation as their claims progress. This is likely to be associated with a higher level of disputes
3. Different legal firms appear to have different dispute rates. It is possible that firms with lower dispute rates will develop over time to have higher dispute rates as observed by other legal firms
4. Feedback from representatives of the legal profession suggest that some income and earning capacity related disputes which can be raised during the statutory benefit claim process are not being raised as they can be addressed during the damages settlement process. This creates uncertainty as the damages settlement experience is yet to materially emerge, particularly so for disputes
5. There are currently over 50 dispute categories which can be disputed (see Schedule 2 of MAI Act). This creates uncertainty in the number of disputes per disputed claim. As the scheme matures, new milestones will be reached and many insurer processes/assessments will be completed for the first time which may trigger disputes that have not yet been observed in the current experience
6. There are a number of external environmental factors which may lead to systemic changes to the 2017 Scheme and create additional uncertainty in dispute projections. These external factors may change dispute processes, insurer internal review processes and/or the legal fees associated with disputes. These include:
 - ▶ The Legal Support Review initiated by SIRA
 - ▶ The legislated 3 year review of the NSW CTP Scheme (expected to commence in 2021)
 - ▶ The establishment of the Personal Injury Commission (PIC) replacing DRS on 1 March 2021

Uncertainty

Sensitivity of the estimate of ultimate disputes per accident year

- ▶ The following table tests the sensitivity of the current estimate of the ultimate number of disputes per accident year to changes in the underlying assumptions

	Potential impact	
Current estimate of ultimate number of disputes per accident year	8,600	
Number of damages claims: Lower range: Reduce the number of damages claims to 70% of not at-fault non-minor claims Higher range: Increase the number of damages claims to 100% of not at-fault non-minor claims	-900	+200
Damages dispute rate: Lower range: Reduce the dispute rate for damages claims by 30% Higher range: Increase the dispute rate for damages claims by 30%	-1,300	+1,300
Legal representation rate (for statutory benefit claims only): Lower range: Reduce the legal representation rate for statutory benefit only claims to 16% Higher range: Increase the legal representation rate for statutory benefit only claims to 45%	-600	+4,150
Number of disputes per disputed claims Lower range: Reduce disputes per disputed claim for treatment and care, income benefits, minor injury and permanent/earning capacity disputes to 1.0X Higher range: Increase the disputes per disputed claim for treatment and care, income benefits, minor injury and permanent/earning capacity disputes to 1.5X	-2,900	+3,000
Impact of insurer internal reviews: Lower range: Increase the insurer internal review overturn rate from 20% to 30% Higher range: Reduce the insurer internal review overturn rate from 20% to 10%	-1,100	+1,100

Uncertainty

Other sources of uncertainty

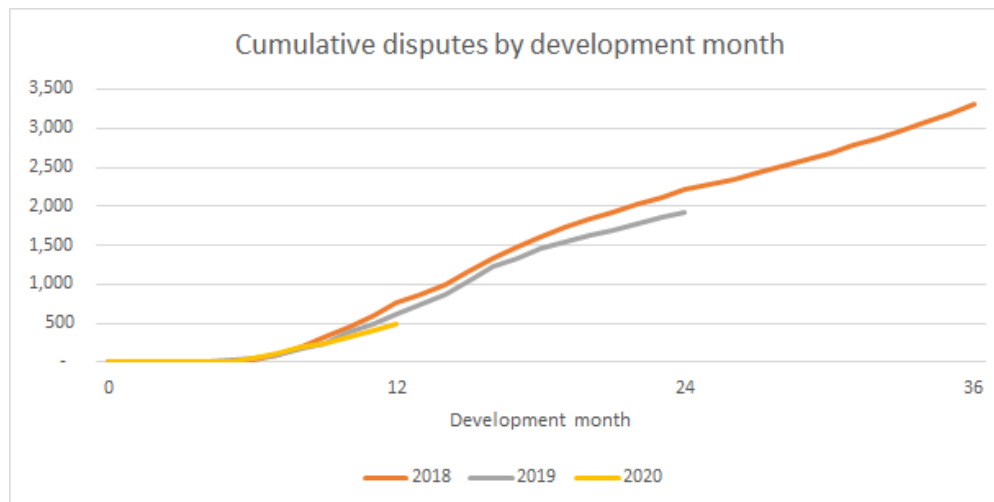
Other sources of uncertainty in estimates of disputes include:

- ▶ There is significant uncertainty associated with dispute projections. Estimates of future dispute experience is inherently uncertain because it depends on the outcome of future events which cannot be forecast precisely including future claims lodgements and the mix of those future claims. Therefore, actual dispute experience may emerge at levels higher or lower than the estimates presented in this report
- ▶ The disputes projections are dependent on the assumptions underlying the ultimate number of disputes. If different assumptions are selected, different projections will result
- ▶ It is not possible to precisely estimate the impact of the behavior of injured persons, insurers, legal representatives and the new Personal Injury Commission (PIC) that may potentially impact the levels of dispute
- ▶ There is uncertainty in the dispute projections as they were calculated using historical dispute experience of the 1999 Scheme and early experience from the 2017 Scheme. The actual dispute experience of the 2017 Scheme is particularly uncertain as there has been little actual experience to date and it is likely to differ from the dispute experience of the 1999 Scheme due to the differences in the scheme design.

Current experience

Actual dispute experience to date

- ▶ As at 31 December 2020, there has been 6,079 disputes lodged across all accident years
- ▶ The graph below shows the number of disputes for each accident year since scheme commencement by development month
- ▶ The graph also shows the development of the disputes over time. For example, the 2018 accident year has close to 3,500 disputes as at development month 36 (i.e. at 31 December 2020 which is 36 months after 1 January 2018)
- ▶ 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 can trigger disputes



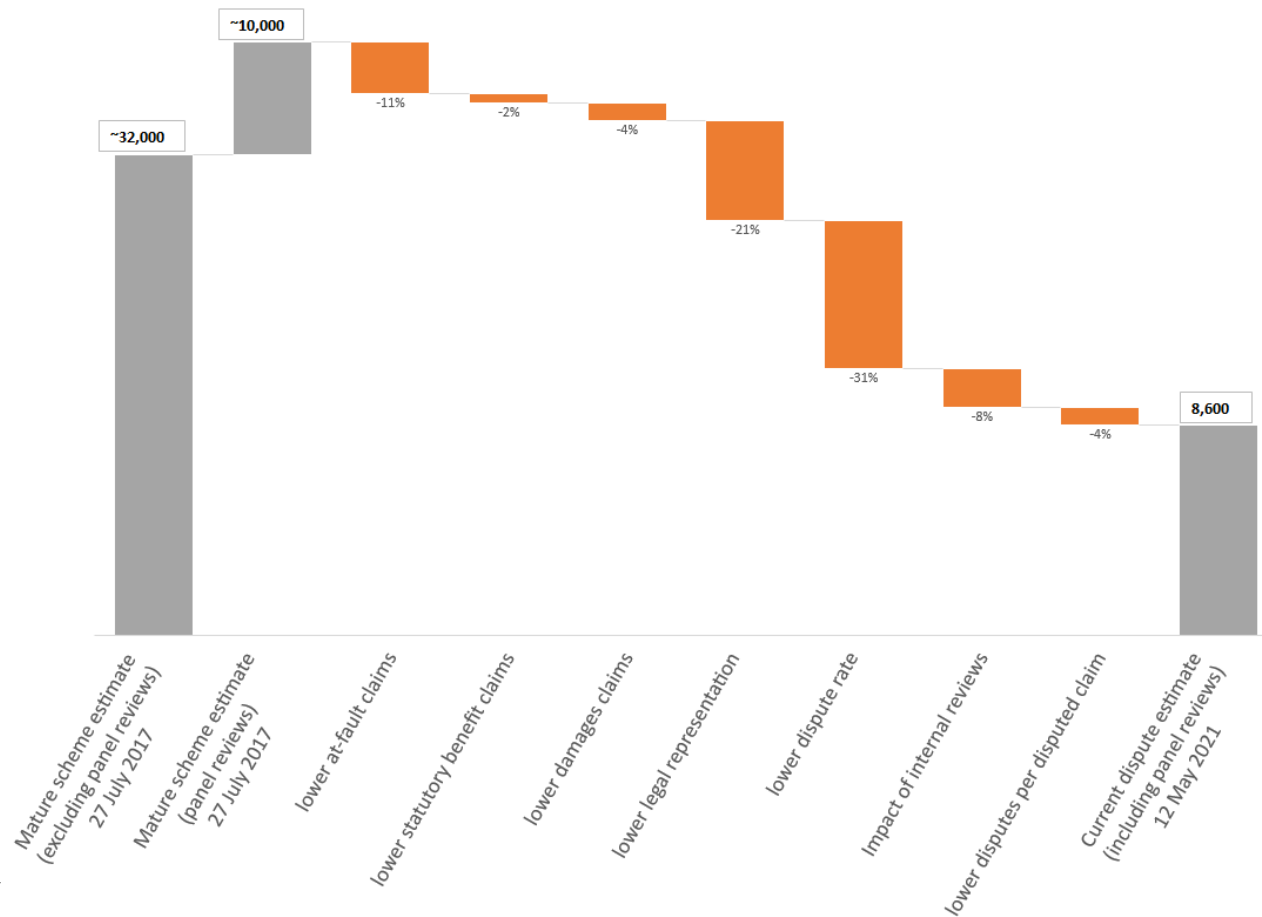
Accident year	Disputes
2017 (1 month only; Dec-17)	376
2018	3,303
2019	1,912
2020	488
Total	6,079

- ▶ Most of the current disputes relate to statutory benefit claims rather than damages claims. This is not unexpected as there is a 20 month legislative waiting period before injured people can lodge damages claims (except those that have a Whole Person Impairment (WPI) assessment of greater than 10%). It is expected (and currently observed) that disputes associated with damages claims will start to emerge from 24 months after the accident.

Key drivers of disputes

Sources of difference between mature scheme estimate and current estimate

The following graph illustrates the sources of difference between the mature scheme estimate and the current estimate for the first accident year of disputes. If the experience develops such that there is an increase in legal representation from current trends or changes in the dispute process (for example, as a result of transition to PIC) then the estimate of disputes may begin to revert towards the mature scheme estimate.



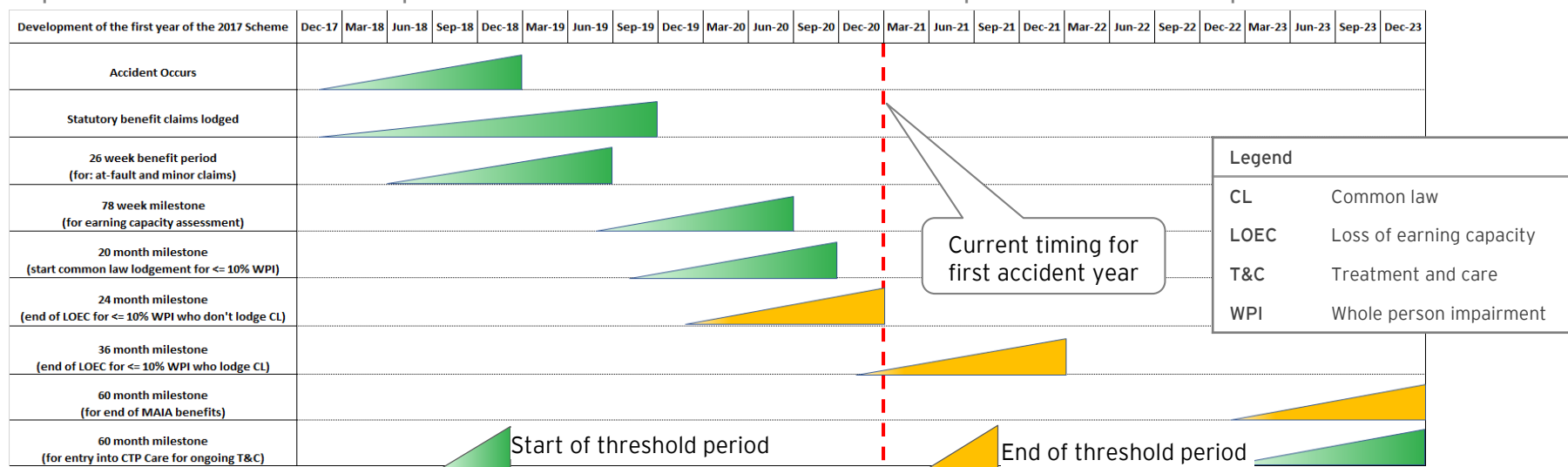
Key driver of disputes – scheme maturity

The scheme has not yet reached maturity

There are a number of key milestones in the 2017 Scheme legislation which impact the timing and availability of benefits for injured people. These milestones heavily influence the timing of key insurer assessments and decisions as to the eligibility of further benefits. As a result, these milestones and related insurer processes will often trigger different types of disputes.

As shown in the graph below, the scheme has not yet passed through all key milestones, even for an accident on the first day of the 2017 Scheme. In other words 'maturity' has not yet been reached. There remain areas where disputes can be triggered particularly in relation to claims for damages. This is one of the reasons why the mature scheme estimate of the number of disputes is higher than the current estimate of ultimate disputes for scheme commencement.

The scheme is expected to approach maturity in 2024 to 2026 when the first accident years have passed through all key milestones and most of the common law claims have settled. As such, the mature scheme estimate of disputes will not be representative of the current experience and will be different to the current expectation of future disputes.



Key driver of disputes – claims

The current number of expected claims is lower than used in the mature scheme estimate

The number of claims lodged is another key driver of the number of disputes. The following table shows the actual number of claims lodged in the 2017 Scheme by accident year and by claim type from commencement to 31 December 2020.

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)	Total
Early notification only	563	499	210	1,272
At-fault	2,106	2,073	1,134	5,313
Not at-fault minor	5,665	5,129	3,053	13,847
Not at-fault non-minor	4,034	3,580	2,041	9,655
Not yet determined	384	502	2,531	3,417
Other*	934	810	425	2,169
Total	13,686	12,593	9,394	35,673

* Other includes: Interstate, Compensation to Relatives, Funeral only and Workers Compensation claims

There is still expected to be development in the number of claims as there will be claims which have been incurred but not yet reported (IBNR), particularly for the 3rd accident year.

Overall, based on current experience, it is expected that there will be between 12,000 to 14,000 claims per accident year for the first 3 accident years of the 2017 Scheme. The number of CTP claims lodged is a key driver of the number of disputes and associated legal costs. A lower level of claims is likely to result in a lower number of disputes and vice versa.

As the current expected ultimate number of claims for each of the first three accident years of the scheme is lower than the ~16,000-18,000 claims per accident year assumed under the mature scheme estimate, it is one of the reasons why the current estimate of disputes is lower than estimated under the mature scheme analysis. Allowing for the lower number of claims in the first year, the estimate would have been ~5,400 disputes lower per accident year.

Key driver of disputes – damages claims

Damages claims to emerge, associated disputes are yet to be observed

The following table shows the actual number of claims for damages lodged in the 2017 Scheme by accident year and the ultimate expected (i.e. after allowing for incurred but not yet reported claims).

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)	Total
Damages claims lodged	2,020	428	27	2,475
IBNR	1,590	3,057	3,333	7,980
Ultimate damages expected	3,610	3,485	3,360	10,455

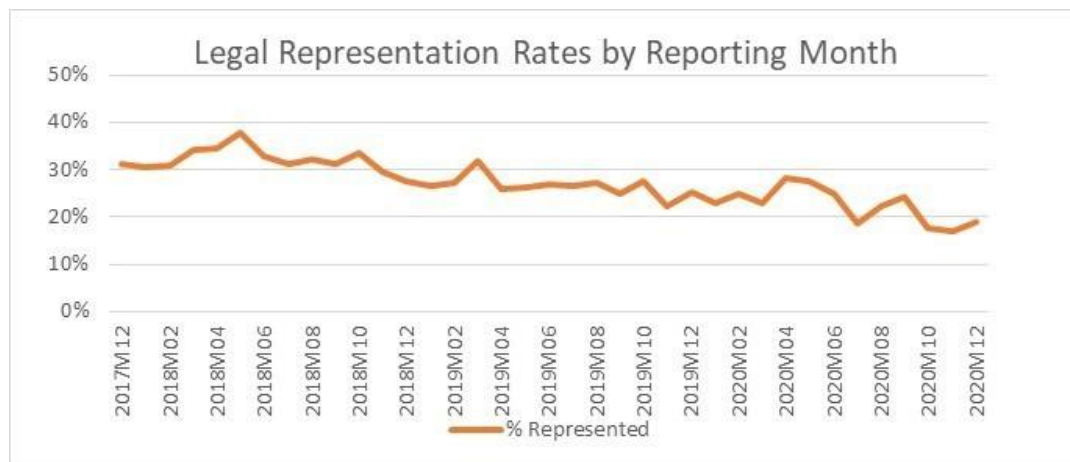
The number of claims lodged for damages is still developing for the first three accident years of the scheme as there is a material number of incurred but not reported (IBNR) claims. This is partly a timing issue as there is a 20 month legislated waiting period before a not at-fault non-minor claims (with whole person impairment less than or equal to 10%) can lodge a claim for damages. As more claims pass the 20 month waiting period, we expect that the number of claims for damages will increase.

Overall, based on current experience, it is expected that there will be ~3,500 damages claims per accident year for each of the first three accident years of the 2017 Scheme. As this is lower than the 6,000 damages claims assumed under the mature scheme estimate, this is a driver of the lower first accident year estimate of disputes. Allowing for the lower number of damages claims expected for the first few accident years of the scheme, the estimate of disputes is estimated to have been ~1,500 disputes lower per accident year.

Key driver of disputes – legal representation

The legal representation rate of the 2017 Scheme is lower than the 1999 Scheme

The following graph shows the level of legal representation by claim lodgement month. The level of legal representation currently observed in the 2017 Scheme is between 25%-30% for developed lodgement months. We expect the legal representation rate for the most recent months to continue to develop upwards as injured people seek legal representation.



The current level of legal representation observed in the 2017 Scheme is lower than the legal representation rate observed for the 1999 Scheme (~87%). As is shown in the following tables, a lower legal representation rate is associated with a lower internal review and dispute rate. This is likely to be another driver of the lower dispute rate and dispute volumes than estimated in the mature scheme analysis.

Key driver of disputes – legal representation

Legal representation is associated with higher internal review and dispute rates

The table below show the internal review rate* and the dispute rate** split by accident year and whether the claim is legally represented. We observe that the internal review rate is 17% for non-legally represented claims and 86% for legally represented claims. Similarly, we observe that the dispute rate is 3% for non-legally represented claims and 58% for legally represented claims across all accident year.

Internal review rate (multiple IIR count per claim)			
Accident Year	Legal Representation Flag		
	N	Y	All
2017	17%	80%	40%
2018	17%	101%	45%
2019	21%	87%	38%
2020	12%	52%	20%
Total	17%	86%	36%

Dispute rate			
Accident Year	Legal Representation		
	N	Y	All
2017	4%	103%	40%
2018	4%	73%	27%
2019	3%	55%	16%
2020	1%	24%	5%
Total	3%	58%	18%

* Internal review rate is calculated as the proportion of claims with at least 1 internal review.

** dispute rate is calculated as the proportion of claims with at least 1 dispute

Both tables show that a greater proportion of legally represented claims have lodged at least one internal review (or at least one dispute) compared to non-legally represented claims. This indicates that there is an association between legal representation and dispute rates.

The legal representation rate used for the mature scheme estimate was 50-60%. As the current legal representation rate (25-30%) is lower than this assumption, this creates a difference in the current estimate of disputes compared the mature scheme estimate. Allowing for the lower legal representation rate, it is estimated that the mature scheme estimate of disputes would have been ~8,800 disputes lower per accident year.

Key driver of disputes – legal firm

Some legal firms have higher internal review and dispute rates than others

In addition to the higher dispute rate observed amongst legally represented claims compared to non-legally represented claims, it is also observed that some legal firms have a higher dispute rate compared to others.

The table shows the internal review rate and the dispute rate by legal firm grouping. For some legal firms, more than 60% of the claims they represent have lodged at least one internal review while for others this is less than 40%. This is more in line with the dispute rate assumed in the mature scheme projection.

Legal firm name	# claims	% represented claims with internal reviews	% represented claims lodged disputes
Top 10	2,110	50% to 80%	35% to 60%
Next 10	2,169	40% to 50%	20% to 40%
All other	4,406	40%	30%
All	8,685	45%	34%

Based on this observation, it would be reasonable to expect that on average the rates will compress upwards over time, as the familiarity with the 2017 Scheme develops and the various processes are experienced.

Key driver of disputes – disputes rate

The dispute rate and the number of disputes per disputed claim is lower than the mature scheme estimate

As outlined in Schedule 2 of the MAIA Act there are more than 50 dispute categories which can be disputed. Following consultation with DRS prior to the commencement of the 2017 Scheme this was expected to be a driver of a larger number of disputes and number of disputes per claim.

Currently, for the first accident year, 24% of claims have lodged 1 or more internal reviews and 15% of claims have lodged 1 or more disputes. This observed level of disputation and dispute per disputed claim is lower than assumed for the mature scheme estimate.

In particular, the dispute rate for disputes related to the minor injury assessment, loss of income and treatment services is lower than assumed. The cause of the lower than expected level of disputation is unclear however it is possible it is driven by the nature of benefit delivery (i.e. benefits paid as required rather than through a lump sum) leading to fewer disputes, improved communication between insurer and injured person regarding key decisions and/or complexity in the dispute lodgement process, and the behaviour of legal representation and injured people to minimise disputation in the statutory benefit claim process for income related disputes as there are opportunities for this to be addressed in the damages claim process.

Furthermore, following consultation with legal providers and SIRA in May 2021 we have been provided with guidance that there is not expected to be a significant number of disputes related to 'Impairment of earning capacity' as it was suggested that nearly all such disagreements would be resolved during damages settlement negotiations with insurers rather than through a dispute process. Based on the guidance, we have reduced the scheme commencement dispute estimate by 1,500 disputes to reflect this guidance. This is a dispute category where little experience currently exists, so it is advised that monitoring is required.

Overall, allowing for the lower dispute rate, the mature scheme estimate is ~13,000 disputes lower per accident year. Similarly, using the current observed number of disputes per disputed claim, the mature scheme estimate would have been 1,600 disputes lower per accident year.

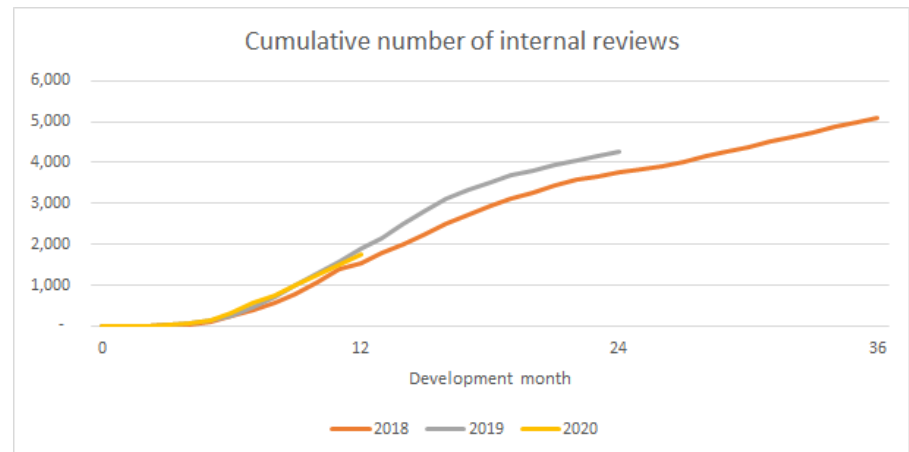
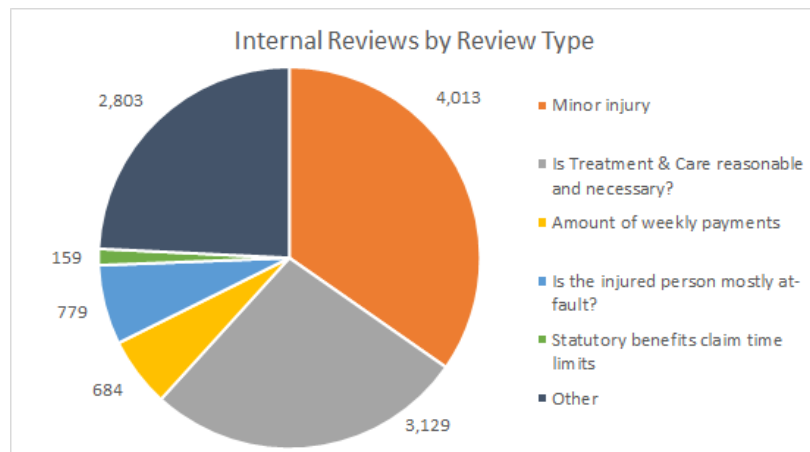
Key driver of disputes – Insurer Internal reviews

The internal review process is reducing the number of disputes

A key driver of the number of disputes is the insurer internal review process as typically this review process occurs before a dispute can be lodged.

The pie chart below shows the number of internal reviews lodged in the 2017 CTP Scheme by review type. Overall, there have been more than 11,500 internal reviews raised since the commencement of the 2017 Scheme. The majority of internal reviews relate to the minor injury assessment and treatment and care services.

The graph on the right shows the cumulative number of internal reviews by accident year and development month (i.e. months since accident). The number of internal reviews is increasing for all accident years. Furthermore, the number of internal reviews for accident years 2019 and 2020 is currently trending higher than 2018 (at the same points of development). This may explain some of the reductions observed in disputes for accident years 2019 and 2020 relative to 2018 as more 'disputes' may be being resolved at the internal review stage and not progressing to a dispute. This emerging trend is still developing.



Key driver of disputes – Insurer internal reviews

The internal review process is reducing the number of disputes

As shown in the table below, 22% (or close to 2,000) determined internal reviews have been 'overturned in favour of the injured person'. The internal review process therefore resolves nearly a quarter of disagreements between insurers and injured persons and subsequently removes the need for the injured person to lodge a dispute.

Many of the internal reviews which are determined in favour of the insurer (i.e. either original insurer decision 'upheld' or 'overturned in favour of the insurer') are eventually escalated to a dispute. So it is expected that without the insurer internal review process and/or a lower rate of overturn in favour of the injured person will result in a greater number of disputes.

Internal Review Type	Decision Upheld	Decision overturned		Total
		In favour of customer	In favour of insurer	
Minor injury	2,962 (88%)	412 (12%)	0 (0%)	3,374
Is Treatment & Care reasonable and necessary?	1,820 (71%)	706 (28%)	34 (1%)	2,560
Treatment improving recovery	392 (71%)	144 (26%)	14 (3%)	550
Amount of weekly payments	231 (43%)	263 (49%)	44 (8%)	538
Permanent Impairment	503 (96%)	19 (4%)	0 (0%)	522
Is the injured person mostly at-fault?	373 (77%)	114 (23%)	0 (0%)	487
Treatment & Care related to injury from accident	181 (82%)	39 (18%)	2 (1%)	222
Statutory benefits claim time limits	90 (66%)	46 (34%)	0 (0%)	136
Other	483 (65%)	244 (33%)	11 (1%)	738
Total	7,035 (77%)	1,987 (22%)	105 (1%)	9,127

As the mature scheme estimate of disputes was completed prior to the commencement of the 2017 Scheme, it was not clear how effective the new insurer internal review process would be at resolving disputes between insurers and injured people and removing the need to escalate to a dispute. The mature scheme estimate of disputes did not include any allowance for the impact of internal reviews. Allowing for the current observed impact of the internal review process, the mature scheme estimate of disputes is estimated to have been around 3,400 disputes lower per accident year.

Reliances and limitations

- ▶ The number of disputes lodged depend on the details of the regulations, guidelines and dispute processes and procedures. Any changes in the details of the content of these documents is likely to result in changes to the projection of disputes
- ▶ In undertaking this projection, reliance was placed on but not limited to the information provided by DRS, SIRA and representatives of the legal profession. Except where indicated, the information has been used without independent verification. However, it was reviewed where possible for reasonableness and consistency. Where additional information is provided the projections in this report may need to be refreshed
- ▶ We have performed the work assigned and have prepared this document in conformity with its intended utilisation by persons technically familiar with the areas addressed and for the stated purposes only. Judgements based on the data, methods and assumptions contained in this document should be made only after studying the document in its entirety, as conclusions reached by a review of a section or sections on an isolated basis may be incorrect. EY staff are available to explain or amplify any matter presented herein
- ▶ Although we have prepared estimates in conformity with what we believe to be the likely future experience, the experience could vary considerably from the estimates. Deviations from the estimates are normal and are to be expected
- ▶ In accordance with normal professional practice, neither EY, nor any member or employee thereof undertakes responsibility in any way whatsoever to any person other than SIRA in respect of this report
- ▶ We disclaim all liability to any other party for all costs, loss, damage and liability that any third party may suffer or incur arising from or relating to or in any way connected with the contents of the advice, the provision of the advice to the other party or the reliance upon the advice by the other party. We are providing specific advice only for this engagement and for no other purpose and we disclaim any responsibility for the use of the advice for a different purpose or in a different context.

Appendix



Mature scheme ultimate dispute estimate

Detailed underlying assumptions

The table below provides a breakdown of the mature scheme estimate of disputes by sub-component and shows the main underlying assumptions from 2017 prior to scheme commencement.

Main cohorts	Final number of claims	Propensity to dispute	Probability of successful dispute	Number of claims exposed to dispute	Number of disputed claims	Average number of disputes per claim #	Total # disputes
Statutory benefits							
At-fault							
Contributory negligence > 60%	6,000	30%	25%	6,486	1,500	1.00	1,500
Serious driving offence	113	25%	10%	115	29	1.00	29
Uninsured vehicle	600	25%	10%	615	154	1.00	154
Weekly benefits	4,500	30%		4,500	2,000	1.00	2,000
Treatment and care	6,000	25%		6,000	1,500	1.00	1,500
Panel Review - single merit review	25%					1.00	875
Accepted	40%						
Not-at-fault							
Minor injury	3,000	80%	50%	5,000	4,000	1.25	5,000
Permanent impairment *	9,500				500	2.00	1,000
Weekly benefits	6,600	30%		6,600	2,000	2.00	4,000
Impairment of earning capacity *	9,500				1,000	1.50	1,500
Treatment and care	11,000	25%		11,000	3,000	2.00	6,000
Contributory negligence	600	50%		600	300	1.00	300
Panel Review - single merit review	50%					1.00	5,000
Accepted	40%						
Panel Review - single medical assessment	25%					1.00	4,063
Accepted	40%						
Common law damages	6,000						
Permanent impairment					3,250	2.00	6,500
Impairment of earning capacity					2,250	1.00	2,250
Other merit review matters					125	1.00	125
Other miscellaneous matters					125	1.00	125
Claim assessment matters					250	1.00	250
Exemptions from damages assessment					250	1.00	250
Total							42,420

Scheme commencement ultimate estimate of disputes

Detailed underlying assumptions

The table below provides a breakdown of the scheme commencement estimate of disputes by sub-component and shows the main underlying assumptions. A final column is also shown which provides the actual disputes for the 2018 accident year as at 31 March 2021.

Dispute sub-component	Number of claims	Propensity to dispute	Probability of successful dispute	Number of claims exposed to dispute	Number of disputed claims	Average number of disputes per claim #	Total # disputes	Actual disputes for 2018 accident year as at 31 March 2021
Statutory benefits								
At-fault								
Contributory negligence > 60%	2,000	10%	39%	2,082	208	1.00	208	180
Serious driving offence	50	10%	20%	51	5	1.00	5	3
Uninsured vehicle	50	10%	20%	51	5	1.00	5	3
Weekly benefits	825	2%		825	18	1.00	18	9
Treatment and care	1,670	4%		1,670	68	1.00	68	16
Panel Review - single merit review	25%					1.00	22	-
Accepted	40%							
Not-at-fault								
Minor injury	5,820	19%	30%	6,168	1,146	1.15	1,317	1,264
Weekly benefits	3,230	15%		3,230	485	1.12	540	128
Treatment and care	8,000	15%		8,000	1,200	1.10	1,320	639
Contributory negligence	600	10%		600	60	1.00	60	-
Panel Review - single merit review	25%					1.00	465	22
Accepted	40%							
Panel Review - single medical assessment	25%					1.00	956	314
Accepted	40%							
Common law damages	4,350							
Permanent impairment		54%			2,356	1.00	2,356	602
Impairment of earning capacity		3%			150	1.00	150	14
Other merit review matters		6%			250	1.00	250	175
Other miscellaneous matters		3%			125	1.00	125	19
Claim assessment matters		11%			500	1.00	500	469
Exemptions from damages assessment		6%			250	1.00	250	96
Total DRS disputes (including panel reviews)							8,616	3,953

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