

# 2017 CTP Scheme

## Quarterly Actuarial Monitoring

30 September 2021 data

12 November 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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# Purpose

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- ▶ This report is a quarterly actuarial monitoring report for the 2017 CTP Scheme using data as at 30 September 2021
- ▶ 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
- ▶ This report includes the 2021 Schedule 1E parameters (effective 15 January 2021). The 2021 Schedule 1E parameters reflect a lower expected number of claims in the not at-fault non-minor injury category in comparison to the initial 1 December 2017 Schedule 1E:
  - ▶ 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 2021 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.

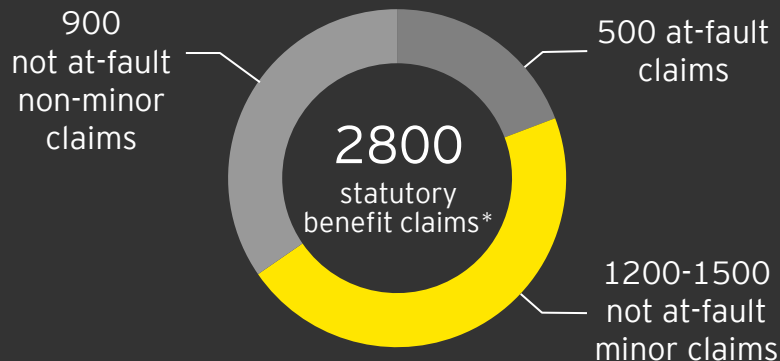
# Executive summary (1/3)

## Key observations on claim numbers

### Claims reported

#### Statutory and non-statutory\* benefit claims

Total claim numbers:  
**~3200 claims/quarter**



\*Remaining 400 claims in quarter from early notifications, interstate claims, compensation to relatives and workers compensation recoveries



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 are expected to be lower.

#### Claims for damages

**75%**

of expected claims for damages have been lodged for the first accident year\*

\*13 months; 1 Dec 2017-31 Dec 2018

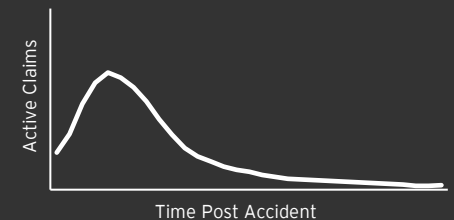
**20 month**

key legislative milestone has now passed for claims arising from accidents occurring between 1 Dec 2017 - 31 January 2020; of these, all 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

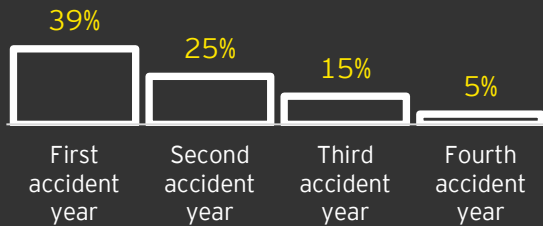
As expected, not at-fault non-minor claims are remaining active for extended periods.

# Executive summary (2/3)

## Key observations on claim payments

### Ultimate Claim Payments

#### Expected\* claim payments



- ▶ 39% of the ultimate expected payments for first accident year have been paid. The majority of the remaining 61% 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 2020

### Statutory Benefit Claims

#### Average Claim Payments

**\$16,000 - \$20,000**

Per at-fault claim

**\$4,500 - \$7,000**

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.

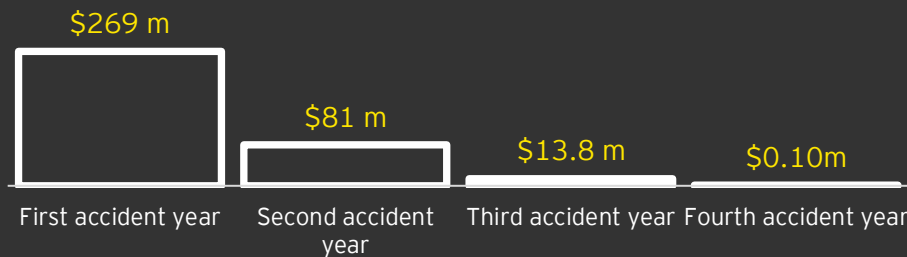
#### Developing Average Non-Minor Claim Payments



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



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

**\$110,000**      **\$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 (3/3)

## Key observations on experience (reported versus ultimate)

- ▶ The table below shows the actual number of claims reported for the first accident year (1 Dec 17 to 31 Dec 18), the second accident year (1 Jan 19 to 31 Dec 19), third accident year (1 Jan 20 to 31 Dec 20), and the fourth accident year (1 Jan 21 to 31 Dec 21) compared to their expected ultimate claims across all claim types
- ▶ The expected ultimate for the fourth accident year is determined using the expected ultimate claims for 2021Q1 to 2021Q3, and an average of prior ultimate claim numbers across the first and second accident years, noting the third accident year was impacted by COVID-19
- ▶ Around 99% of expected ultimate statutory benefit claims have been reported for the first accident year
- ▶ For non statutory benefit claims, which includes interstate, workers compensation and death claims, around 91% of expected ultimate claims have been reported for the first accident year, as these claims may follow different reporting patterns
- ▶ 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 (2020Q2), with some residual afterwards. The impact of this reduced exposure was greater on less severe claims than more severe claims. The ultimates for 2020Q3 and 2020Q4 have reverted back towards pre-COVID periods as exposure has returned to closer to pre-COVID levels
- ▶ Similarly, the fourth accident year will be impacted by the recent COVID-19 lockdown in which the ultimates for 2021Q3 are expected to be lower than historic levels, including the 2020 lockdown.

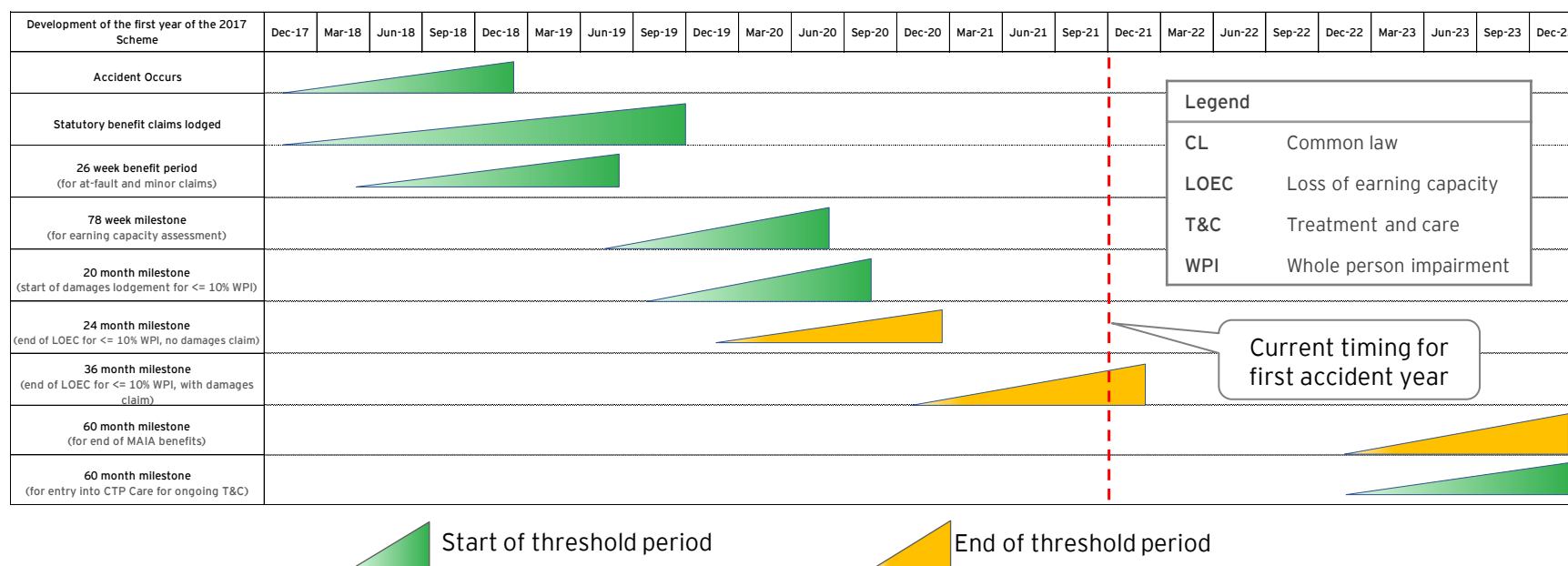
		Not at-fault minor claims	Not at-fault non-minor claims	At-fault claims	Non statutory benefit claims	Early notification claims	All statutory benefit claims	All claims	Claims for damages
1st accident year (13 months)	Reported to date	6,159	3,876	2,121	953	545	12,263	13,765	2,729
	Expected ultimate	6,270	3,876	2,124	1,052	545	12,270	13,868	3,628
2nd accident year	Reported to date	5,535	3,686	2,094	854	489	11,370	12,726	2,100
	Expected ultimate	5,636	3,715	2,113	1,070	488	11,464	13,022	3,474
3rd accident year	Reported to date	4,881	3,004	1,820	593	198	9,808	10,606	273
	Expected ultimate	4,957	3,205	1,866	781	194	10,029	11,003	3,055
4th accident year	Reported to date	2,783	1,551	848	284	207	6,103	6,600	34
	Expected ultimate	4,864	3,147	1,822	788	244	9,832	10,864	2,996

# Scheme development

## Key legislative milestones

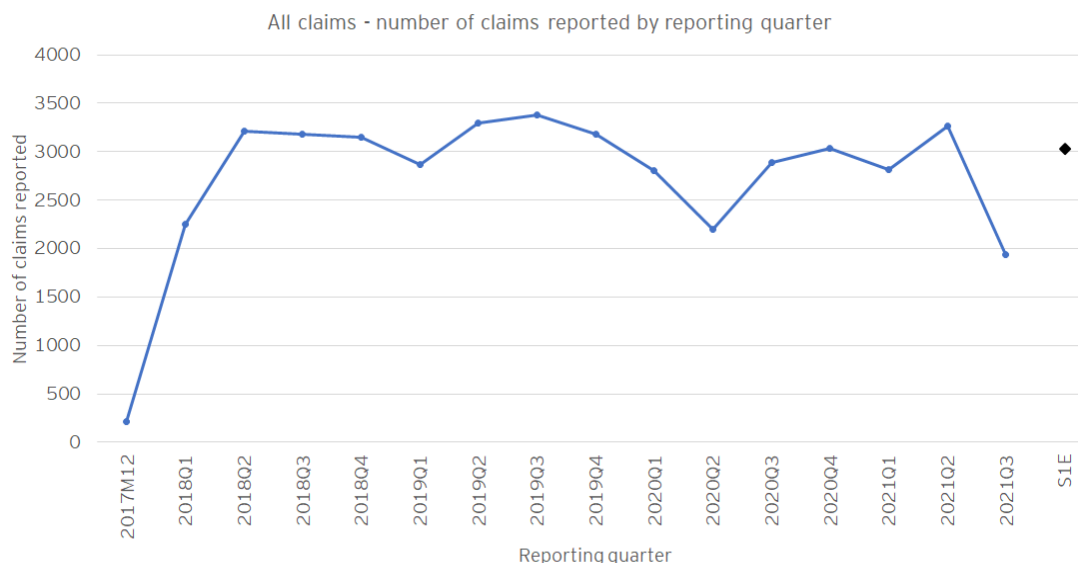
The following chart shows the level of claim experience available for the first accident year of the 2017 Scheme (i.e. accidents occurring between 1 Dec 2017 to 31 Dec 2018) as at 30 Sep 2021. The key points for this accident year are:

- ▶ 100% of accidents have already occurred;
- ▶ Around 99% of expected statutory benefit claims have been lodged (some allowance remains for late claims);
- ▶ The 26 week benefit entitlement period for at-fault and not at-fault minor injury claims has ended for all claims;
- ▶ Around 25% of expected claims for damages (Part 4 MAIA) are yet to be made - damages claims account for approximately 65% 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 lack of settlement experience for these claims continues to create uncertainty in assessing the financial performance of the 2017 Scheme.



# Claim numbers

## All claims - reporting quarter basis

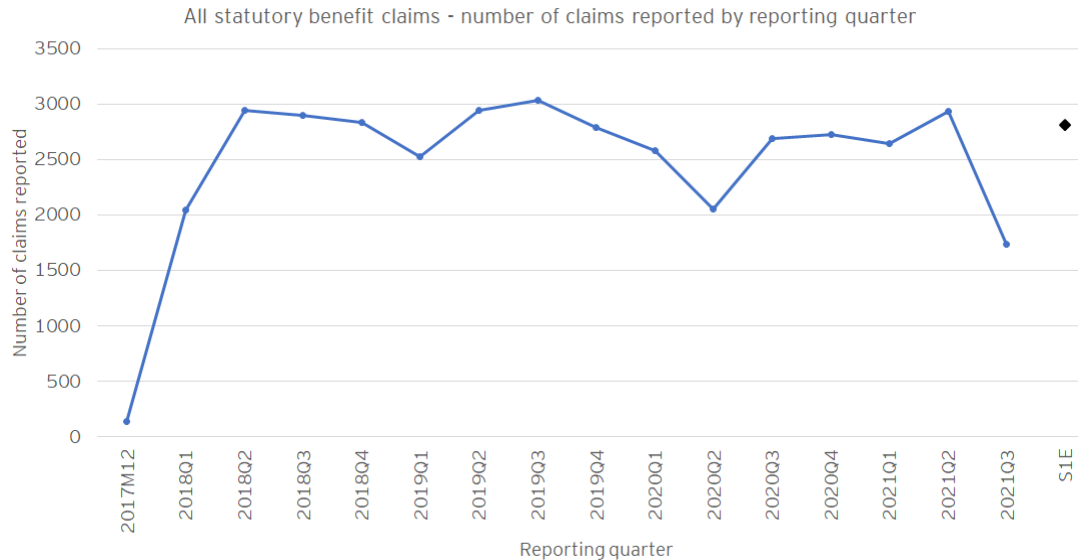


- ▶ This chart shows the total number of statutory benefit and non-statutory benefit claims reported by reporting quarter (or claim lodgement quarter)
- ▶ Claims by reporting quarter act primarily as an indicator of changes in reporting from older accident periods, operational changes, and calendar time 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 sit lower at 2,200 for 2020Q2
- ▶ 2020Q3 and 2020Q4 are higher at around 3,000 claims, however this is still lower in comparison to 2019 as these reporting quarters were still impacted by low accident volumes during the COVID-19 lockdown. Reported claim numbers in 2021Q1 and 2021Q2 have since seen a return to pre-COVID-19 lockdown levels
- ▶ Reporting quarter 2021Q3 was impacted by the most recent COVID-19 lockdown due to the spread of the Delta strain. This lockdown was longer and more severe than the previous one in 2020Q2. Reported numbers for 2021Q3 sit lower at 1,900
- ▶ Excluding 2020Q2 and 2021Q3, on average around 3,200 claims are reported per quarter.



# Claim numbers

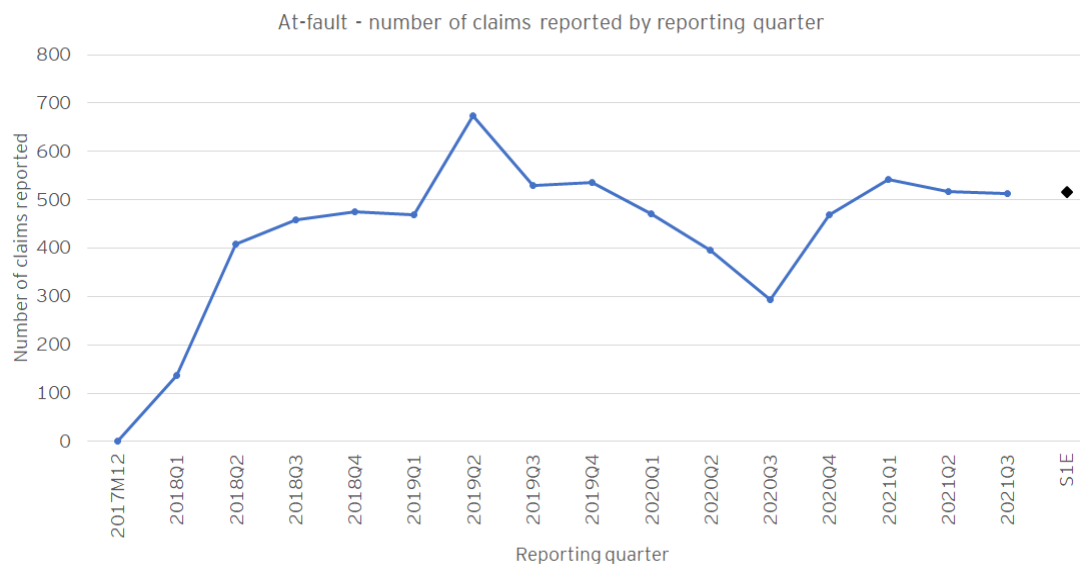
## Statutory benefit claims - reporting quarter basis



- ▶ 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, which began in March and continued until June. As a result, reported numbers in 2020Q2 sit lower at 2,000 claims reported in the quarter. 2020Q3 and 2020Q4 are higher at 2,700 claims reported, however this is still lower in comparison to 2019 as these reporting quarters were still impacted by low accident volumes during the COVID-19 lockdown
- ▶ Reporting quarters 2021Q1 and 2021Q2 indicated a return towards pre-COVID-19 lockdown levels
- ▶ Reported numbers for the 2021Q3 quarter sit lower at 1,700 due to the most recent COVID-19 lockdown, which was longer and more severe than the previous lockdown in 2020Q2
- ▶ On average, around 2,800 statutory benefit claims are reported per quarter, excluding 2020Q2 and 2021Q3.

# Claim numbers

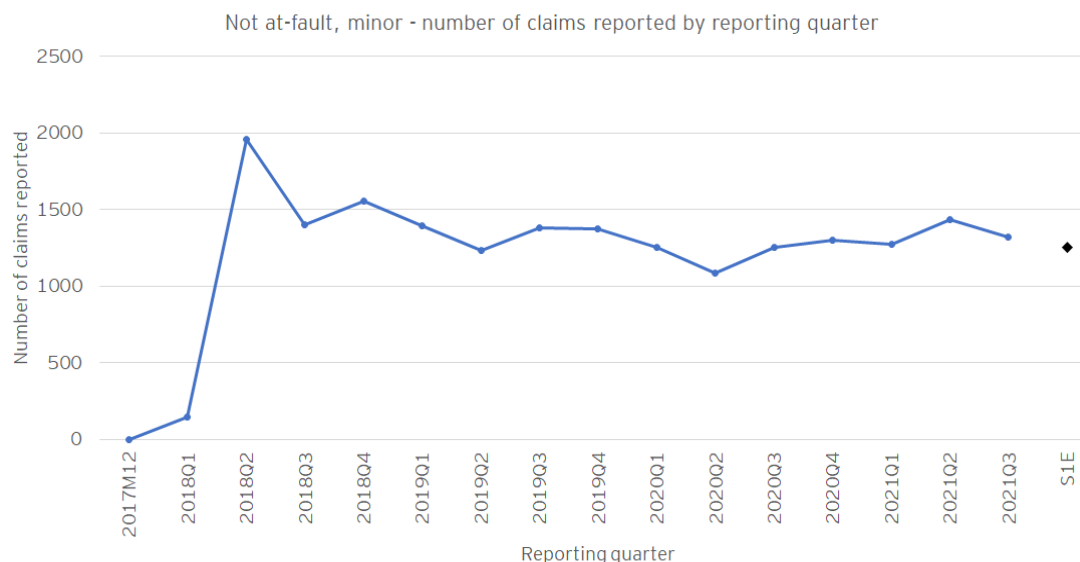
## At-fault injury claims - reporting quarter basis



- ▶ 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 quarter 2020Q2 sits lower at 400 due to the COVID-19 lockdown in NSW. This continues to be even lower in reporting quarter 2020Q3 at 300, which could reflect lower volume of at-fault claims during COVID and/or an operational delay in determining fault status. Since then, claim numbers have been trending up with reporting quarter 2021Q1 sitting at 540, above pre-COVID lockdown levels, this is due to an insurer catching up with fault status determination processes for claims that occurred in 2020
- ▶ At-fault claims have returned to pre-COVID levels for reporting quarters 2021Q1 and 2021Q2
- ▶ Despite experiencing the restrictions under the most recent lockdown, at-fault claims for 2021Q3 remain at a level similar to previous quarters. In the first lockdown, the drop off in at-fault claims was in the subsequent reporting quarter 2020Q3, hence the drop-off in at-fault claims for this lockdown may appear next reporting quarter. This 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 the COVID-19 periods, it appears that on average, around 500 at-fault claims are currently being reported per quarter.

# Claim numbers

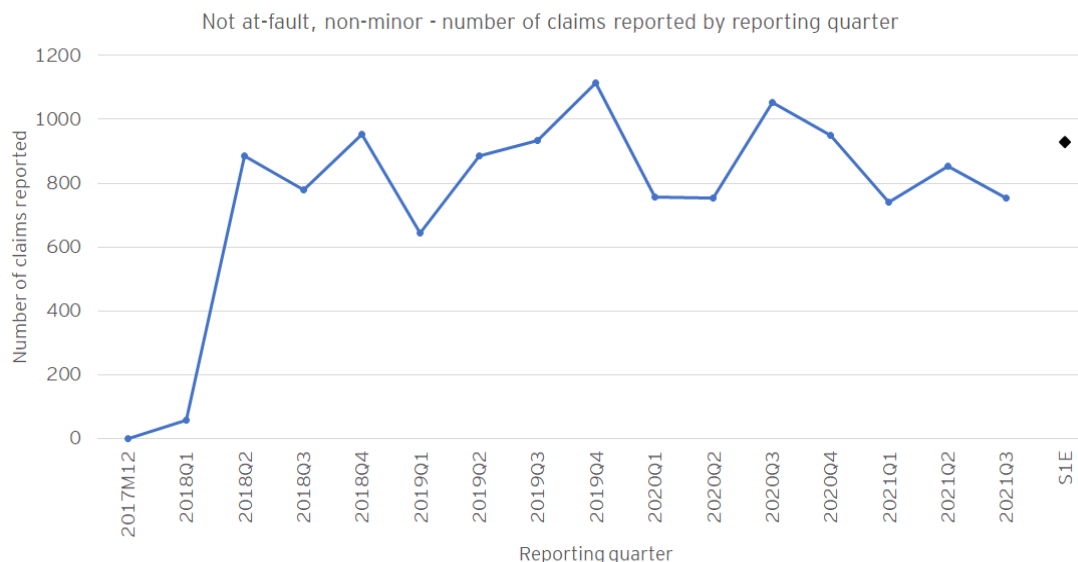
## Not at-fault minor injury claims - reporting quarter basis



- ▶ 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
- ▶ In earlier reporting quarters, a relatively low volume of claims reported between December 2017 and March 2018 quarter were classified as not at-fault minor. 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
- ▶ On average there appears to be between 1,200 to 1,500 not at-fault minor injury claims reported per quarter

# Claim numbers

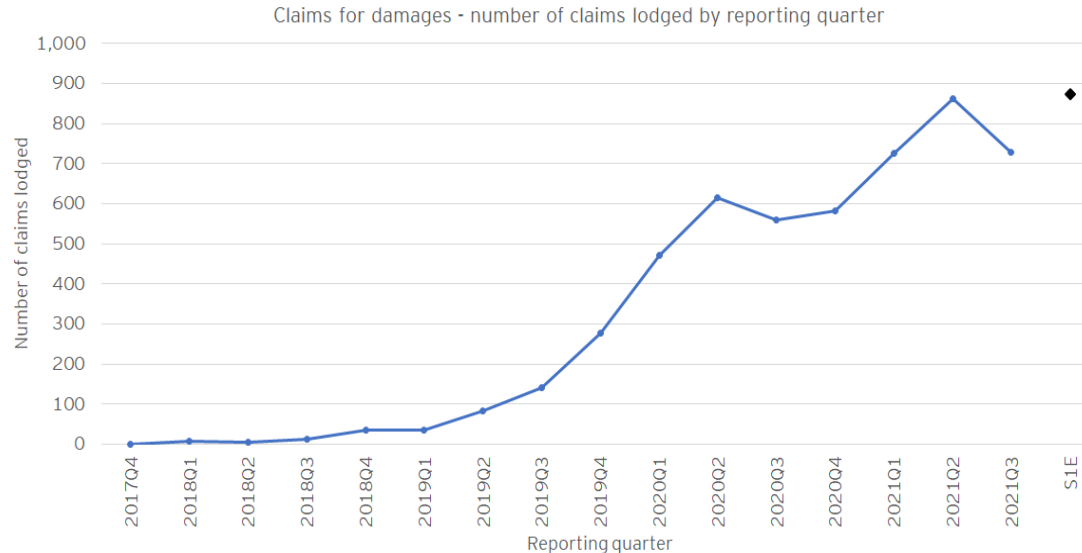
## Not at-fault non-minor claims - reporting quarter basis



- ▶ 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 for 2019Q1, 2020Q1 and 2021Q1, which appears to be a seasonal effect
- ▶ Reporting quarter 2020Q2 sits slightly lower than 2019Q2, due to the COVID-19 lockdown in NSW. Even though claim numbers are volatile, the decrease in claim numbers for this claim cohort do not appear as large as those observed for at-fault and not at-fault minor claims over the COVID-19 lockdown period
- ▶ 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

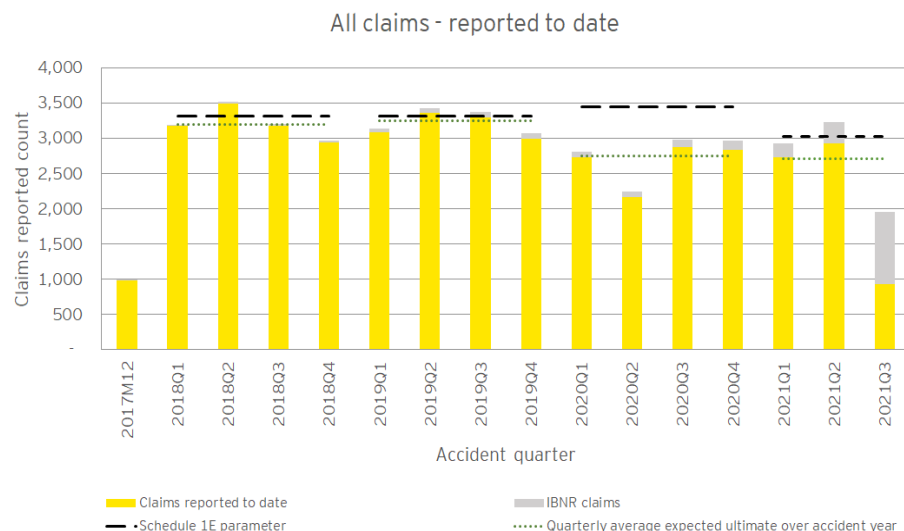
## Claims for damages - reporting quarter basis



- ▶ 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 up till 2021Q2. However, the number of claims lodged for damages in 2021Q3 reporting quarter sits lower at 728 claims. This may be attributed to the most recent lockdown due to the spread of the Delta strain
- ▶ Overall, however, the number of claims for damages shows an upward trend, and the number of claims reported should continue to increase for the next three years 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 made stabilises, approximately 800 to 1,000 claims are expected to be reported per quarter

# Claim numbers

## All claims - accident quarter basis

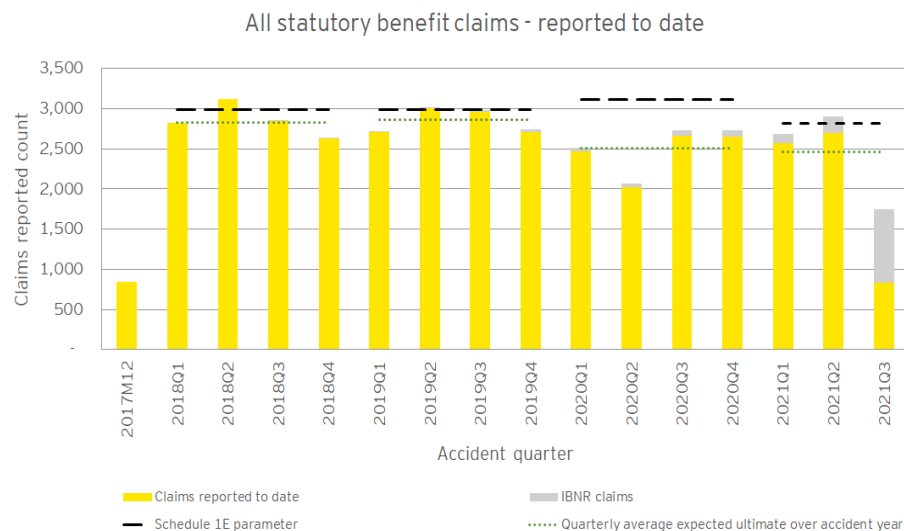


1st accident year (13 months)	Reported to date	13,765
	Expected ultimate	13,868
2nd accident year	Reported to date	12,726
	Expected ultimate	13,022
3rd accident year	Reported to date	10,606
	Expected ultimate	11,003
4th accident year	Reported to date	6,600
	Expected ultimate	10,864

- ▶ This chart shows the total number of claims reported to date by accident quarter. The 2017 Scheme experience is compared to the expected level under Schedule 1E
- ▶ Earlier accident periods are more developed, and more recent accident quarters still have a number of claims incurred but not yet reported (IBNR)
- ▶ The table on the top right shows the actual number of claims reported for the first accident year (1 Dec 17 to 31 Dec 18), the second accident year (1 Jan 19 to 31 Dec 19), the third accident year (1 Jan 20 to 31 Dec 20) and the fourth accident year (1 Jan 21 to 31 Dec 21) compared to their expected ultimate claims. For the first accident year approx. 99% of expected ultimate claims have been reported
- ▶ The ultimate for the fourth accident year is determined using the expected ultimate claims for 2021Q1 to 2021Q3, and an average of prior quarter ultimate claim numbers from the third accident year, in order to reflect a similar experience impacted by lockdown due to COVID-19.
- ▶ The observed reduction 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, which was more severe compared to the 2020 lockdown.

# Claim numbers

## All statutory benefit claims - accident quarter basis



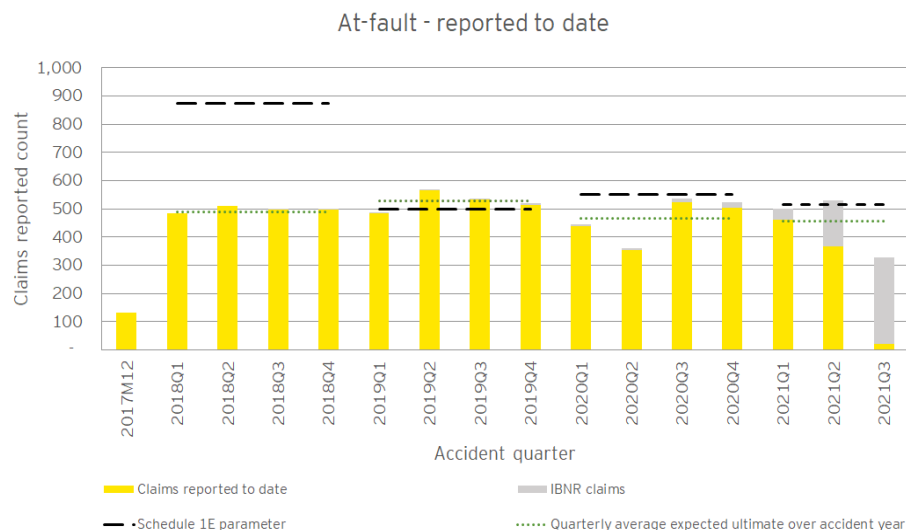
1st accident year (13 months)	Reported to date	12,263
	Expected ultimate	12,270
2nd accident year	Reported to date	11,370
	Expected ultimate	11,464
3rd accident year	Reported to date	9,808
	Expected ultimate	10,029
4th accident year	Reported to date	6,103
	Expected ultimate	9,832

- ▶ 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
- ▶ The 2017 Scheme experience is compared to the expected level under Schedule 1E\*
- ▶ Earlier accident periods are more developed, and more recent accident quarters still have a number of claims Incurred But Not Reported (IBNR)
- ▶ For the first and second accident years, over 99% of statutory benefit claims ultimately expected have been reported
- ▶ The ultimate for the fourth accident year is determined using the expected ultimate claims for 2021Q1 to 2021Q3, and an average of prior quarter ultimate claim numbers from the third accident year, in order to reflect a similar experience impacted by lockdown due to COVID-19.
- ▶ The observed reduction in 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. This has led to lower ultimate claims projected for 2020Q2
- ▶ The significant reduction in 2021Q3 ultimate claims is similarly attributed to reduced exposure during the most recent lockdown, which was more severe compared to the 2020 lockdown.

\*Schedule 1E parameter has been modified to remove non-statutory benefit claims and early notifications to enable like-for-like comparison with the reported to date

# Claim numbers

## At-fault claims - accident quarter basis



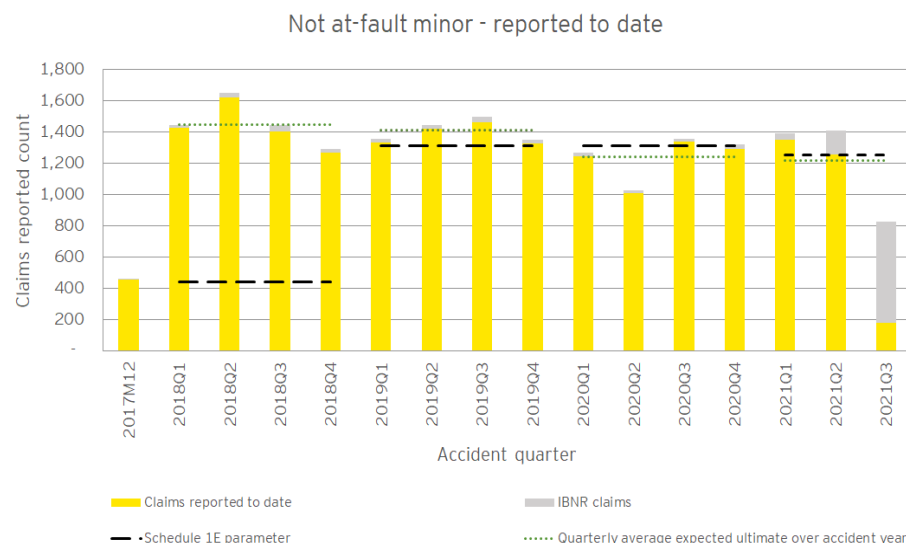
1st accident year (13 months)	Reported to date	2,121
	Expected ultimate	2,124
2nd accident year	Reported to date	2,094
	Expected ultimate	2,113
3rd accident year	Reported to date	1,820
	Expected ultimate	1,866
4th accident year	Reported to date	848
	Expected ultimate	1,822

- ▶ 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
- ▶ The 2017 Scheme experience is compared to the expected level under Schedule 1E
- ▶ Earlier accident periods are more developed, and only the latest three accident quarters have a significant number of IBNR claims
- ▶ The fault status of the claim may be undetermined for up to 3 months post the claim received date, 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, around 500 at-fault claims are expected to be incurred per quarter
- ▶ For the first accident year and second accident year, nearly 100% of ultimate expected at-fault claims have been reported
- ▶ The ultimate for the fourth accident year is determined using the expected ultimate claims for 2021Q1 to 2021Q3, and an average of prior quarter ultimate claim numbers from the third accident year, in order to reflect a similar experience impacted by lockdown due to COVID-19
- ▶ The observed reduction in ultimate claims in 2020Q1 and 2020Q2 was due to a reduction in vehicle traffic during the COVID-19 lockdown in NSW
- ▶ The significant reduction in 2021Q3 ultimate claims is attributed to reduced exposure during the most recent lockdown, which was more severe compared to the 2020 lockdown.



# Claim numbers

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



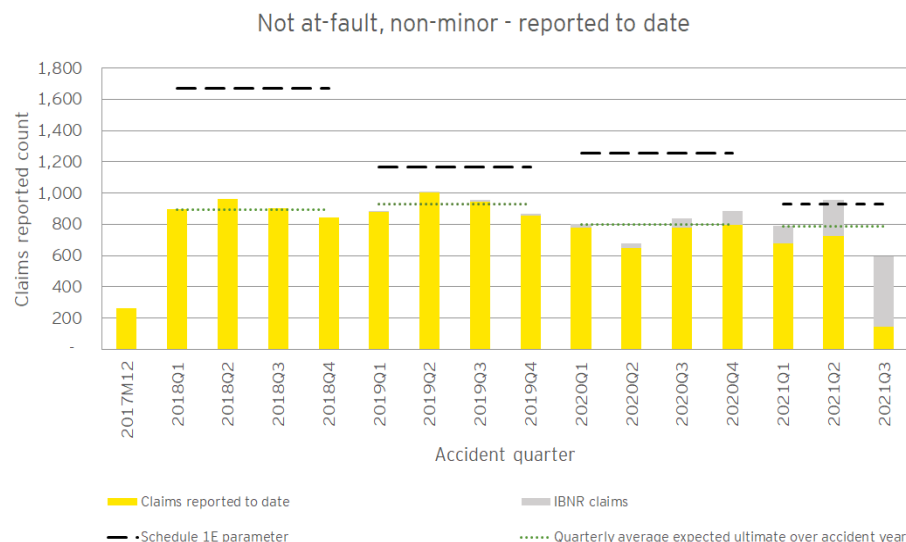
1st accident year (13 months)	Reported to date	6,159
	Expected ultimate	6,270
2nd accident year	Reported to date	5,535
	Expected ultimate	5,636
3rd accident year	Reported to date	4,881
	Expected ultimate	4,957
4th accident year	Reported to date	2,783
	Expected ultimate	4,864

- ▶ 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. Additionally, any finalised not at-fault claims with a unknown severity status are assumed to be not at-fault minor, and also included in the chart above
- ▶ Earlier accident periods are more developed, and more recent accident quarters still have a number of claims IBNR, particularly the most recent accident quarter. 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 reduction in 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, which was more severe compared to the previous lockdown.

\*Schedule 1E parameter has been modified to remove early notification claims to allow for like-for-like comparison with reported to date

# Claim numbers

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

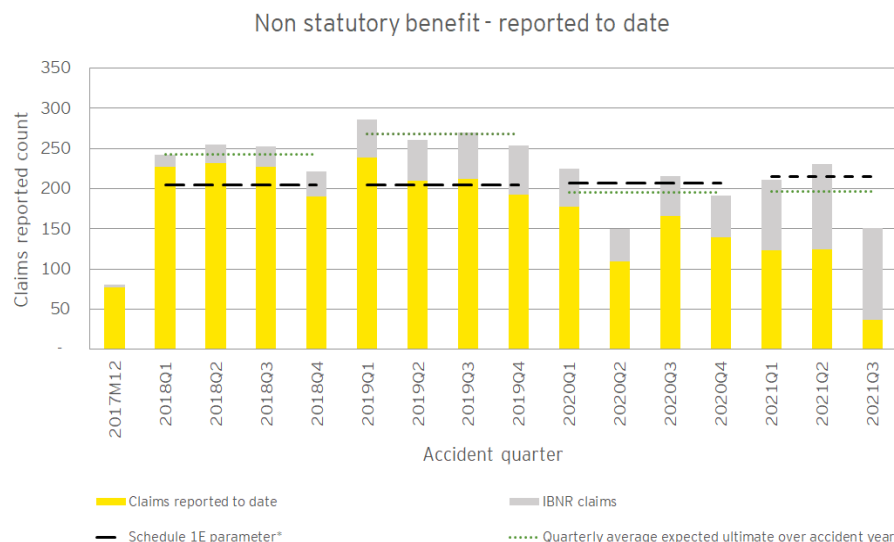


1st accident year (13 months)	Reported to date	3,876
	Expected ultimate	3,876
2nd accident year	Reported to date	3,686
	Expected ultimate	3,715
3rd accident year	Reported to date	3,004
	Expected ultimate	3,205
4th accident year	Reported to date	1,551
	Expected ultimate	3,147

- ▶ 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', and fault status determined as 'not at-fault'. In addition, claims assessed as non-minor with fault status 'yet to be determined' are included in this chart as a large proportion have historically been assessed as not at-fault claims
- ▶ All accident periods (except accident year 1) are expected to develop upwards from current levels. This is due to the lodgement of claims which are currently incurred but not reported, 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 reduction in ultimate claims in 2020Q1 and 2020Q2 is due to a reduction in exposure as the result of the COVID-19 lockdown in NSW
- ▶ 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, due to the spread of the Delta strain.

# Claim numbers

## Non statutory benefit claims - accident quarter basis

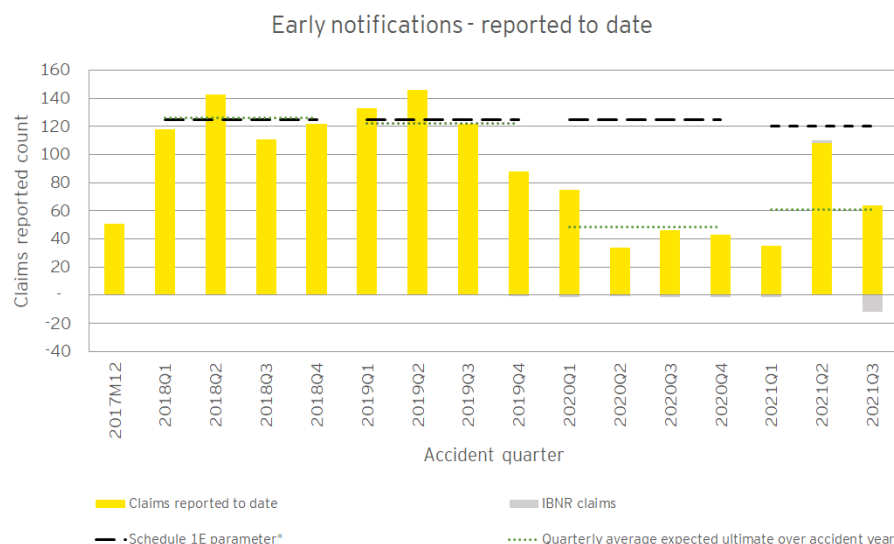


1st accident year (13 months)	Reported to date	953
	Expected ultimate	1,052
2nd accident year	Reported to date	854
	Expected ultimate	1,070
3rd accident year	Reported to date	593
	Expected ultimate	781
4th accident year	Reported to date	284
	Expected ultimate	788

- ▶ 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)
- ▶ The ultimate for the fourth accident year is determined using the expected ultimate claims for 2021Q1 to 2021Q3, and an average of prior quarter ultimate claim numbers from the third accident year, in order to reflect a similar experience impacted by lockdown due to COVID-19.
- ▶ All accident years still have a number of claims incurred but not yet reported expected
- ▶ On average across all quarters excluding the latest accident year, approximately 260 non statutory benefit claims are expected to be incurred per accident quarter. This is lower for the latest accident year, approximately 200 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
- ▶ At the December 2020 valuation, a more comprehensive approach was applied for all non statutory benefit models, which has resulted in higher ultimate frequency for 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 accident quarter 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.

# Claim numbers

## Early notification claims - accident quarter basis

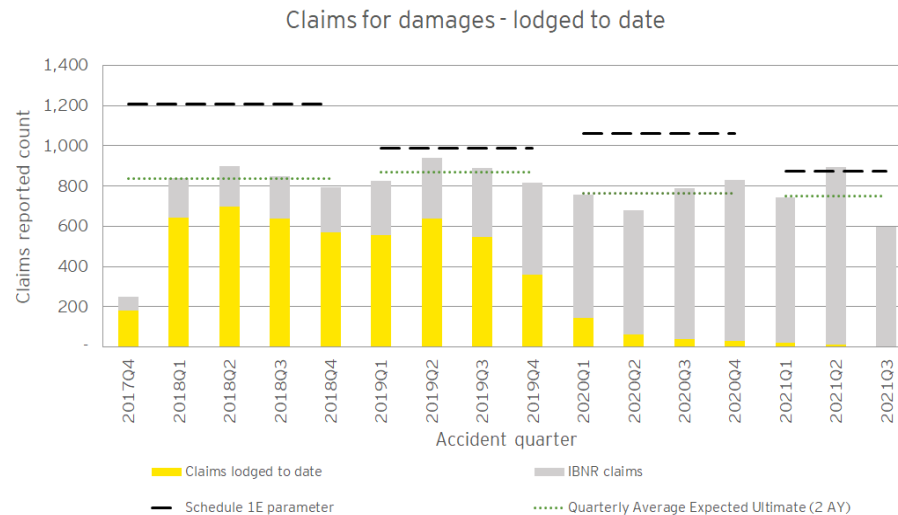


1st accident year (13 months)	Reported to date	545
	Expected ultimate	545
2nd accident year	Reported to date	489
	Expected ultimate	488
3rd accident year	Reported to date	198
	Expected ultimate	194
4th accident year	Reported to date	207
	Expected ultimate	244

- ▶ 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
- ▶ An implicit allowance is made in Schedule 1E for the frequency of early notification claims. In this chart, an explicit allowance has been determined for the purpose of comparing the actual experience to the expected level under Schedule 1E
- ▶ The ultimate for the fourth accident year is determined using the expected ultimate claims for 2021Q1 to 2021Q3, and an average of prior quarter ultimate claim numbers from the third accident year, in order to reflect a similar experience impacted by lockdown due to COVID-19.
- ▶ On average across all quarters in the latest accident year, approximately 120 early notification claims are expected to be ultimately incurred per accident quarter for accident periods prior to 2020
- ▶ We observed a reduction in early notification claims for accident quarters 2020Q2-2021Q1, which reflects lower exposure due to COVID-19 restrictions
- ▶ At the December 2020 valuation, the early notification model was updated to allow for the rate at which claims can 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.

# Claim numbers

## Lodged claims for damages - accident quarter basis

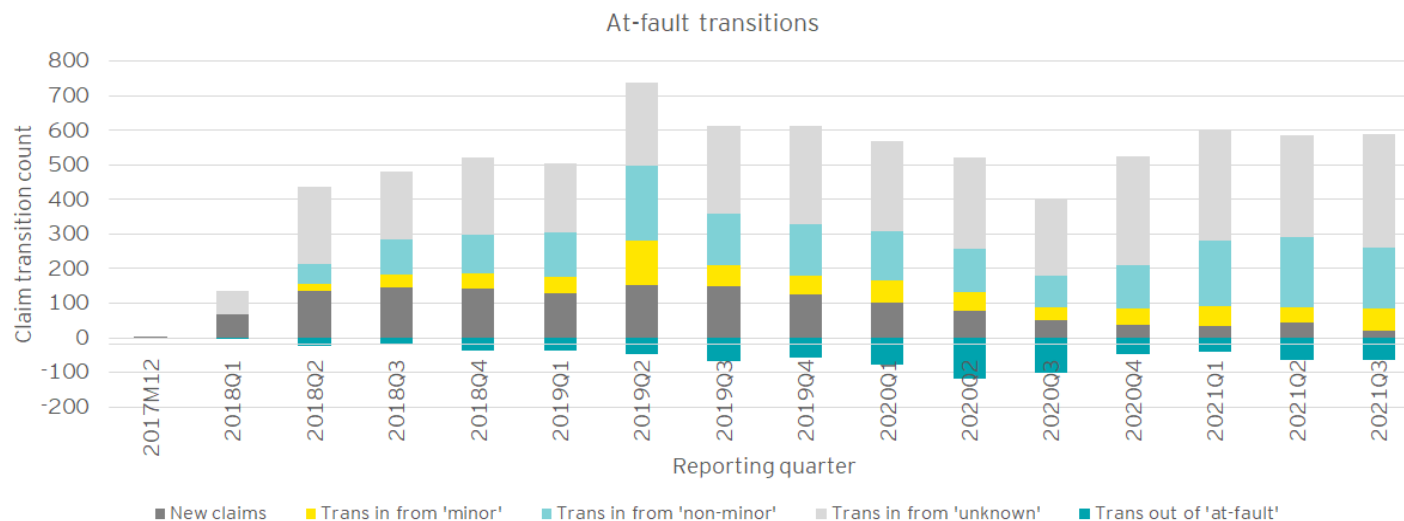


1st accident year (13 months)	Reported to date	2,729
	Expected ultimate	3,628
2nd accident year	Reported to date	2,100
	Expected ultimate	3,474
3rd accident year	Reported to date	273
	Expected ultimate	3,055
4th accident year	Reported to date	34
	Expected ultimate	2,996

- ▶ 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
- ▶ The 2017 Scheme experience is compared to the expected level under Schedule 1E
- ▶ For the first accident year, 75% of expected claims for damages have been lodged. Only claims which occurred prior to 31 January 2020 have passed the 20 month key legislative milestone, in which non-minor claims with WPI less than or equal to 10 percent are eligible to lodge a claim for damages
- ▶ On average, approximately 800-1,000 claims are expected to be incurred per accident quarter
- ▶ The table in the top right shows the actual number of claims reported for the first accident year (1 Dec 17 to 31 Dec 18), the second accident year (1 Jan 19 to 31 Dec 19), the third accident year (1 Jan 20 to 31 Dec 20) and for the fourth accident year (1 Jan 21 to 31 Dec 21) compared to their expected ultimate claims respectively. For the first accident year, 25% of expected ultimate claims are yet to be reported
- ▶ The slight reduction in 2021Q3 can be attributed to lower exposure during the most recent COVID-19 NSW lockdown.

# Claim numbers

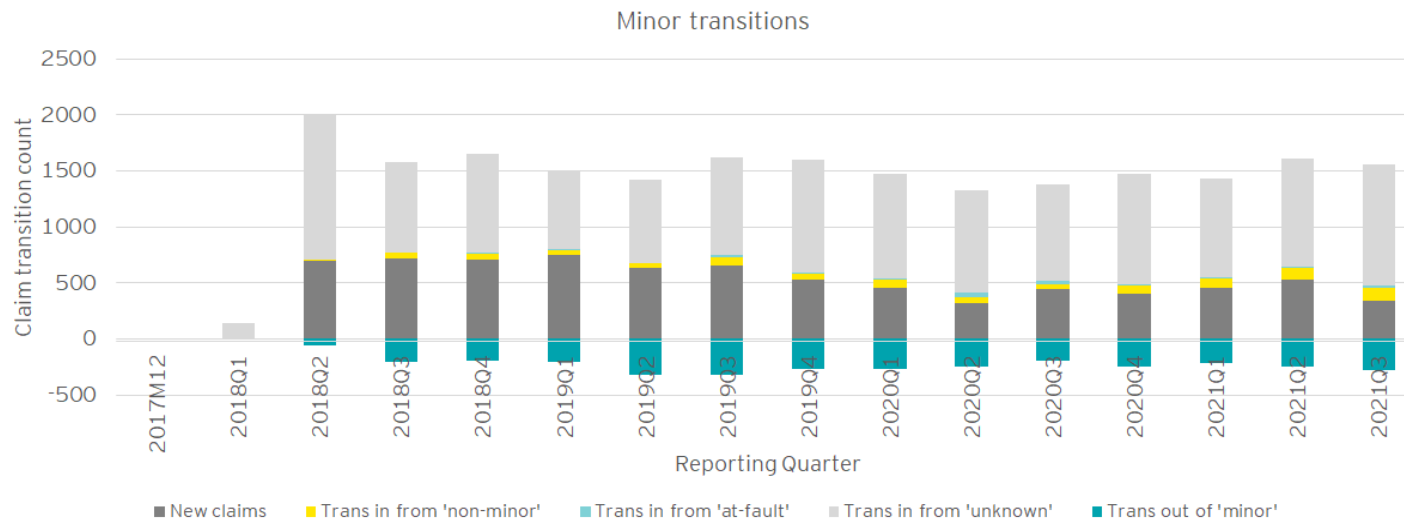
## At-fault claims - transitions by reporting quarter



- ▶ 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, noting the new claims for 2020Q2 to 2021Q3 reporting quarters are lower than previously observed, which could be a combined effect of operational delay in determining fault status by the insurers, as well as reduced claims volume due to the two main COVID-19 lockdown periods in 2020 and 2021
- ▶ This observed reduction of new claims is offset by higher transition in from the not at-fault models in 2020Q4 to 2021Q3, especially the transition from not at-fault, non-minor model, noting that the not at-fault models include claims with undetermined fault status, reflecting the process delay in fault determination
- ▶ There are also some claims (< 100 per quarter) which transition out of at-fault into other claim types.

# Claim numbers

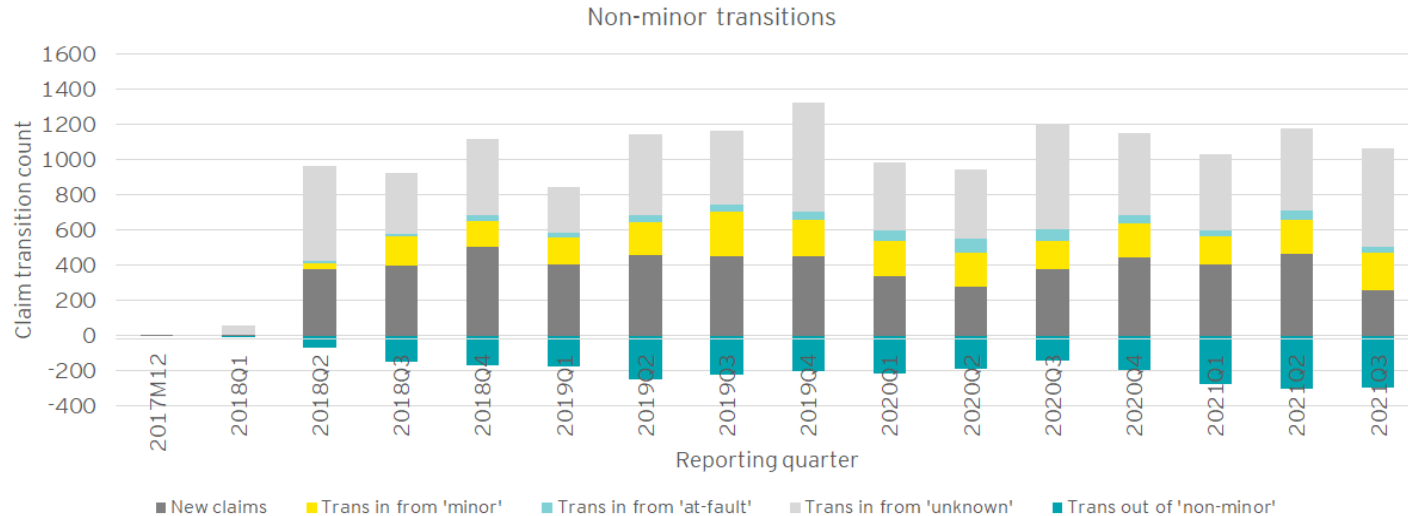
## Not at-fault minor injury claims - transitions by reporting quarter



- ▶ 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. This has been sitting lower as a result of the 2020Q2 and 2021Q3 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
- ▶ There are also on average 200 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

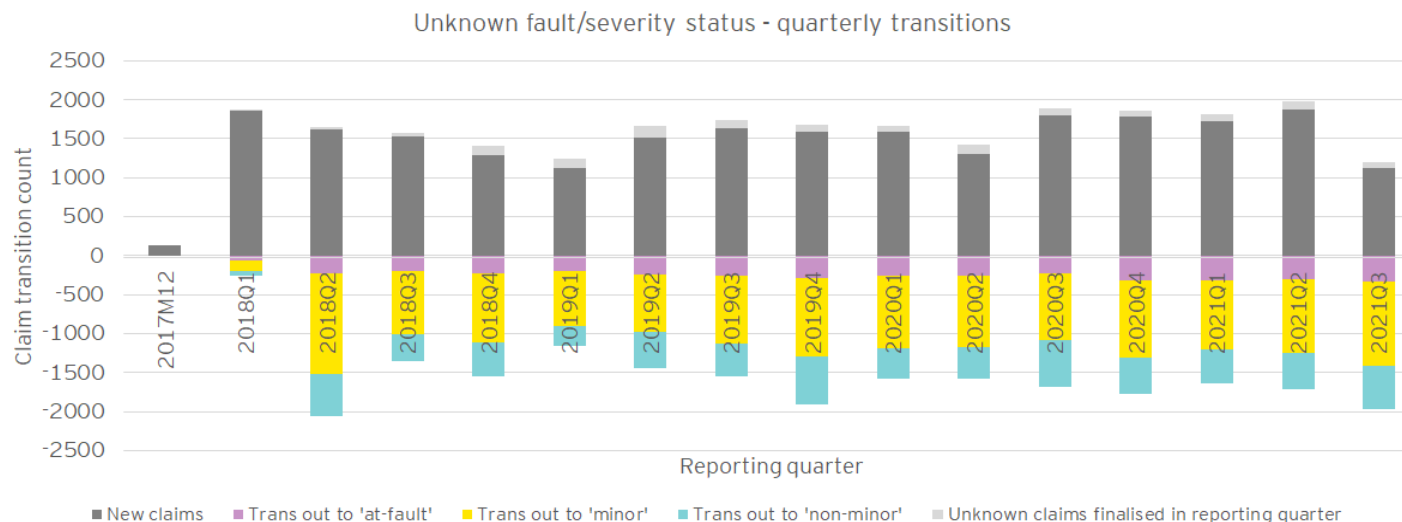


- ▶ Around 40% of the claims transitioning into the not at-fault non-minor category each quarter are due to new claims reported within the quarter
- ▶ The majority of the remaining claims transitioning into the not at-fault non-minor injury category come from the not at-fault unknown severity claim type. 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 quarter 2021Q3, reduced volumes are observed for new claims with the 'unknown' category, reflecting the impact of the recent COVID-19 lockdown.

# Actual versus expected claims experience

## Statutory benefit claims reported - December to September experience

December 2020 - September 2021						
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	723	510	213	42%
Not At-Fault	Minor	Stat Ben	1,106	1,119	-13	-1%
	Non-minor	Stat Ben	797	1,071	-274	-26%
	Unknown	Stat Ben	-1,411	-1,494	83	-6%
Total			1,215	1,207	8	1%

December 2020 - September 2021				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier	142	97	45	46%
2019Q4	23	24	-1	-2%
2020Q1	21	27	-6	-21%
2020Q2	36	35	1	4%
2020Q3	96	97	-1	-1%
2020Q4	897	928	-31	-3%
Total	1,215	1,207	8	1%

- ▶ A full statutory benefits valuation was carried out for 31 December 2020, and expected payments and claim numbers projected for future quarters for accidents to 31 December 2020
- ▶ In the nine months leading up to 30 September 2021, reported claims have been marginally higher than expected by around 1%, or 8 claims
- ▶ A higher than expected number of at-fault statutory benefit claims was offset by a lower than expected number of not at-fault non-minor claims
- ▶ This observed experience reflects the higher transition from non-minor model into at-fault model compared to history as noted on slide 22
- ▶ On an accident quarter basis, there is higher than expected claims reported in the accident quarters 2019Q3 and prior, partially offset by lower than expected claims reported in the all other reporting quarters excluding 2020Q2
- ▶ Note 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 to September experience

December 2020 - September 2021						
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	\$22.2m	\$10.7m	\$11.5m	107%
Not At-Fault	Minor	Stat Ben	\$13.8m	\$9.9m	\$3.9m	39%
	Non-minor	Stat Ben	\$124.9m	\$179.6m	-\$54.6m	-30%
	Unknown	Stat Ben	-\$4.4m	\$1.9m	-\$6.2m	-333%
Total			\$156.5m	\$202.0m	-\$45.5m	-23%

December 2020 - September 2021				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier	\$56.2m	\$84.8m	-\$28.6m	-34%
2019Q4	\$10.2m	\$13.3m	-\$3.1m	-23%
2020Q1	\$12.6m	\$16.3m	-\$3.7m	-23%
2020Q2	\$13.0m	\$17.2m	-\$4.2m	-25%
2020Q3	\$25.1m	\$28.8m	-\$3.7m	-13%
2020Q4	\$39.3m	\$41.5m	-\$2.2m	-5%
Total	\$156.5m	\$202.0m	-\$45.5m	-23%

- ▶ Statutory benefit payments over the last nine months to 30 September 2021 have been \$45.5m (or 23%) lower than expected
- ▶ There are a lower amount of payments for not at-fault non-minor and unknown claims. This is partially offset by the higher payments for at-fault claims and not at-fault minor claims
- ▶ On an accident quarter basis, the experience is consistent across most 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 2020
- ▶ 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

Number of active claims receiving loss of income payments - December to September experience

			December 2020 - September 2021			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	834	253	581	230%
Not At-Fault	Minor	Stat Ben	1,305	950	355	37%
	Non-minor	Stat Ben	5,534	5,669	-135	-2%
	Unknown	Stat Ben	147	303	-156	-51%
Total			7,820	7,175	645	9%

		December 2020 - September 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		3,607	2,659	948	36%
2019Q4		512	452	60	13%
2020Q1		578	565	13	2%
2020Q2		496	633	-137	-22%
2020Q3		1,023	1,102	-79	-7%
2020Q4		1,604	1,764	-160	-9%
Total		7,820	7,175	645	9%

- ▶ The number of 'active claims' i.e. those receiving a loss of income payment within the last three months of the reporting quarter are shown in this slide
- ▶ In the nine months leading up to 30 September 2021, there were 7,820 active claims which received loss of income payments. This was 645 (or 9%) more claims than expected
- ▶ This is primarily driven by the increase in at-fault claims receiving loss of income payments, which was 581 (or 230%) more than expected
- ▶ The higher than expected number of at-fault active claims may be attributed to the potential data clean-up of one insurer in 2021Q2 for at-fault and not at-fault minor claims in all accident periods
- ▶ On an accident quarter basis, the higher than expected active claims for the period is primarily driven by accident quarters 2019Q3 and prior
- ▶ 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

Number of active claims receiving treatment and care payments - December to September experience

			December 2020 - September 2021			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	1,922	1,228	694	56%
Not At-Fault	Minor	Stat Ben	5,404	4,651	753	16%
	Non-minor	Stat Ben	14,227	15,544	-1,317	-8%
	Unknown	Stat Ben	597	997	-400	-40%
Total			22,150	22,420	-270	-1%

		December 2020 - September 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		7,978	8,330	-352	-4%
2019Q4		1,546	1,605	-59	-4%
2020Q1		1,793	1,899	-106	-6%
2020Q2		2,018	2,186	-168	-8%
2020Q3		3,762	3,912	-150	-4%
2020Q4		5,053	4,487	566	13%
Total		22,150	22,420	-270	-1%

- ▶ The number of 'active claims' i.e. those receiving a treatment & care payment within the last three months of the reporting quarter are shown on this slide
- ▶ In the nine months leading up to 30 September 2021, there were 22,150 active claims which received treatment & care payments, which was 270 (or 1%) fewer claims than expected
- ▶ Around 1,317 (or 8%) fewer not at-fault non-minor claims received a treatment and/or care payment compared to expected
- ▶ On an accident quarter basis, the lower than expected number of claims receiving treatment and/or care is driven by most accident quarters with the exception of the December 2020 quarter
- ▶ The lower than expected experience excluding 2020Q4 could be due to operational interruption due to COVID-19, as access to certain treatment & care procedures may have reduced or been delayed
- ▶ 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 claims reported - December to September experience

		December 2020 - September 2021			
Head of damage	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Interstate	Non Stat Ben	64	166	-102	-61%
Death	Non Stat Ben	42	49	-7	-14%
Workers Compensation	Non Stat Ben	146	84	62	75%
Early notification	Non Stat Ben	-43	5	-48	-916%
<b>Total</b>		<b>209</b>	<b>304</b>	<b>-95</b>	<b>-31%</b>

		December 2020 - September 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		25	173	-148	-86%
2019Q4		22	13	9	72%
2020Q1		24	16	8	52%
2020Q2		24	20	4	18%
2020Q3		39	30	9	31%
2020Q4		75	52	23	44%
<b>Total</b>		<b>209</b>	<b>304</b>	<b>-95</b>	<b>-31%</b>

- ▶ Non-statutory benefit claims includes interstate, death, worker's compensation and early notification
- ▶ In the nine months leading up to 30 September 2021, reported non-statutory benefit claims have been lower than expected by around 31%, or 95 claims
- ▶ The lower than expected claims numbers are primarily driven by the fewer than expected interstate, early notification and death claims, partially offset by a higher number of workers compensation claims
- ▶ On an accident quarter basis, the lower than expected claim numbers is primarily driven by accident quarter 2019Q3 and prior
- ▶ 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 to September experience

December 2020 - September 2021					
Head of damage	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Interstate	Non Stat Ben	\$20.5m	\$28.8m	-\$8.3m	-29%
Death	Non Stat Ben	\$8.5m	\$3.1m	\$5.4m	170%
Workers Compensation	Non Stat Ben	\$6.5m	\$1.9m	\$4.7m	252%
Early notification	Non Stat Ben	\$40.1k	\$27.7k	\$12.4k	45%
Total		\$35.6m	\$33.8m	\$1.8m	5%

December 2020 - September 2021				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier	\$29.3m	\$26.7m	\$2.7m	10%
2019Q4	\$2.0m	\$2.6m	-\$0.6m	-22%
2020Q1	\$1.2m	\$1.1m	\$0.0m	2%
2020Q2	\$1.4m	\$0.9m	\$0.6m	63%
2020Q3	\$0.7m	\$1.3m	-\$0.6m	-49%
2020Q4	\$1.0m	\$1.3m	-\$0.3m	-20%
Total	\$35.6m	\$33.8m	\$1.8m	5%

- ▶ Non-statutory benefit payments over the last nine months to 30 September 2021 have been \$1.8m (or 5%) higher than expected
- ▶ This is primarily driven by a higher amount of payments for death claims and workers compensation claims, offset by interstate claims
- ▶ Higher than expected death payments were observed, while lower than expected death claim numbers on the previous slide could be due to Compensation to Relative (CTR) claims which typically have a higher claim amount
- ▶ On an accident quarter basis, there is lower than expected claims payments across most accident periods, excluding 2020Q2, 2020Q1, and 2019Q3 and prior.

# Actual versus expected claims experience

## Claims reported for damages - December to September experience

			December 2020 - September 2021			
Fault Status	Severity	WPI	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Not At-Fault	Non-minor	> 10%	561	636	-75	-12%
		≤ 10%	663	858	-195	-23%
		Unknown	657	874	-217	-25%
Other			401	0	401	-
Total			2,282	2,368	-86	-4%

December 2020 - September 2021				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2018Q4 and prior	557	922	-365	-40%
2019Q1	247	161	86	53%
2019Q2	476	291	185	64%
2019Q3	471	352	119	34%
2019Q4	303	301	2	1%
2020Q1 - 2020Q4	228	341	-113	-33%
Total	2,282	2,368	-86	-4%

- ▶ In the nine months leading up to 30 September 2021, reported claims for damages have been lower than expected by around 4%, or 86 claims
- ▶ The lower than expected claims numbers are primarily driven by a lower than expected number of not at-fault non-minor claims across all WPI thresholds for damages
- ▶ 'Other' claims include claims that are at-fault, mostly-at-fault or minor claims which may not be eligible for damages claims settlements. Hence, these claims have not been modelled explicitly (i.e. there may be an expectation that they will become not at-fault, or an insurer coding may not have been updated)
- ▶ On an accident quarter basis, there is lower than expected claims reported for 2018Q4 and prior, as well as more recent accident periods in 2020, which is partially offset by higher than expected claims in all 2019 accident quarters
- ▶ Note that the reporting patterns are still developing in the 2017 Scheme, driving higher volatility in the actual versus expected from older accident periods, as the expected patterns are currently at inflexion points.



# Actual versus expected claims experience

## Claim payments for damages- December to September experience

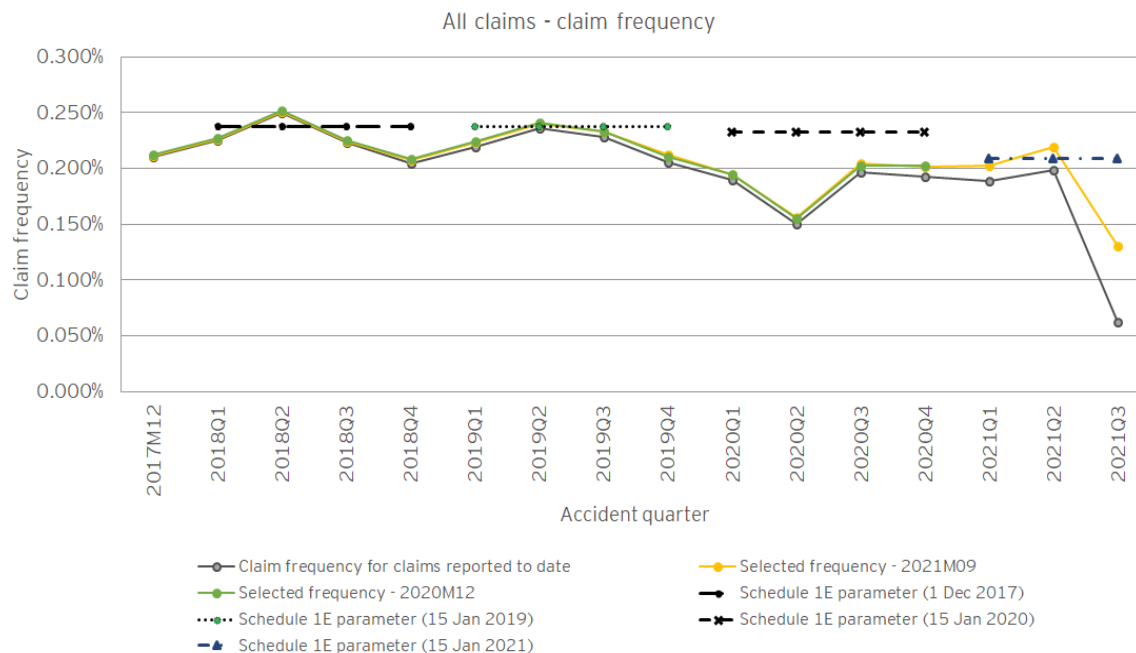
			December 2020 - September 2021			
Fault Status	Severity	WPI	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Not At-Fault	Non-minor	> 10%	\$207.2m	\$74.9m	\$132.2m	176%
		≤ 10%	\$26.1m	\$50.6m	-\$24.4m	-48%
		Unknown	\$9.8m	\$0.0m	\$9.8m	-
Other			\$8.2m	\$0.0m	\$8.2m	-
Total			\$251.3m	\$125.5m	\$125.8m	100%

December 2020 - September 2021				
Accident Quarter	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2018Q4 and prior	\$168.6m	\$111.2m	\$57.4m	52%
2019Q1	\$20.8m	\$6.3m	\$14.5m	229%
2019Q2	\$27.9m	\$3.2m	\$24.6m	763%
2019Q3	\$12.4m	\$1.4m	\$10.9m	764%
2019Q4	\$8.7m	\$1.3m	\$7.4m	562%
2020Q1 - 2020Q4	\$13.0m	\$2.1m	\$11.0m	533%
Total	\$251.3m	\$125.5m	\$125.8m	100%

- ▶ Claim payments for damages over the last nine months to 30 September 2021 have been \$125.8m (or 100%) 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%, across all payment categories, and is partially offset by the lower than expected payments for not-at-fault non-minor with WPI less than or equal to 10%
- ▶ 'Other' claims include claims that are at-fault, mostly-at-fault or minor claims which may not be eligible for damages claims. Hence, these claims have not been modelled explicitly
- ▶ On an accident quarter basis, the experience is consistent across all accident periods

# Claim frequency

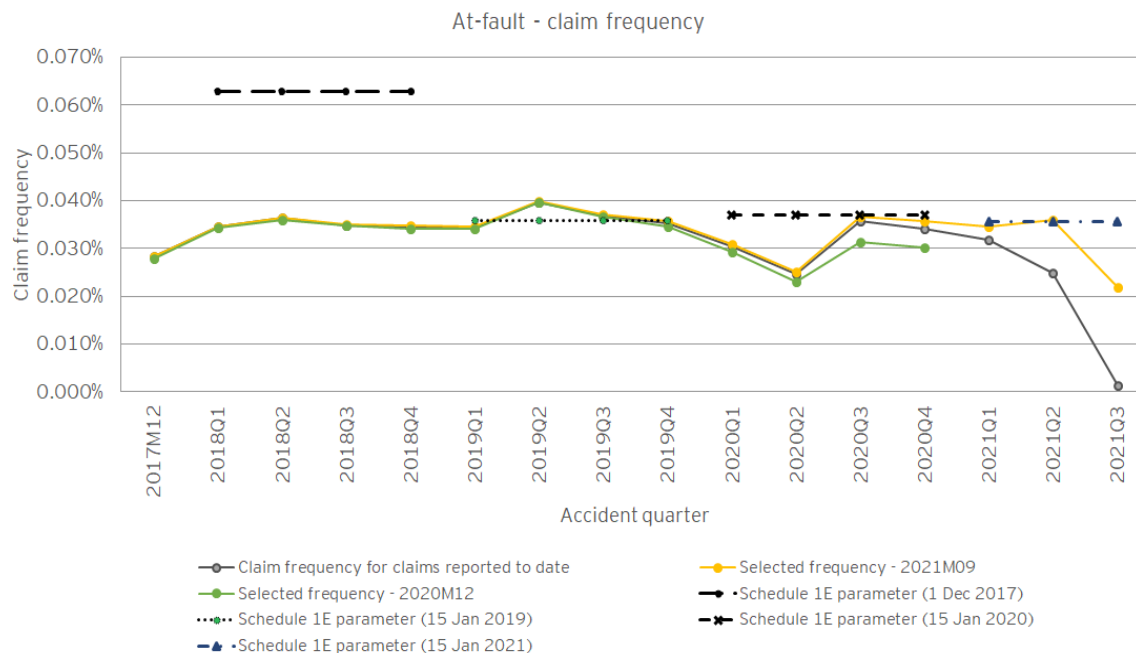
## All claims



- ▶ 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 higher 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 drop in 2020Q1 and 2020Q2 is due to a reduction in exposure during the first COVID-19 lockdown in NSW. Claim numbers for 2020Q3 onwards are projected to return towards pre-COVID levels
- ▶ The observed drop in 2021Q3 is due to the most recent COVID-19 lockdown in NSW.

# Claim frequency

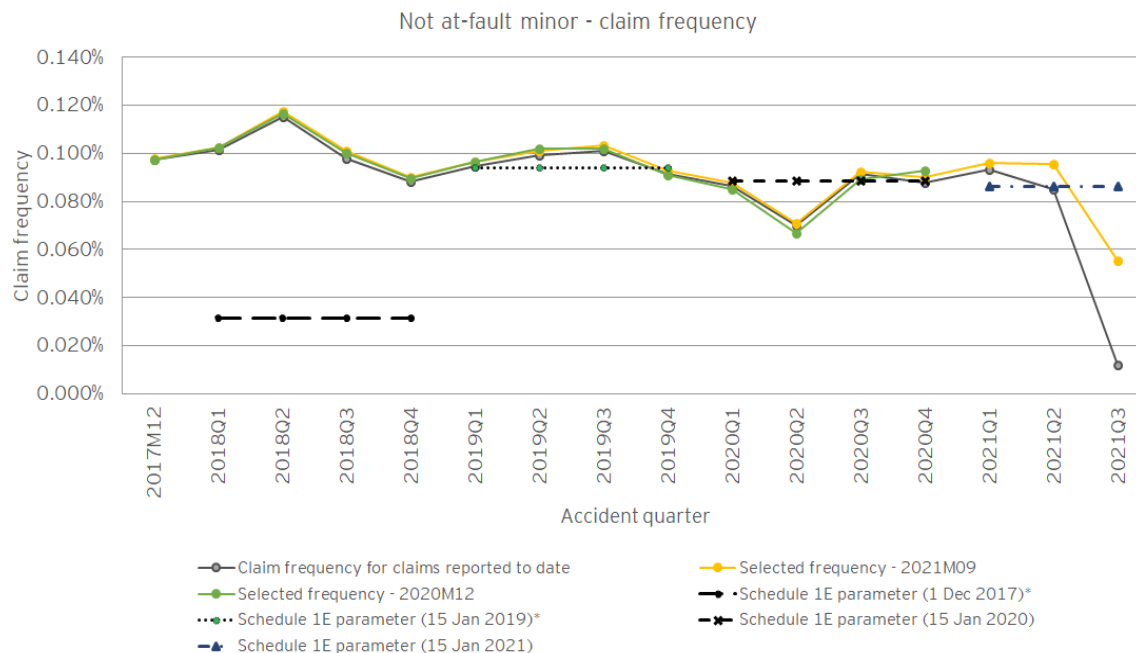
## At-fault claims



- ▶ 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 2020 (i.e. green vs yellow line) for accident quarters before 2020. For accident quarters in 2020, the selected frequency in 2021M06 is higher than what was selected in the previous full valuation, primarily driven by experience to date
- ▶ 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 December 2017 to 2019Q2 accident periods, it is not expected that there will be any material additional at-fault claims reported
- ▶ The observed drop in 2020Q1 and 2020Q2 is due to a reduction in exposure during the first COVID-19 lockdown in NSW. Claim frequency is expected to return to pre-COVID levels for 2020Q3 onwards
- ▶ The observed drop in 2021Q3 is due to the most recent COVID-19 lockdown in NSW.

# Claim frequency

## Not at-fault minor injury claims

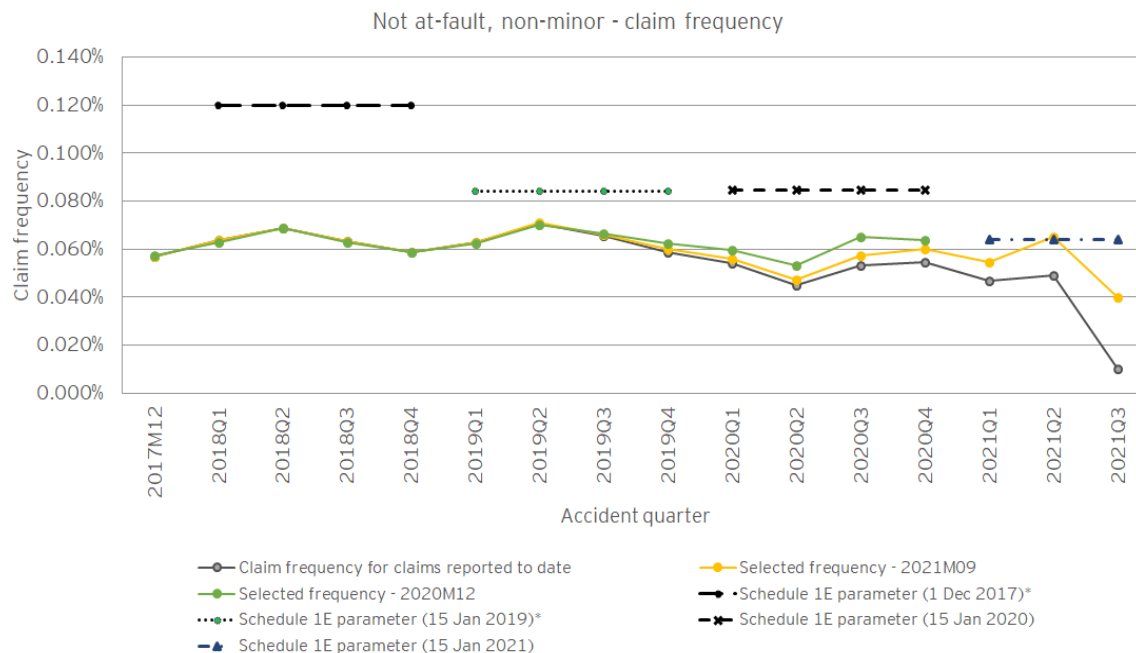


- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for not at-fault minor injury claims
- ▶ The ultimate frequency for minor claims is broadly consistent with the previous full valuation at December 2020
- ▶ Where the reported to date frequency is higher than the ultimate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

\*Schedule 1E parameter has been modified to remove early notification claims to allow for like-for-like comparison with selected frequency

# Claim frequency

## Not at-fault non-minor injury claims

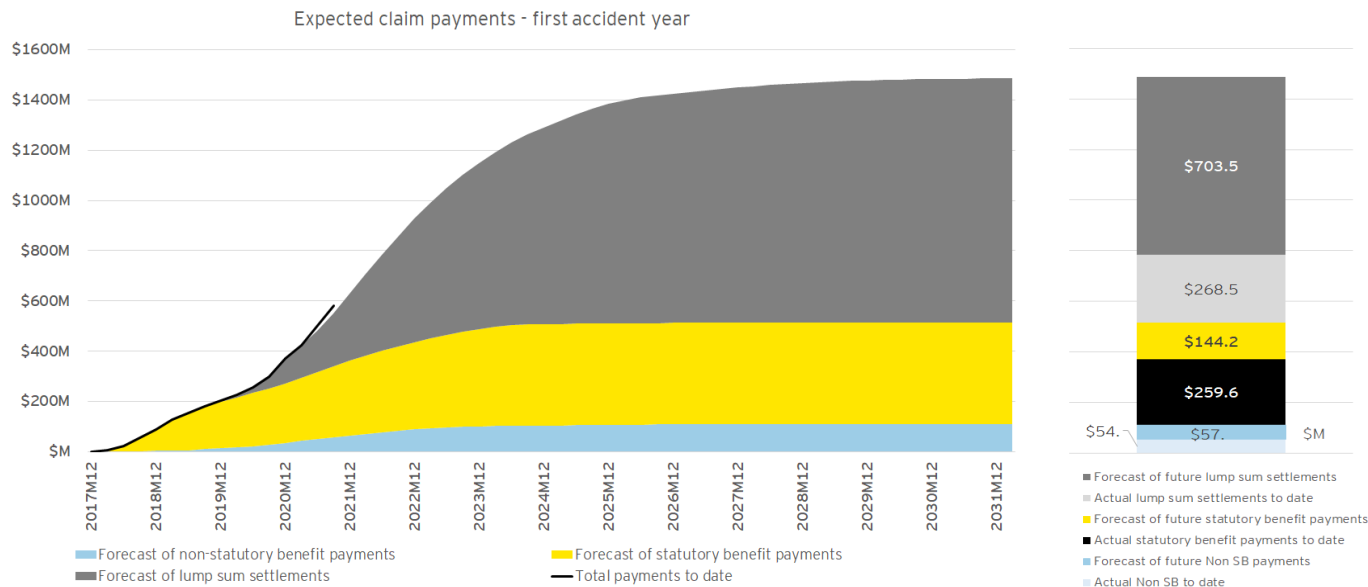


- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for not at-fault minor injury claims
- ▶ The ultimate frequency for minor claims is broadly consistent with the previous full valuation at December 2020
- ▶ Where the reported to date frequency is higher than the ultimate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

\*Schedule 1E parameter has been modified to remove non-statutory benefit claims to allow for like-for-like comparison with selected frequency

# Claim payments

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

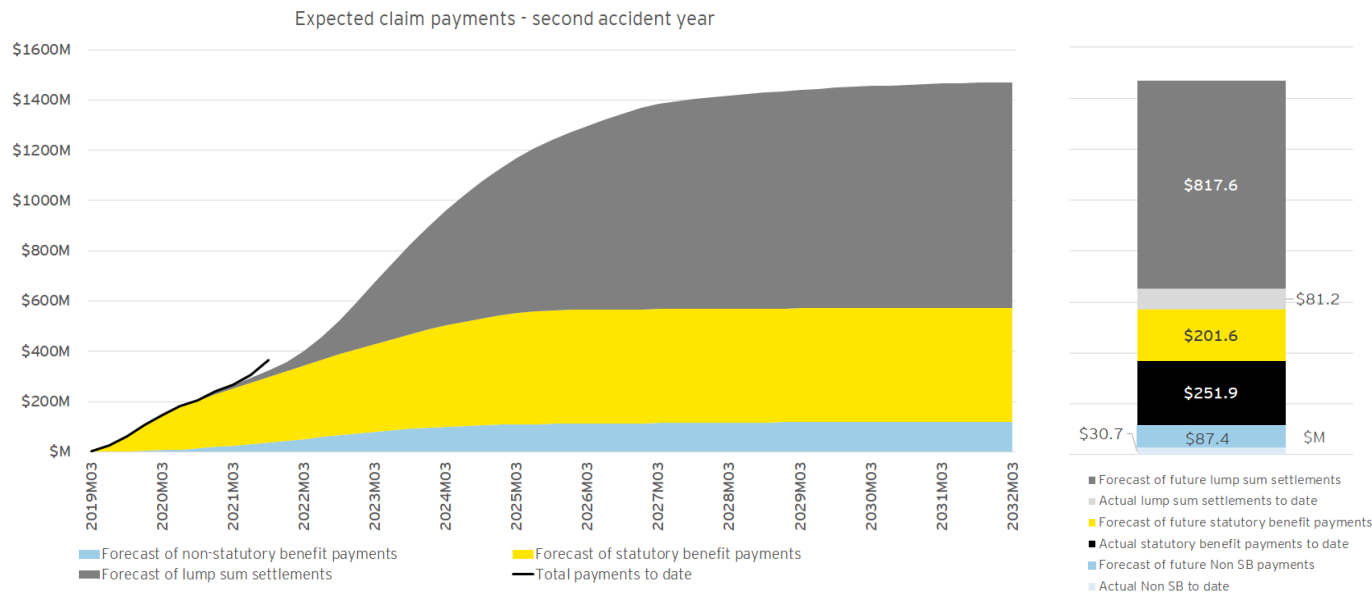


- ▶ The chart above shows the expected payment pattern of the scheme for the first accident year (1 Dec 2017 to 31 Dec 2018), split by statutory benefit payments, lump sum settlements and non-statutory benefit payments, note the first accident year is the first 13 months since the beginning of the scheme
- ▶ 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 39% of total expected payments. In addition, approximately 65% of the expected claims costs are for the award of damages (grey segment). To date, there have been \$259.6m payments relating to statutory benefit payments, \$268.5m payments relating to lump sum settlements and \$54.0m payments relating to non-statutory benefit payments for the first accident year.

\*Expected total payments as at 31 December 2020

# Claim payments

Actual vs. expected payment pattern (1 Jan 2019 - 31 Dec 2019)

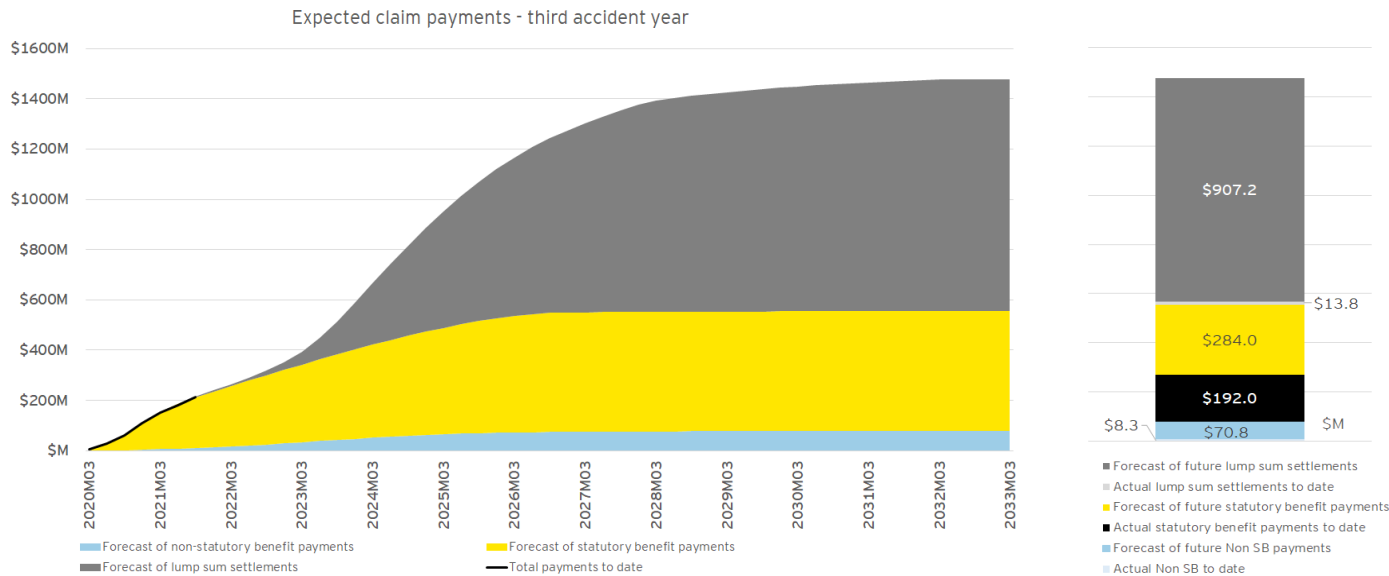


- ▶ The chart above shows the expected payment pattern of the scheme for the second accident year (1 Jan 2019 to 31 Dec 2019), split by statutory benefit payments, lump sum settlements and non-statutory benefit payments
- ▶ This graph shows that a material component of the claims cost in relation to 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 25% of total expected payments. In addition, approximately 61% of the expected claims costs are for the award of damages (grey segment), which are only expected to start emerging with any significance after December 2020 for the majority of claims. To date, there have been \$251.9m payments relating to statutory benefit payments, \$81.2m payments relating to lump sum settlements and \$30.7m payments relating to non-statutory benefits for the second accident year.

\*Expected total payments as at 31 December 2020

# Claim payments

Actual vs. expected payment pattern (1 Jan 2020 - 31 Dec 2020)



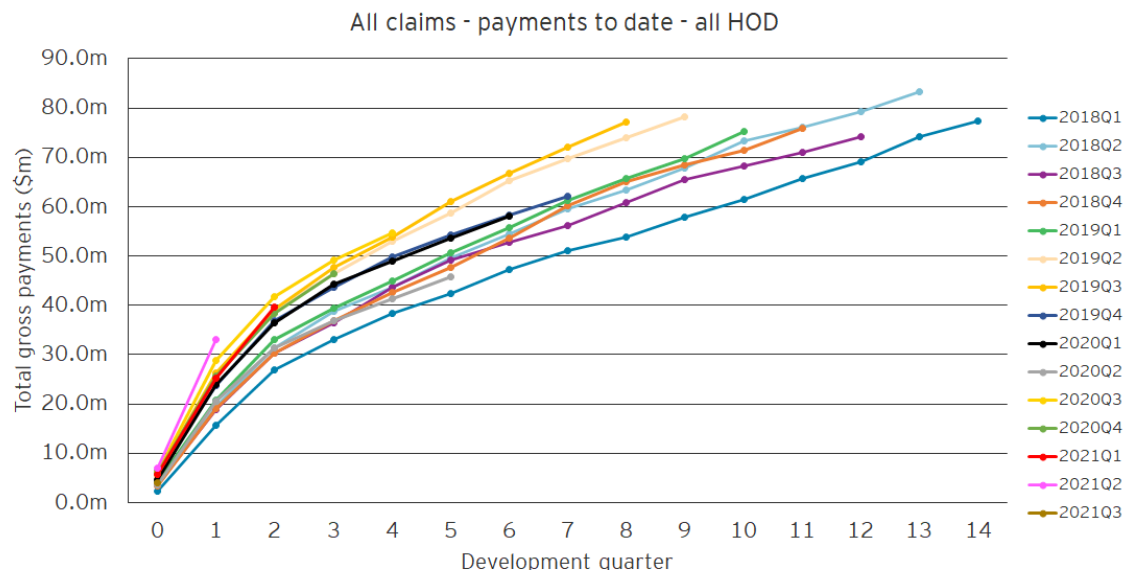
- ▶ The chart above shows the expected payment pattern of the scheme for the third accident year (1 Jan 2020 to 31 Dec 2020), split by statutory benefit payments, lump sum settlements and non-statutory benefit payments
- ▶ This graph shows that a material component of the claims cost in relation to the 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 15% of total expected payments. In addition, approximately 62% of the expected claims costs are for the award of damages (grey segment), which are only expected to start emerging with any significance after December 2021 for the majority of claims. To date, there have been \$192.0m payments relating to statutory benefit payments, \$13.8m payments relating to lump sum settlements and \$8.3m non-statutory benefit payments for the third accident year.

\*Expected total payments as at 31 December 2020



# SB - claim payments

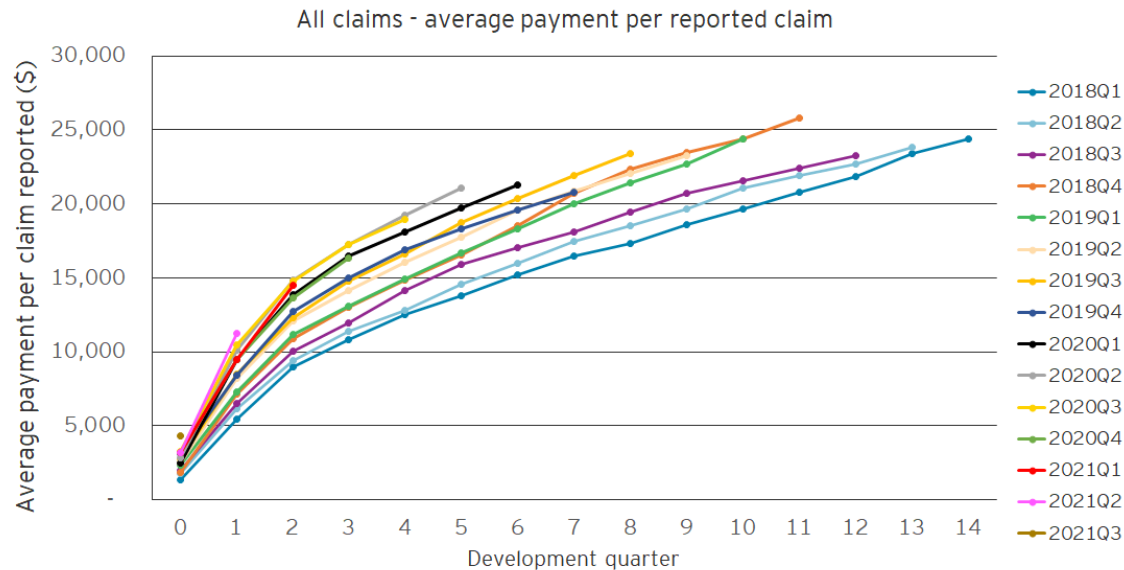
Total gross statutory benefit payments by development quarter (current value)



- ▶ 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, claimants are receiving higher payments compared to previous quarters at the same point of development. This may be due to insurers now having better established claims operations which are 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.

# SB - average payment per claim reported

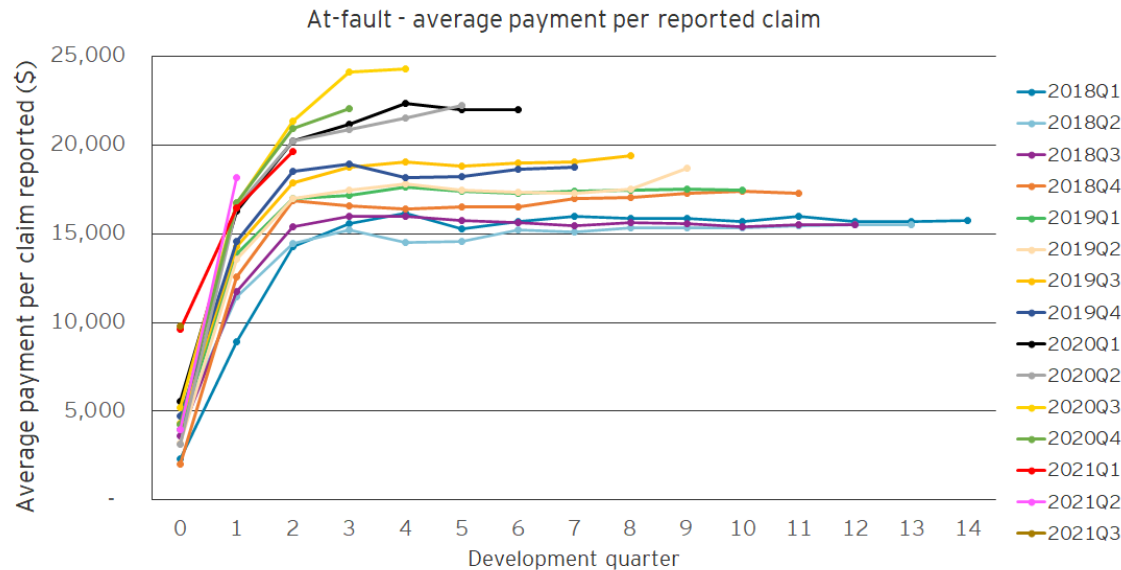
All claims - average cumulative payments per reported claim (current value)



- ▶ This chart shows the profile of average cumulative 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

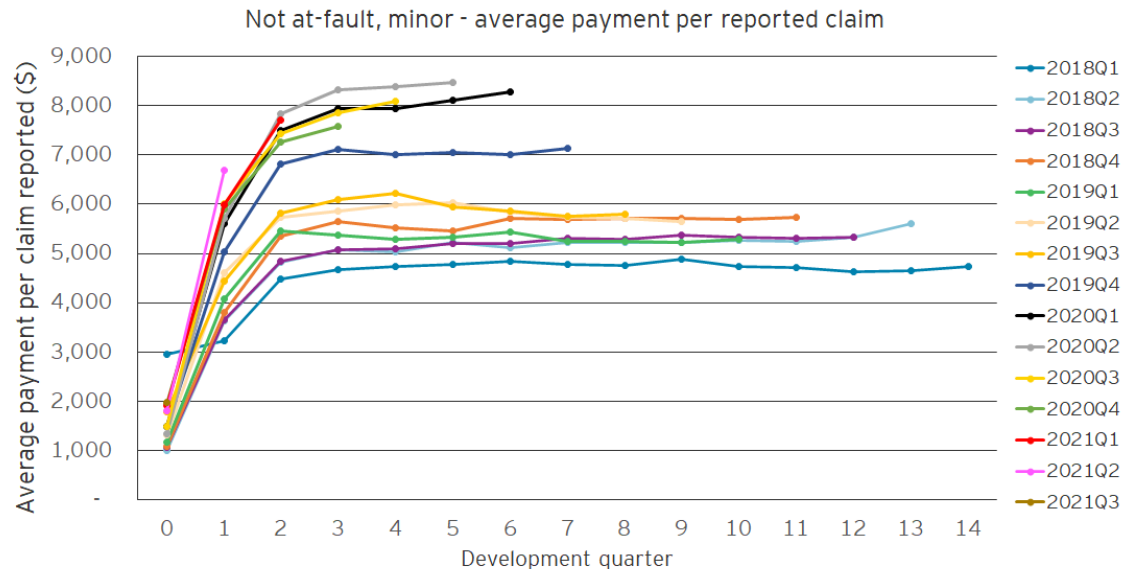
At-fault claims - average cumulative payment per reported claim (current value)



- ▶ 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-\$22,000 for at-fault claims
- ▶ The higher average claim size for 2021Q1 in DQ0 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 onwards for development quarter 1 onwards
- ▶ Payments per claim reported in the accident period 2021Q2 developed higher in comparison to other accident quarters for the first development period; this will continue to be monitored going forward

# SB - average payment per claim reported

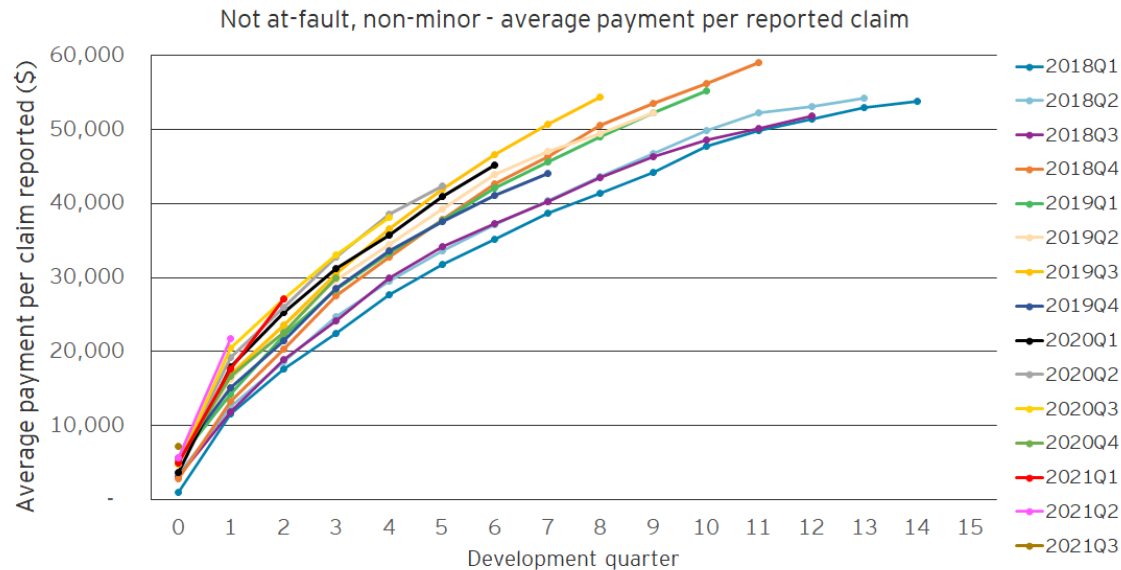
Not at-fault minor claims - average cumulative payment per reported claim (current value)



- ▶ 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 2018Q3.
- ▶ This chart indicates that the average claim size is around \$4,500 - \$7,000 for not at-fault minor claims up until 2019Q4, and the average claim size is around \$7,000 - \$9,000 for claims 2020Q1 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 the those in prior quarters
- ▶ The 2021Q2 accident quarter appears to be developing at a higher rate than other accident quarters; we will continue to monitor this going forward.

# SB - average payment per claim reported

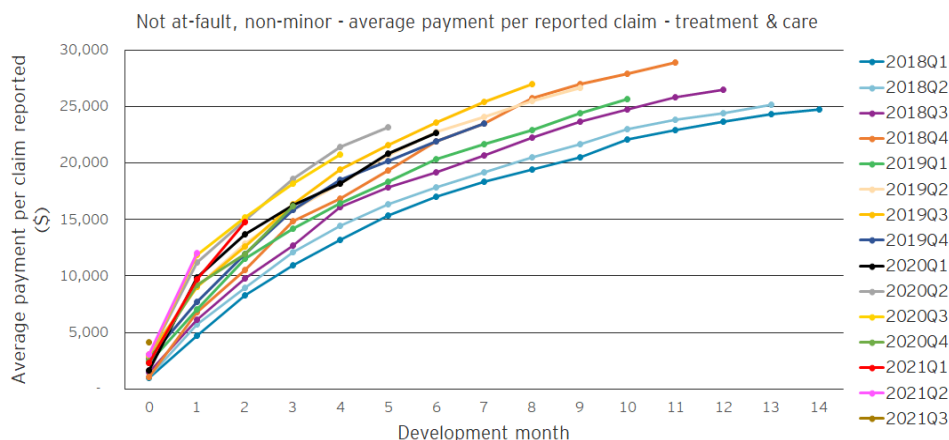
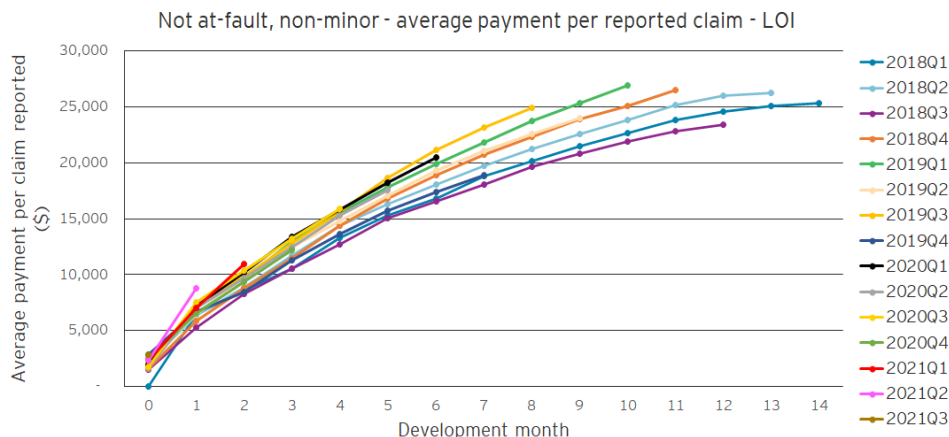
Not at-fault non-minor claims - average cumulative payment per reported claim (current value)



- ▶ 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.

# SB - average payment per claim reported

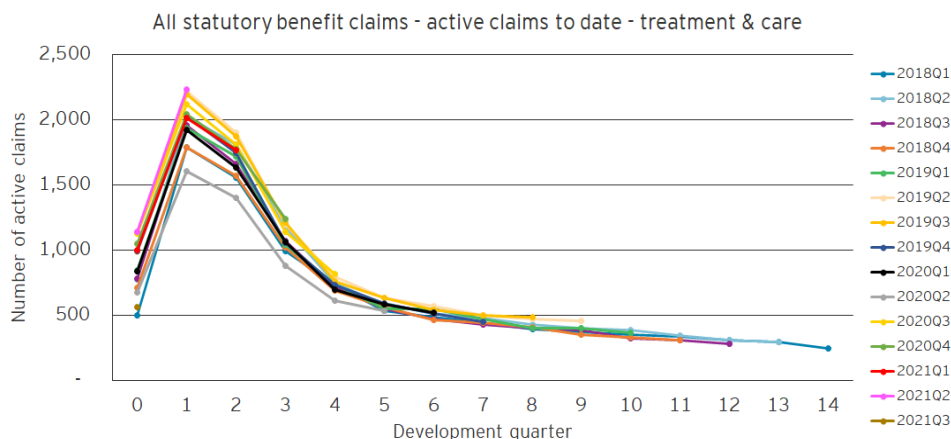
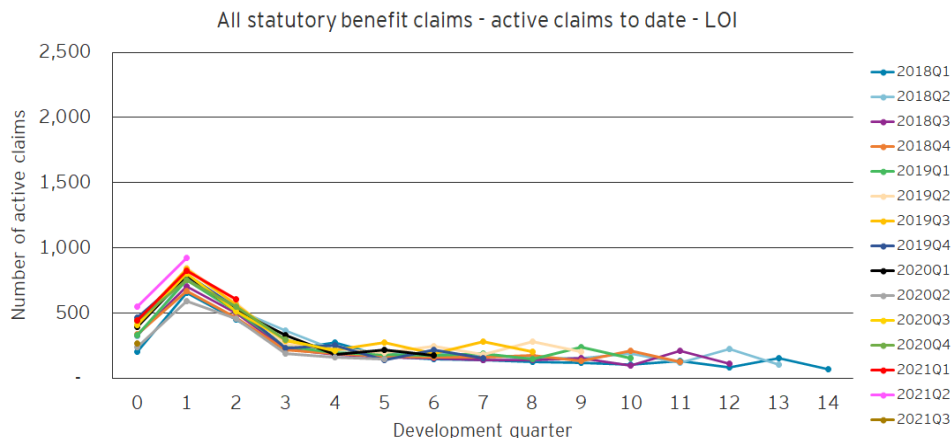
Not at-fault non-minor claims - average cumulative payment per reported claim (current value)



- ▶ 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 \$19k - \$23k 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 LOI payments, The 2021Q2 accident quarter shows a higher average payment per reported claim in the latest development period; we will continue to monitor this going forward.

# SB - number of active claims

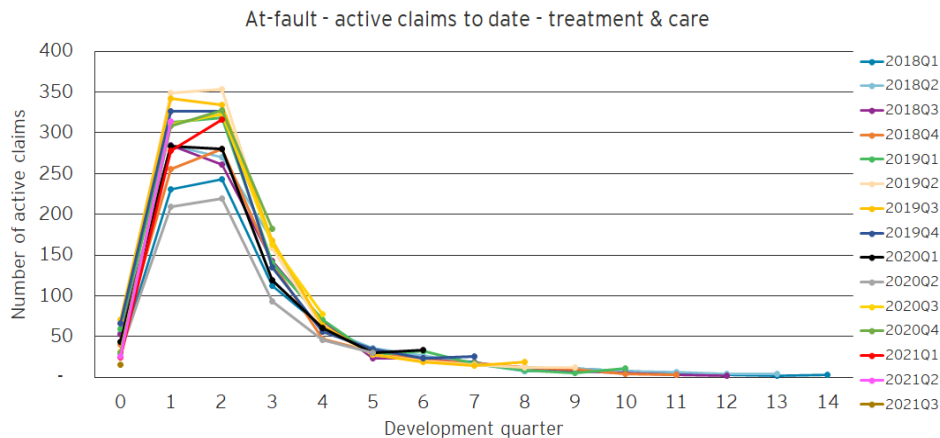
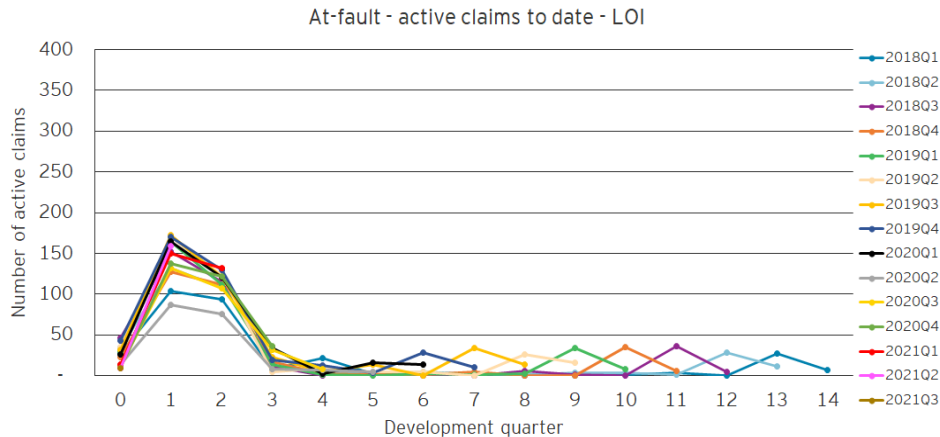
## All statutory benefit claims



- ▶ 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-impacted 2020Q2) 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 the previous quarter 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
- ▶ The 2021Q2 accident quarter continues to sit above all other accident periods; we will continue to monitor this going forward.

# SB - number of active claims

## At-fault claims

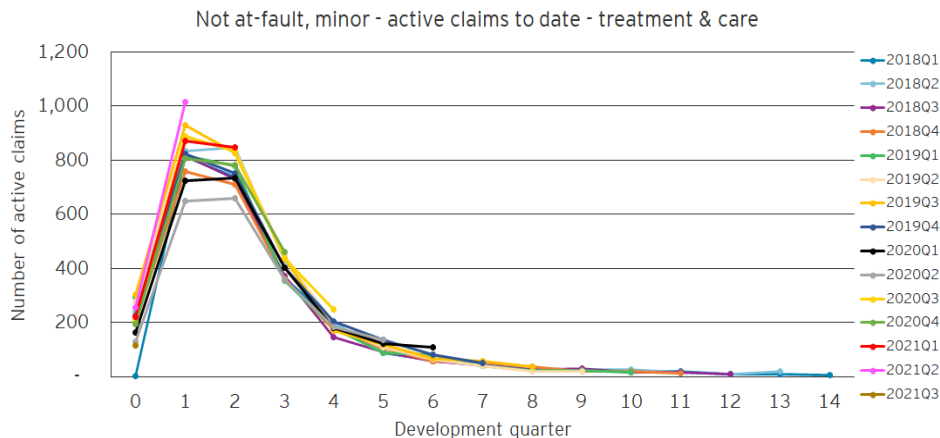
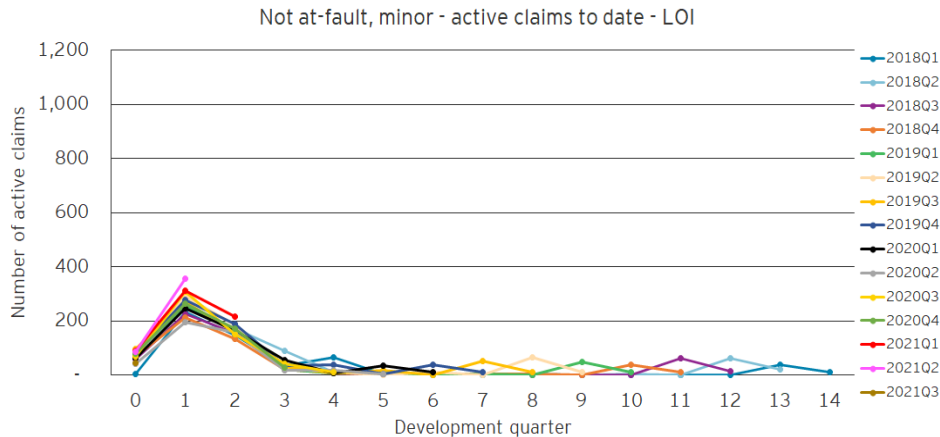


- ▶ These charts illustrate the number of 'active' at-fault claims (i.e. those receiving loss of income (LOI) and/or treatment & care benefits), by development quarter
- ▶ On a development quarter basis, the number of at-fault claims receiving loss of income benefits reduces to almost 0 after 4 quarters; 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 COVID-19 lockdown
- ▶ The uptick in LOI active experience for the second latest quarter across all accident quarters is due to one insurer. This seems to have reduced slightly for the latest quarter, however, there still appears to be some residual impact. For the earliest accident periods, we do not expect any active claims for this claim cohort. We will continue to monitor this going forward.



# SB - number of active claims

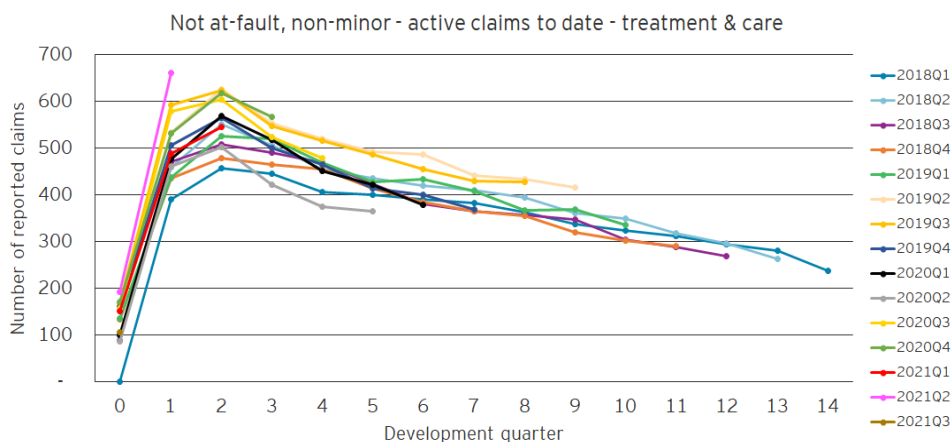
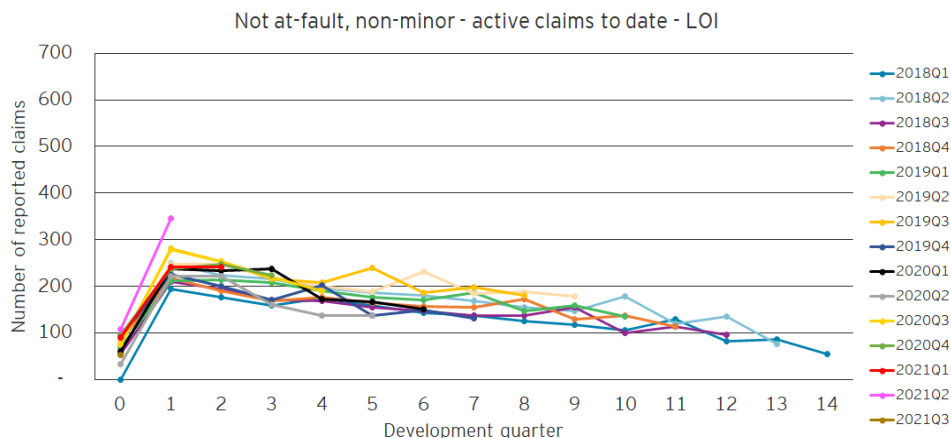
## Not at-fault minor claims



- ▶ 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 the second latest development quarter across all accident quarters is due to one insurer. This seems to have reduced slightly for the latest development quarter, however, there still appears to be some residual impact. For the earliest accident periods, we do not expect any active claims for this claim cohort. We will continue to monitor this going forward

# SB - number of active claims

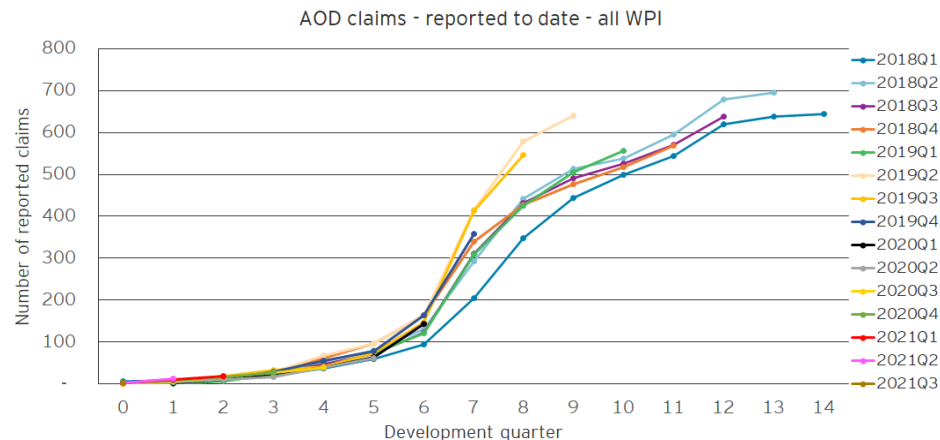
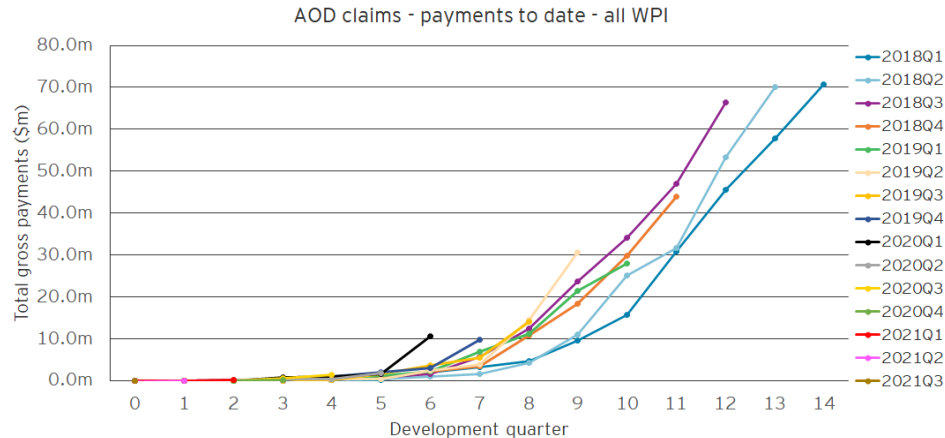
## Not at-fault non-minor claims



- ▶ 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
- ▶ In the 2021Q1 reporting quarter, following the uptick in LOI actives in the Dec20 reporting quarter, drops in LOI active experience were observed across all accident quarters. In the 2021Q2 reporting quarter, there was an uptick in the number of not at-fault non-minor active LOI claims again across all accident quarters.
- ▶ The 2021Q2 accident quarter shows a higher active claim number compared to other accident periods; we will continue to monitor this going forward.

# AOD - claim payments and reported numbers

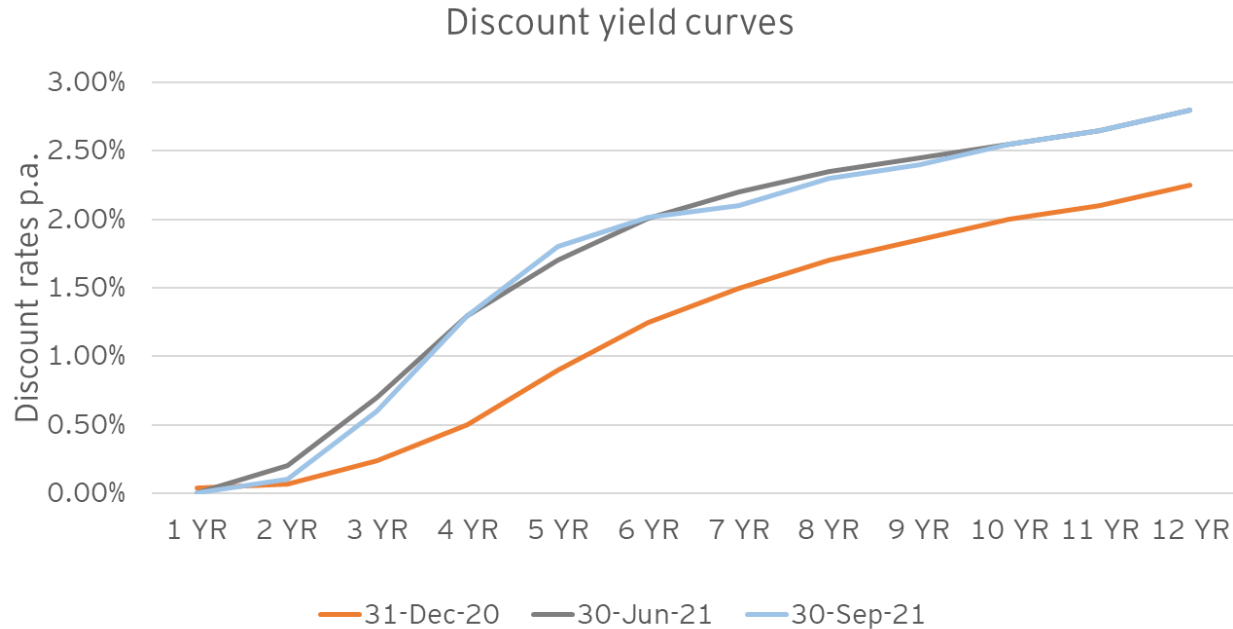
## Award of damages (AOD) claims



- ▶ The charts show the total payment profile and claims reporting 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.

# 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
- ▶ At 30 September 2021, the yield curve was only slightly revised from 30 June 2021, with the long term yield rate remaining the same at 2.8%
- ▶ In comparison to the yield curve at 31 December 2020, the 30 September 2021 yield curve is still sitting higher across all periods
- ▶ Typically, an increase in yield curve will act to decrease the average premium and vice versa.

# Reliance and limitations

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- ▶ This report is a quarterly actuarial monitoring report for the 2017 CTP Scheme using data as at 30 September 2021.
- ▶ 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 September 2021 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

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Term	Definition
<b>Accident Month</b>	Denotes the month in which the vehicle accident, giving rise to the claim, occurred.
<b>Development Month</b>	Denotes the time elapsed since the month in which the accident occurred and the month in which the claim is reported to insurers or SIRA.
<b>Reporting Month</b>	Denotes the month in which the claim is reported to either SIRA (through the online portal) or directly to an Insurer.
<b>Early Notification</b>	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).
<b>Compensation to Relatives</b>	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.
<b>Interstate</b>	A claim arising from when a NSW registered vehicle has an accident in a state which is not NSW.
<b>Statutory Benefit</b>	A schedule of benefits prescribed in the legislation, with limits on some benefits accessed by submitting a statutory benefit claims form.
<b>Statutory Benefit/Award of Damages</b>	A statutory benefit claim which has also submitted a claim for damages. Also known as a 'lump sum' claim.

# Glossary

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Term	Definition
<b>Award of Damages Only</b>	A claim where only a claim for damages is made
<b>Workers Compensation</b>	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.
<b>Care</b>	Covers payments in relation care including domestic care services, personal care services, past care and future care and home and vehicle modifications.
<b>Treatment expenses</b>	Covers payments in relation to GPs, Specialists, Imaging, Psychology, Physiotherapy, Chiropractic, Dental, Occupational Therapy, Exercise Physiologists, Optometry, Osteopathy services, Private Hospital Services etc.
<b>Weekly payments or Loss of Income</b>	Covers payments in relation to loss of income (Interim Payments, Partial Incapacity, Total Incapacity and Centrelink payback).
<b>Payment in current values</b>	Payments in historical values inflated to current valuation date

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