

2017 CTP Scheme

Quarterly Actuarial Monitoring

30 June 2021 data

16 August 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

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

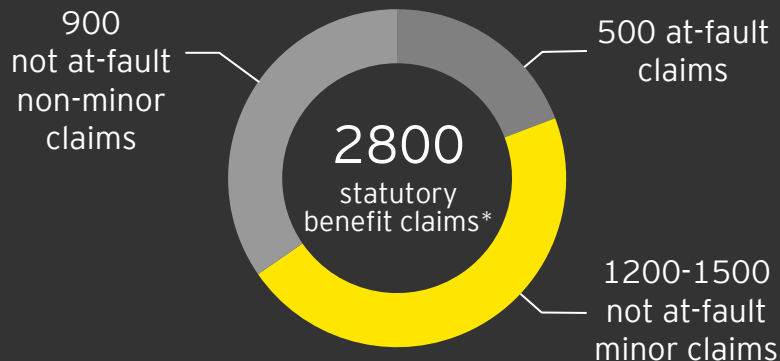
Executive summary (1/3)

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



Ultimate claims for March 2020 and June 2020 quarters are lower as a result of COVID-19 travel restrictions. Ultimate claims for December 2020 quarter and onwards are returning to pre-COVID19 levels

Claims for damages

72%

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

*13 months; 1 Dec 2017-31 Dec 2018

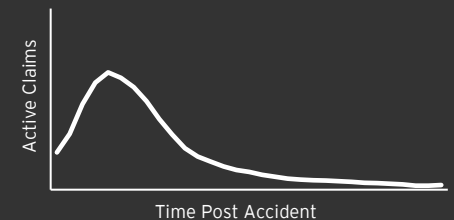
20 month

key legislative milestone has now passed for claims arising from accidents occurring between 1 Dec 2017 - 31 October 2019; 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

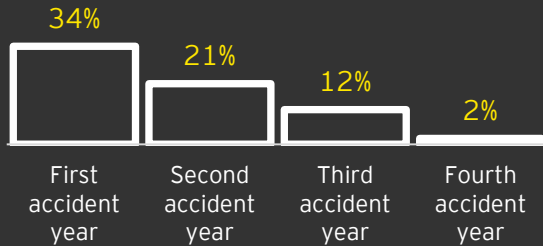
As expected, not at-fault non-minor claims are remaining active for extended periods

Executive summary (2/3)

Key observations on claim payments

Ultimate Claim Payments

Expected* claim payments



- ▶ 34% of the ultimate expected payments for first accident year have been paid. The majority of the remaining 66% 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

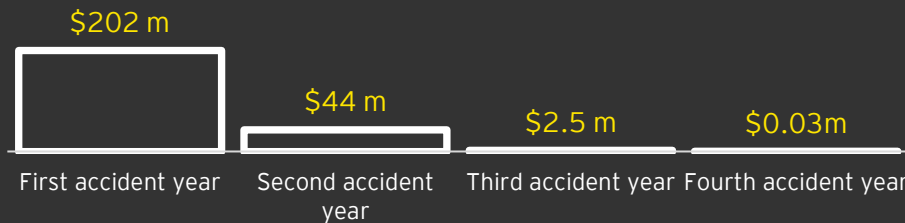
Developing Average Non-Minor Claim Payments



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 and 2021Q2, 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
- ▶ For all claims, around 99% of expected ultimates have been reported for the first accident year
- ▶ For non statutory benefit claims, which includes interstate, workers compensation and death claims, around 88% 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.

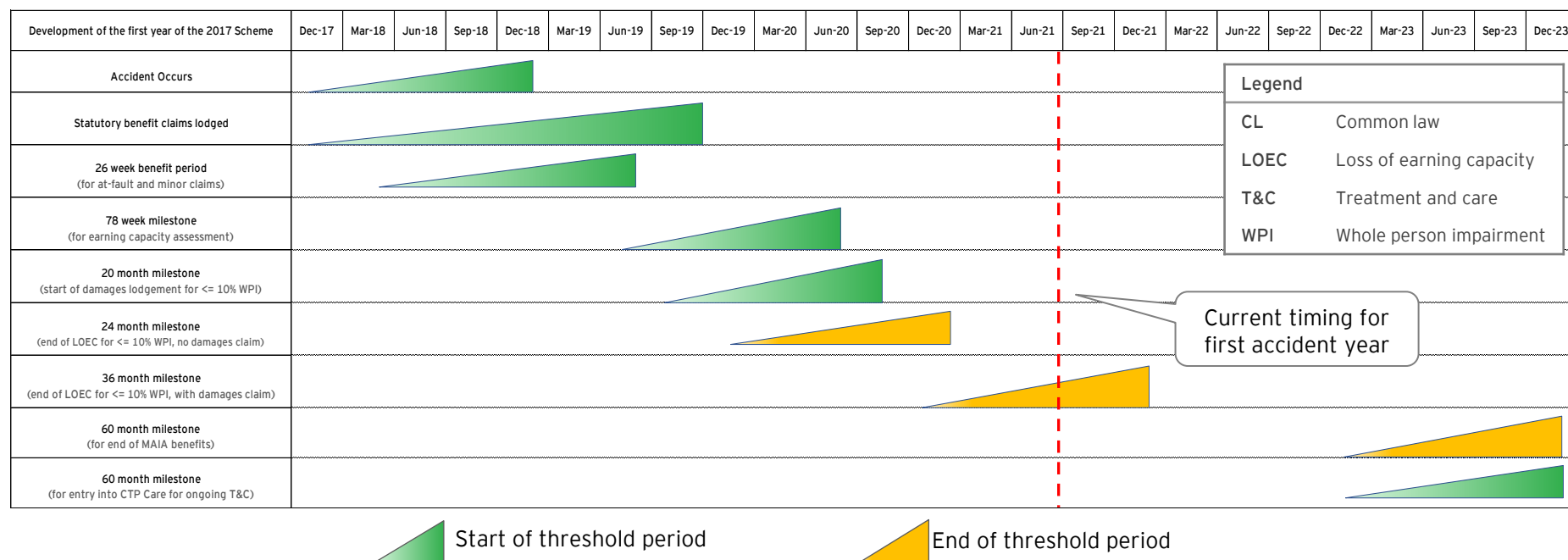
		Not at-fault minor claims	Not at-fault non-minor claims	At-fault claims	Non statutory benefit claims	Early notification claims	All statutory benefit claims	All claims	Claims for damages
1st accident year (13 months)	Reported to date	6,145	3,867	2,115	947	544	12,239	13,730	2,585
	Expected ultimate	6,264	3,867	2,121	1,072	544	12,252	13,867	3,620
2nd accident year	Reported to date	5,533	3,660	2,092	849	488	11,358	12,695	1,662
	Expected ultimate	5,638	3,712	2,115	1,077	486	11,466	13,029	3,471
3rd accident year	Reported to date	4,864	2,943	1,791	558	199	9,777	10,534	148
	Expected ultimate	4,922	3,264	1,865	787	193	10,051	11,031	3,107
4th accident year	Reported to date	1,498	892	373	172	194	4,436	4,802	13
	Expected ultimate	5,617	3,563	2,004	965	414	11,184	12,563	3,339

Scheme development

Key legislative milestones

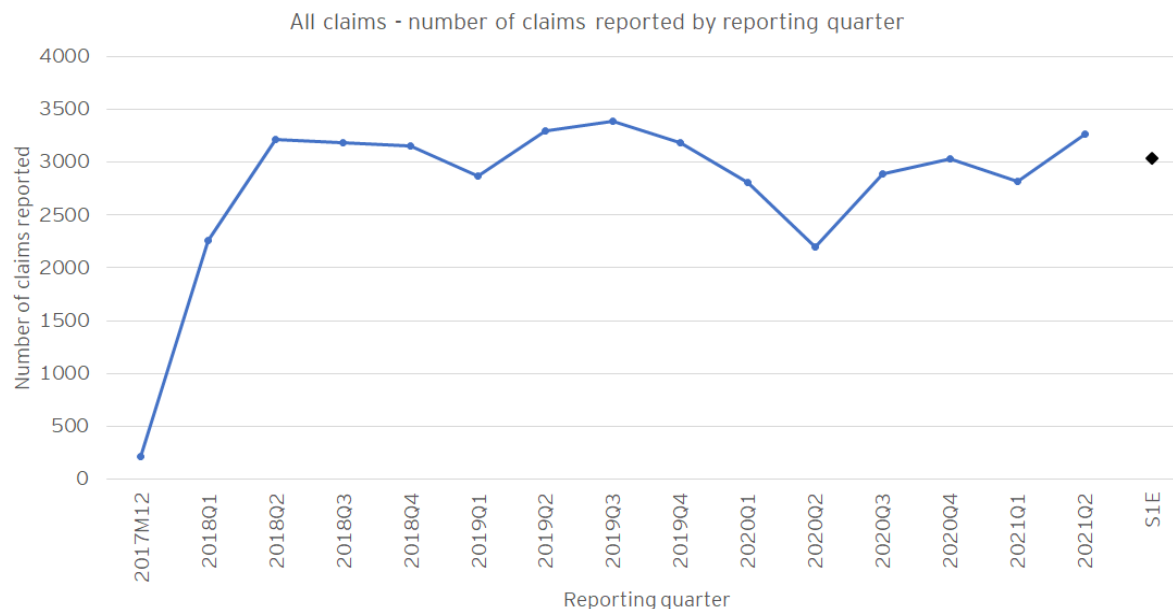
The following chart shows the level of claim experience available for the first accident year of the 2017 Scheme (i.e. accidents occurring between 1 Dec 2017 to 31 Dec 2018) as at 30 Jun 2021. The key points for this accident year are:

- ▶ 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 28% 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

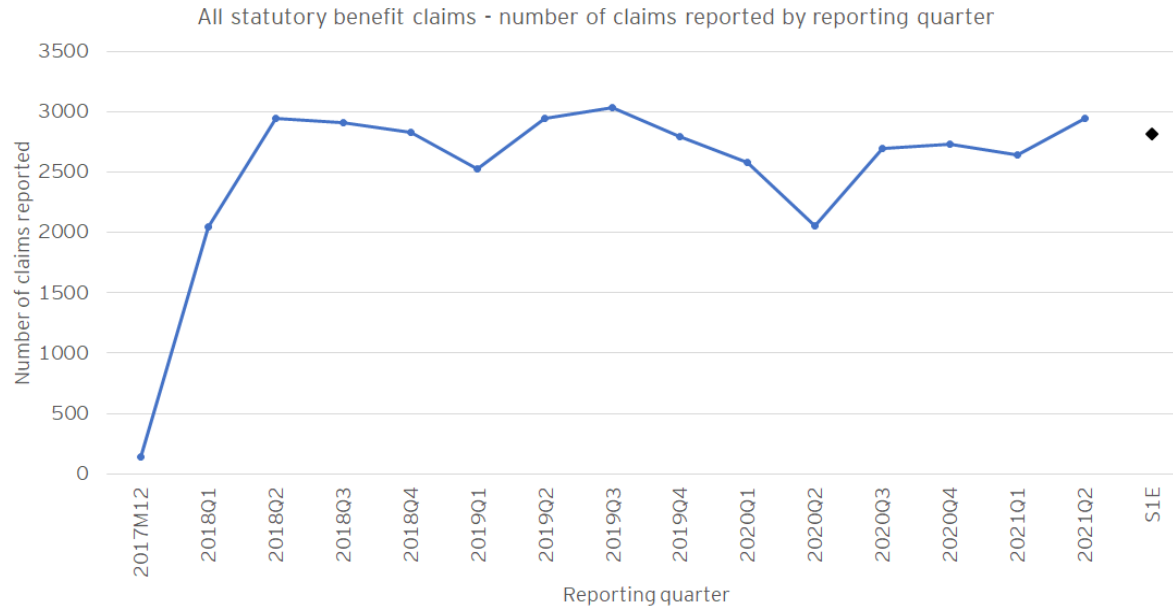
All claims - reporting quarter basis



- ▶ 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 older accident periods reporting, 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 COVID-19 lockdown
- ▶ Reported claim numbers in 2021Q1 and 2021Q2 have returned to pre COVID-19 lockdown levels
- ▶ Excluding 2020Q2 to 2020Q4, on average around 3,200 claims are reported per quarter.

Claim numbers

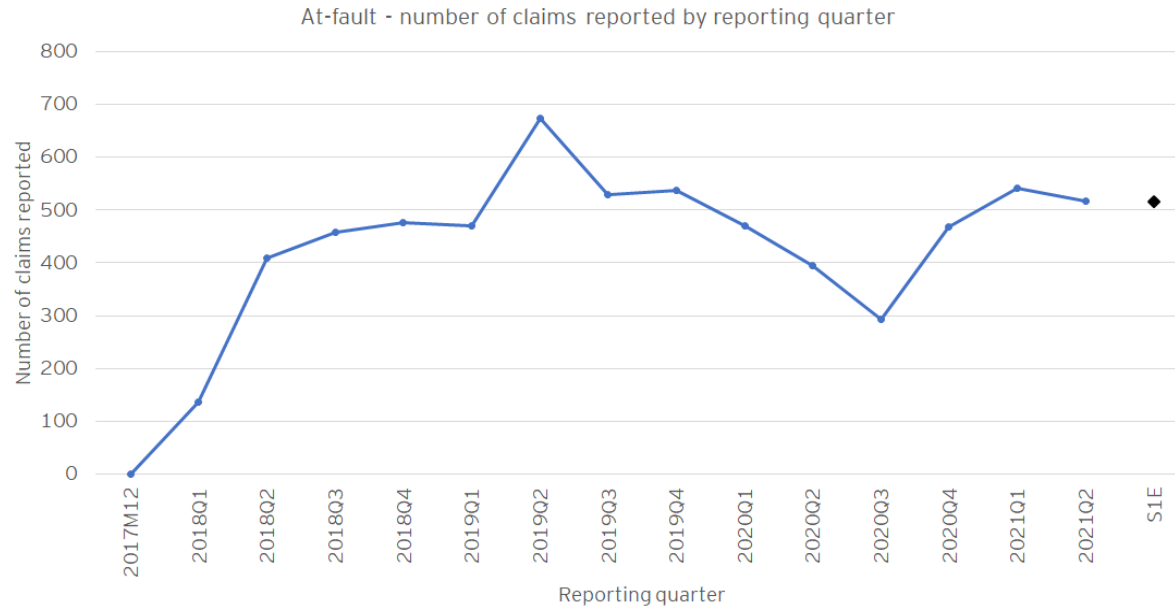
Statutory benefit claims - reporting quarter basis



- ▶ This chart shows the total number of statutory benefit claims reported by reporting quarter
- ▶ The number of statutory benefit claims reported by reporting quarter shows a similar trend to all claims reported in the previous slide, with the reported numbers reaching a more stable level 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 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 COVID-19 lockdown
- ▶ The latest reporting quarters illustrate that claim numbers are returning towards pre COVID-19 lockdown levels
- ▶ On average, around 2,800 statutory benefit claims are reported per quarter, excluding 2020Q2

Claim numbers

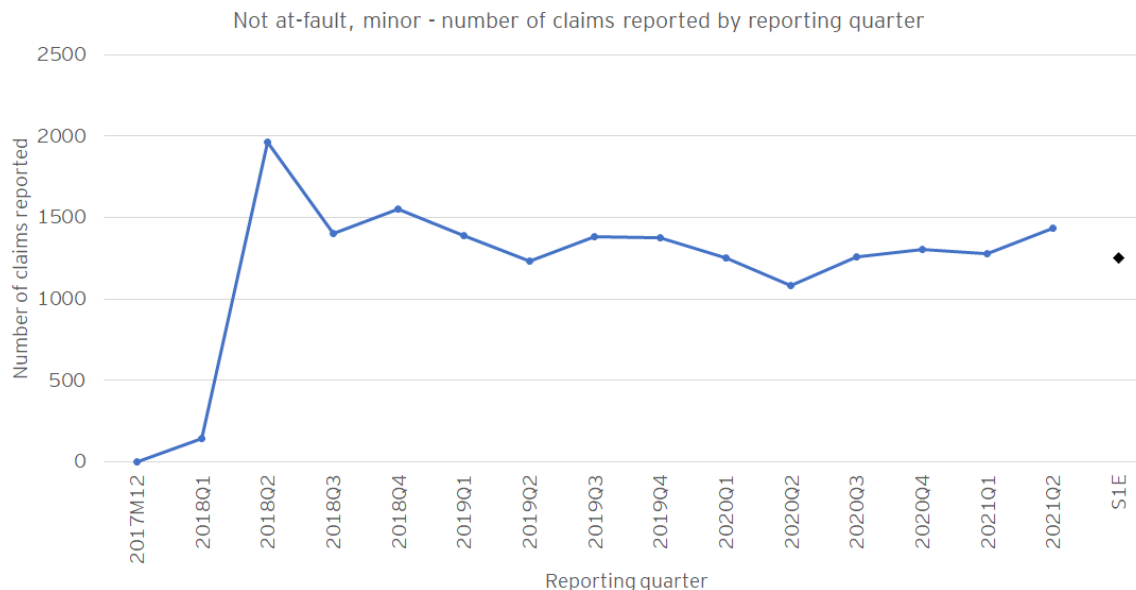
At-fault injury claims - reporting quarter basis



- ▶ 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
- ▶ The noticeable spike in the second quarter of 2019 is due to an insurer revisiting open claims without a fault determination, and completing determinations. The transition between claim categories (fault status and injury severity) are detailed further in later slides
- ▶ 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 both reporting quarters 2021Q1 and 2021Q2
- ▶ After allowing for the one-off increase in the second quarter of 2019, and excluding COVID-19 period, it appears that on average around 500 at-fault claims are currently being reported per quarter.

Claim numbers

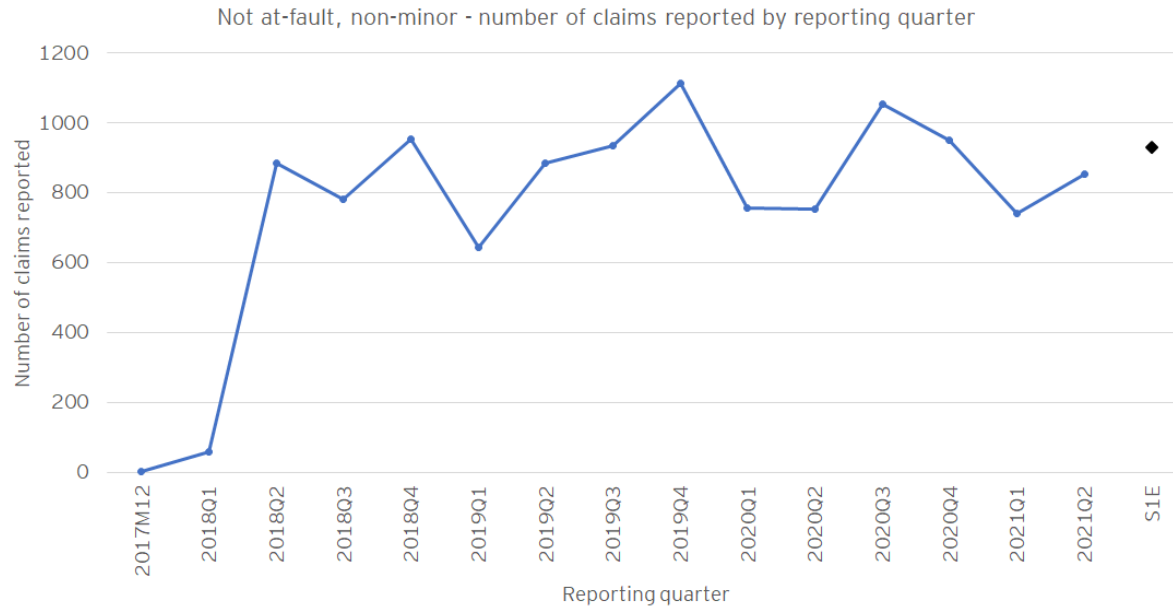
Not at-fault minor injury claims - reporting quarter basis



- ▶ 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 a unknown severity status are assumed to be not at-fault minor, and also included in the chart above, these finalised unknown severity cohort accounts for around 50-100 claims per 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 '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. Additionally, 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

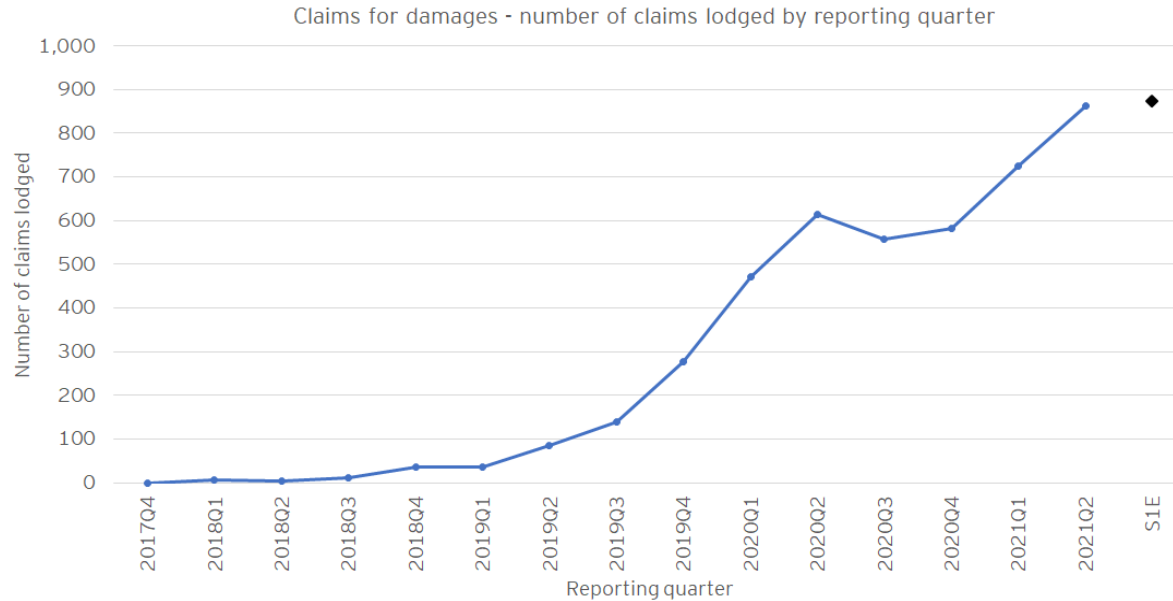
Not at-fault non-minor claims - reporting quarter basis



- ▶ This chart shows the total number of not at-fault non-minor claims reported by reporting quarter. It should be noted 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 is typically 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
- ▶ A reduction is observed for reporting quarter 2021Q1, partly due to an insurer updating their fault status determination, leading to a large volume of not at-fault non-minor claims transitioning to become at-fault claims. Reporting quarter 2021Q2 has reverted back to above 800 claims
- ▶ There is volatility between reporting quarters, 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

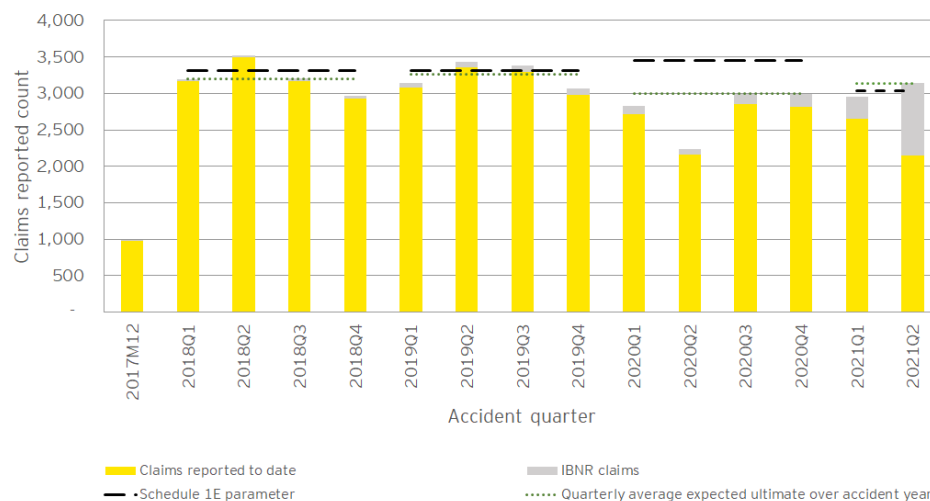


- ▶ This chart shows the total number of claims for damages made by reporting quarter
- ▶ The chart includes non-minor claims with whole person impairment (WPI) less than or equal to 10 percent, WPI greater than 10 percent, as well as claims with an undetermined WPI
- ▶ The number of claims for damages continues to trend up with reporting quarter 2021Q2 sitting at 862 claims
- ▶ The number of claims reported is expected 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 1000 claims are expected to be reported per quarter

Claim numbers

All claims - accident quarter basis

All claims - reported to date

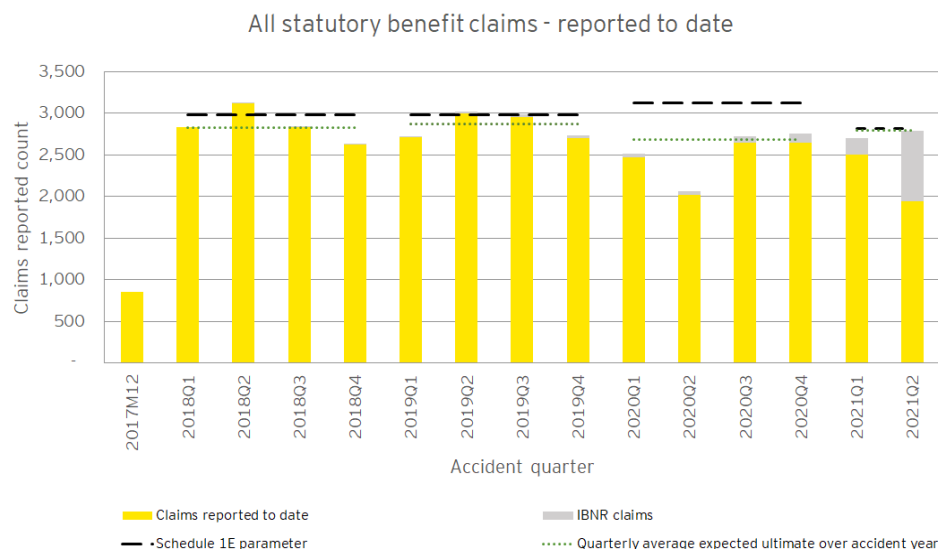


1st accident year (13 months)	Reported to date	13,730
	Expected ultimate	13,867
2nd accident year	Reported to date	12,695
	Expected ultimate	13,029
3rd accident year	Reported to date	10,534
	Expected ultimate	11,031
4th accident year	Reported to date	4,802
	Expected ultimate	12,563

- ▶ 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 and 2021Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years, noting the third accident year was impacted by 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.

Claim numbers

All statutory benefit claims - accident quarter basis



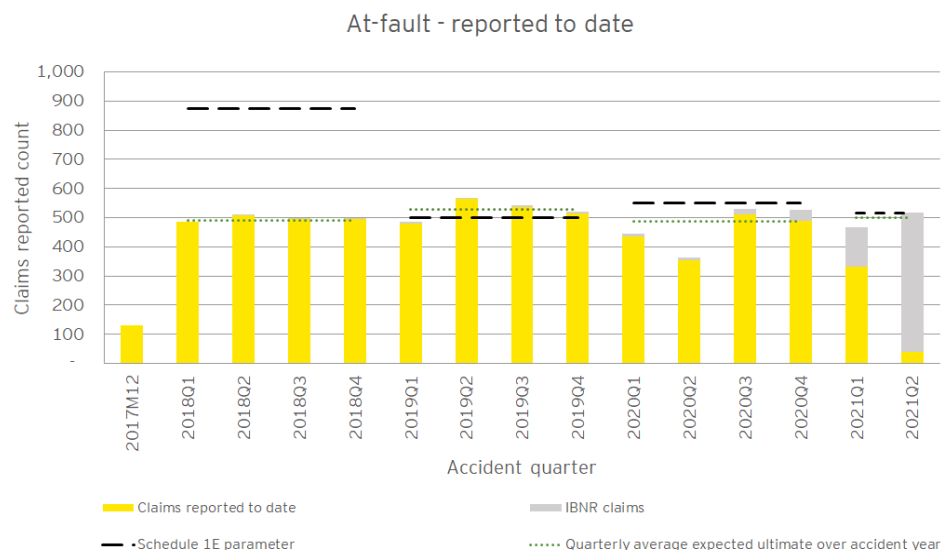
1st accident year (13 months)	Reported to date	12,239
	Expected ultimate	12,252
2nd accident year	Reported to date	11,358
	Expected ultimate	11,466
3rd accident year	Reported to date	9,777
	Expected ultimate	10,051
4th accident year	Reported to date	4,436
	Expected ultimate	11,184

- ▶ 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 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 and 2021Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years, noting the third accident year was impacted by 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

*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

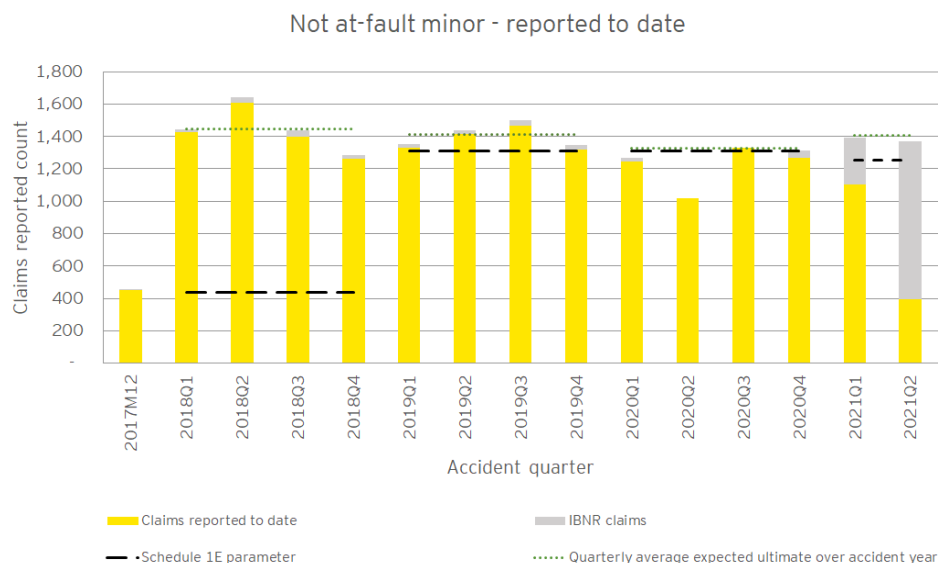


1st accident year (13 months)	Reported to date	2,115
	Expected ultimate	2,121
2nd accident year	Reported to date	2,092
	Expected ultimate	2,115
3rd accident year	Reported to date	1,791
	Expected ultimate	1,865
4th accident year	Reported to date	373
	Expected ultimate	2,004

- ▶ 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 and 2021Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years, noting the third accident year was impacted by 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.

Claim numbers

Not at-fault minor claims - accident quarter basis



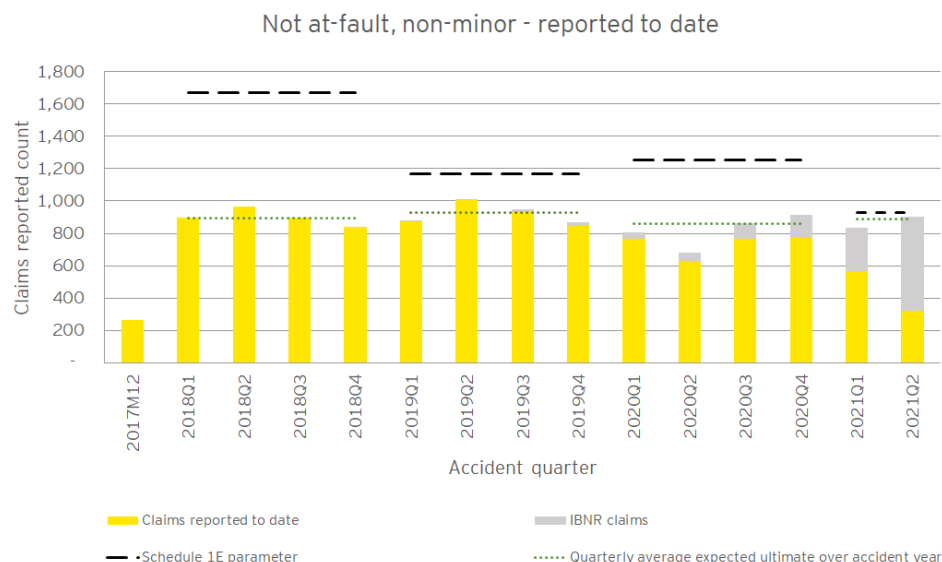
1st accident year (13 months)	Reported to date	6,145
	Expected ultimate	6,264
2nd accident year	Reported to date	5,533
	Expected ultimate	5,638
3rd accident year	Reported to date	4,864
	Expected ultimate	4,922
4th accident year	Reported to date	1,498
	Expected ultimate	5,617

- ▶ 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.

*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

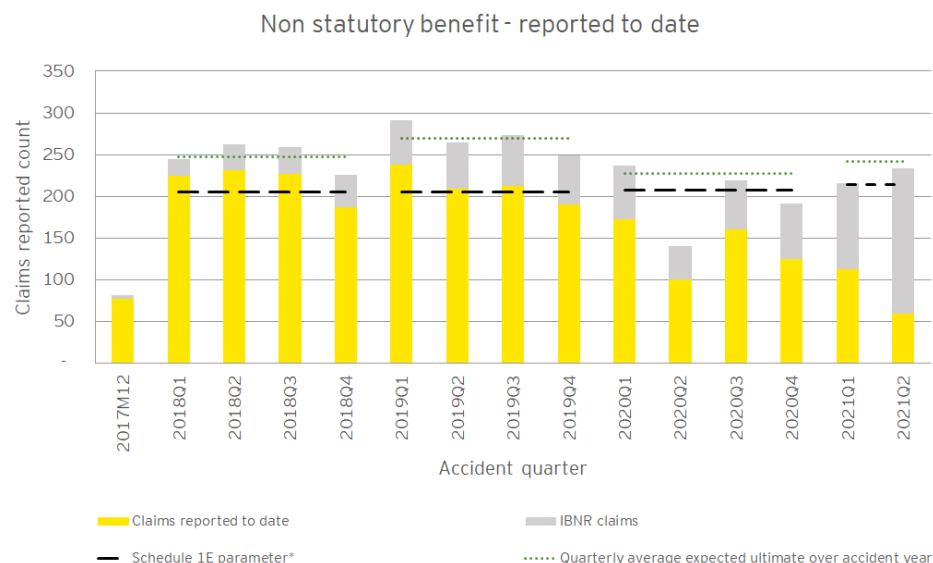


1st accident year (13 months)	Reported to date	3,867
	Expected ultimate	3,867
2nd accident year	Reported to date	3,660
	Expected ultimate	3,712
3rd accident year	Reported to date	2,943
	Expected ultimate	3,264
4th accident year	Reported to date	892
	Expected ultimate	3,563

- ▶ 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.

Claim numbers

Non statutory benefit claims - accident quarter basis

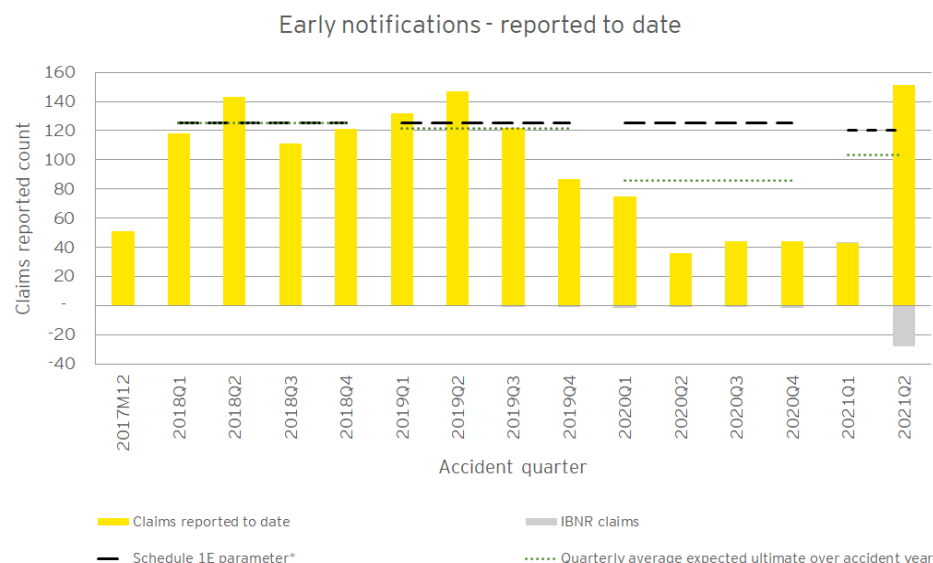


1st accident year (13 months)	Reported to date	947
	Expected ultimate	1,072
2nd accident year	Reported to date	849
	Expected ultimate	1,077
3rd accident year	Reported to date	558
	Expected ultimate	787
4th accident year	Reported to date	172
	Expected ultimate	965

- ▶ 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 and 2021Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years, noting the third accident year was impacted by 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

Claim numbers

Early notification claims - accident quarter basis

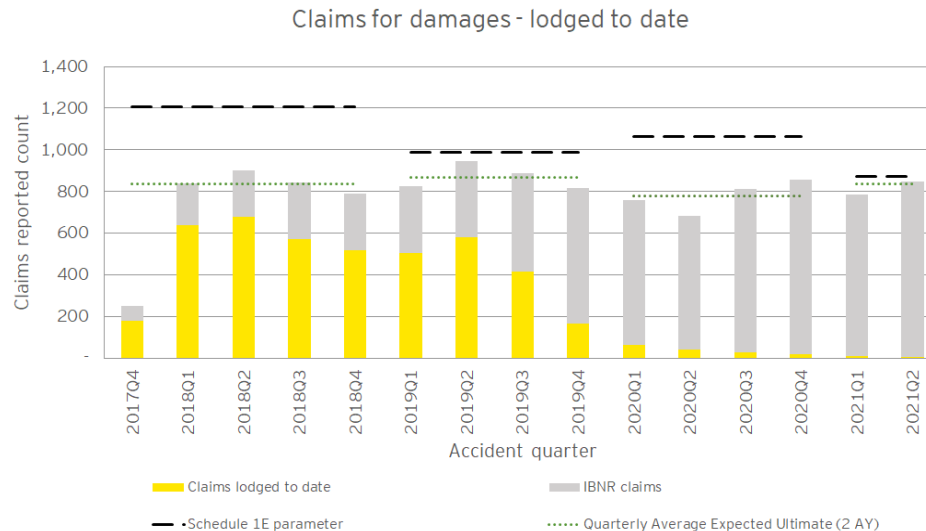


1st accident year (13 months)	Reported to date	544
	Expected ultimate	544
2nd accident year	Reported to date	488
	Expected ultimate	486
3rd accident year	Reported to date	199
	Expected ultimate	193
4th accident year	Reported to date	194
	Expected ultimate	414

- ▶ 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 2021Q2, and an average of prior quarter ultimate claim numbers across the first and second accident years, noting the third accident year was impacted by 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.
- ▶ The number of early notifications for accident quarter 2021Q2 appears unusual compared to accident quarters 2020Q2-2021Q1; this is currently being investigated
- ▶ 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

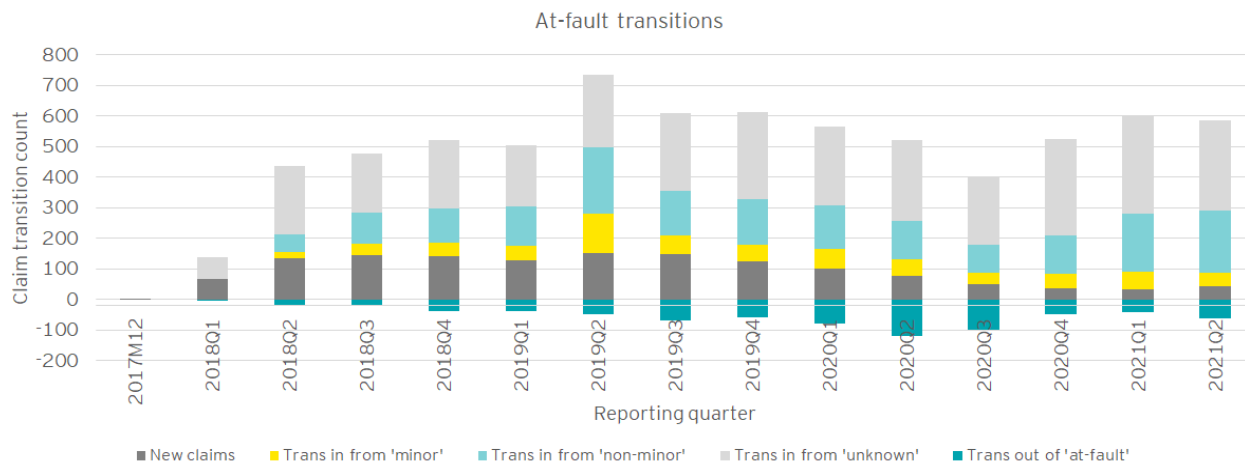


1st accident year (13 months)	Reported to date	2,585
	Expected ultimate	3,620
2nd accident year	Reported to date	1,662
	Expected ultimate	3,471
3rd accident year	Reported to date	148
	Expected ultimate	3,107
4th accident year	Reported to date	13
	Expected ultimate	3,339

- ▶ 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, 72% of expected claims for damages have been lodged. Only claims which occurred prior to 31 October 2019 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 800-1000 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, 28% of expected ultimate claims are yet to be reported

Claim numbers

At-fault claims - transitions by reporting quarter

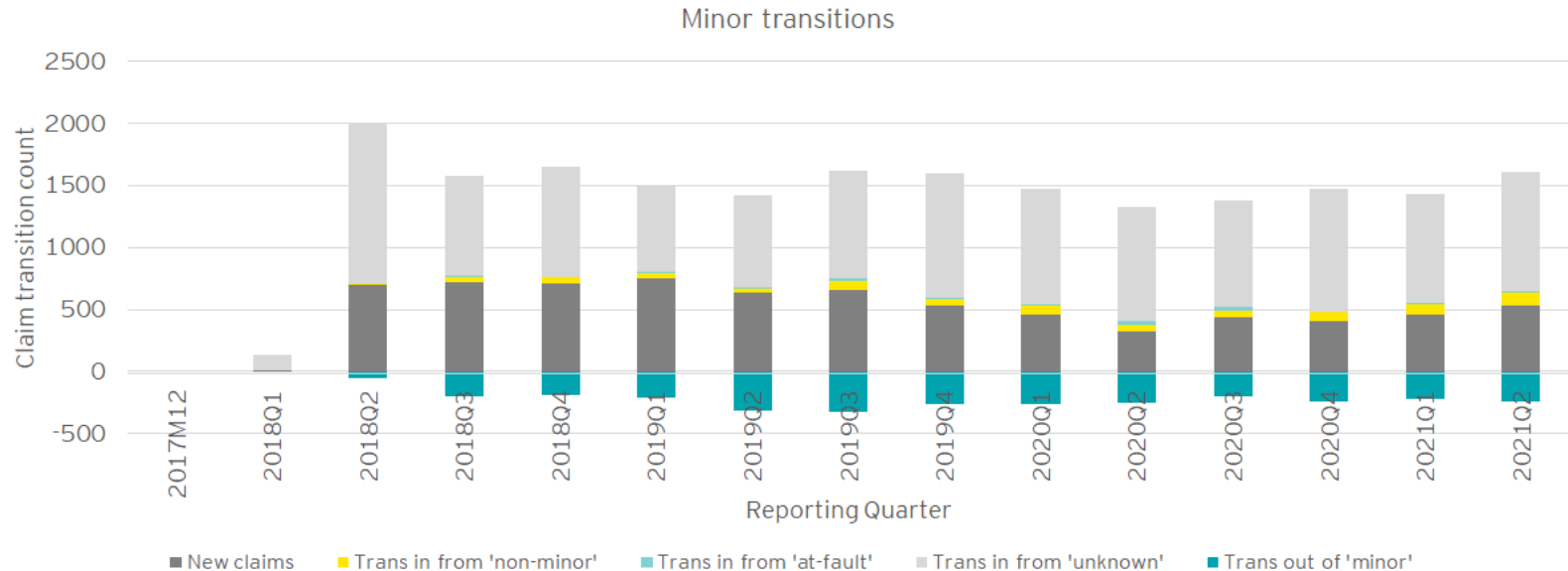


- ▶ The chart to the left shows the number of claims that transition in and out of the at-fault claims model by reporting quarter
- ▶ Either claims are newly reported ('New claims'), transition in from an alternative claim type ('Trans in') or transition out to an alternative claim type ('Trans out')

- ▶ 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 2021Q2 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 COVID-19 lockdown
- ▶ This observed reduction of new claims is offset by higher transition in from the not at-fault models in 2020Q4 to 2021Q2, especially transition from not at-fault, non-minor model, noting 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

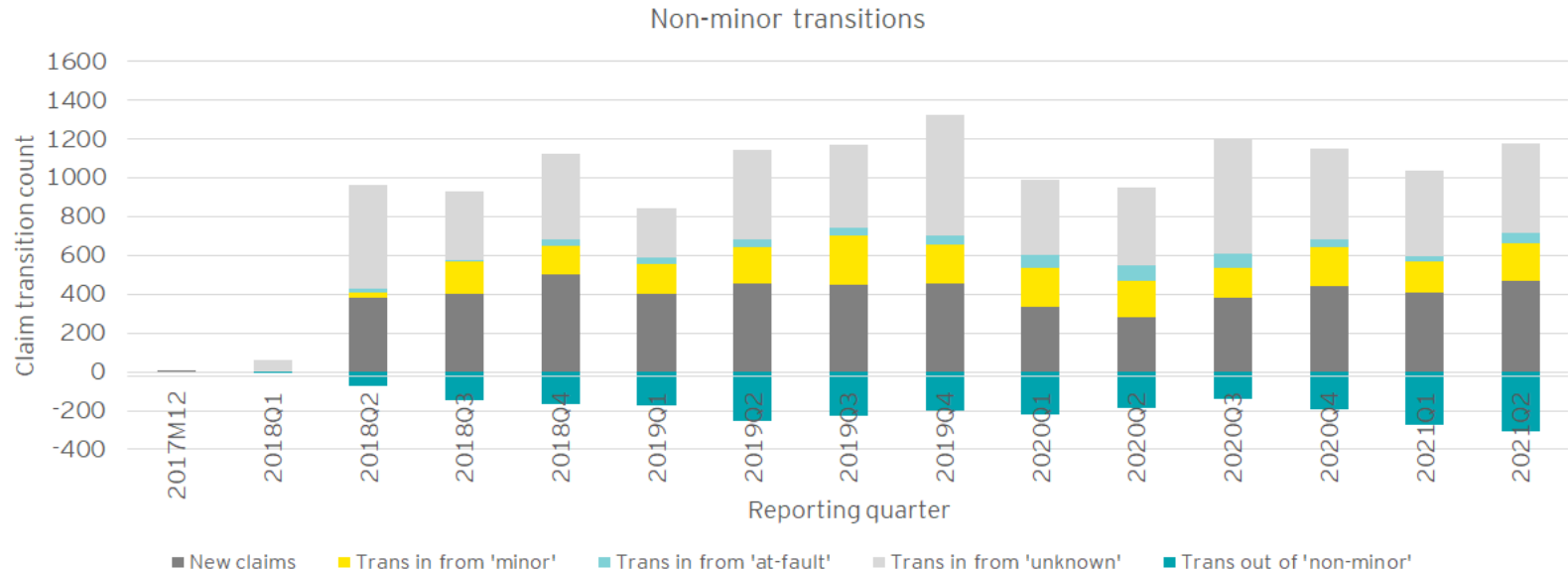
Not at-fault minor injury claims - transitions by reporting quarter



- ▶ 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.
- ▶ 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

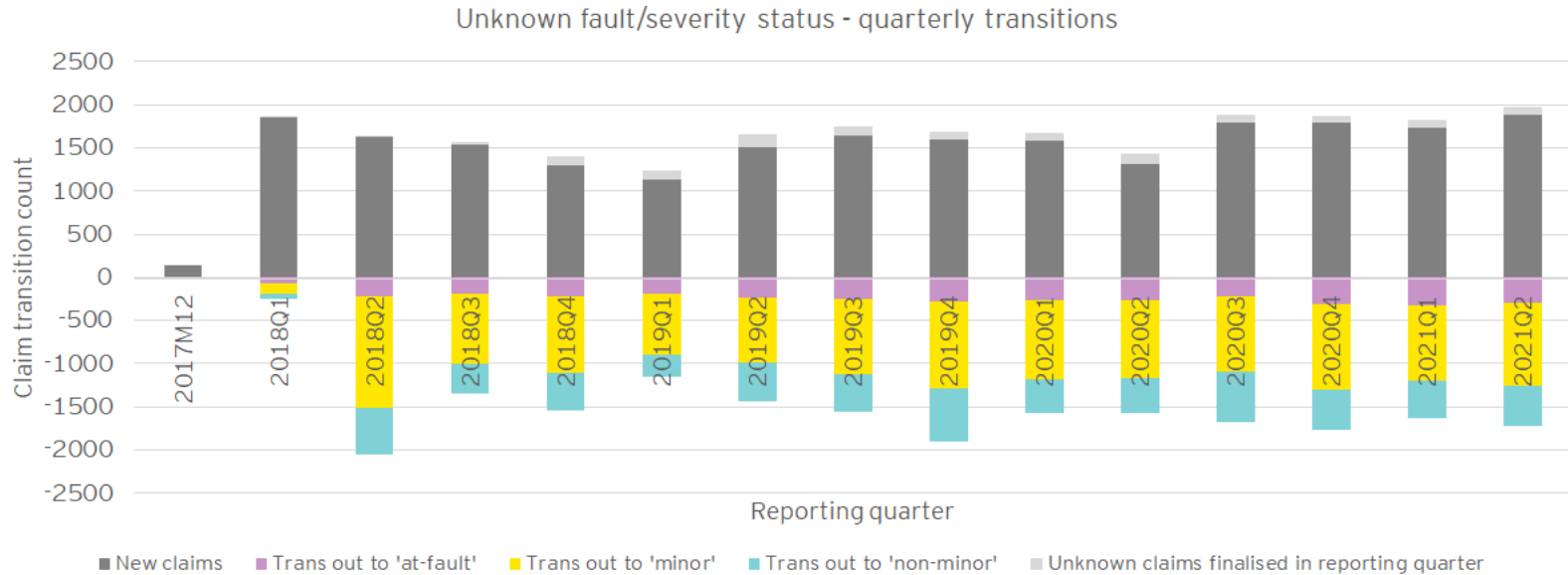
Not at-fault non-minor claims - transitions by reporting quarter



- ▶ 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 is around 180 claims per quarter transitioning into 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.

Actual versus expected claims experience

Statutory benefit claims reported - December to June experience

			December 2020 - June 2021			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	686	495	191	39%
Not At-Fault	Minor	Stat Ben	1,084	1,081	3	0%
	Non-minor	Stat Ben	701	925	-224	-24%
	Unknown	Stat Ben	-1,323	-1,374	51	-4%
Total			1,148	1,126	22	2%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		111	72	39	55%
2019Q4		18	17	1	6%
2020Q1		21	21	0	2%
2020Q2		31	27	4	16%
2020Q3		80	85	-5	-6%
2020Q4		887	905	-18	-2%
Total		1,148	1,126	22	2%

- ▶ 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 six months leading up to 30 June 2021, reported claims have been higher than expected by around 2%, or 22 claims
- ▶ The higher than expected claims numbers are primarily driven by a higher than expected number of at-fault statutory benefit claims, partially offset by the 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 noted on slide 22.
- ▶ On an accident quarter basis, there is higher than expected claims reported in the accident quarters 2020Q2 and prior, partially offset by lower than expected claims reported in 2020Q3 and 2020Q4
- ▶ 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 June experience

			December 2020 - June 2021			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	\$19.3m	\$9.9m	\$9.5m	96%
Not At-Fault	Minor	Stat Ben	\$11.8m	\$9.4m	\$2.4m	25%
	Non-minor	Stat Ben	\$87.2m	\$122.9m	-\$35.6m	-29%
	Unknown	Stat Ben	-\$4.5m	\$1.8m	-\$6.4m	-346%
Total			\$113.8m	\$143.9m	-\$30.1m	-21%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		\$37.7m	\$56.4m	-\$18.7m	-33%
2019Q4		\$7.1m	\$9.3m	-\$2.2m	-24%
2020Q1		\$8.5m	\$11.6m	-\$3.1m	-27%
2020Q2		\$9.4m	\$11.7m	-\$2.3m	-20%
2020Q3		\$19.9m	\$21.4m	-\$1.6m	-7%
2020Q4		\$31.1m	\$33.4m	-\$2.2m	-7%
Total		\$113.8m	\$143.9m	-\$30.1m	-21%

- ▶ Statutory benefit payments over the last six months to 30 June 2021 have been \$30.1m (or 21%) lower than expected
- ▶ From the lower non-minor claims than expected, there are a lower amount of payments for not at-fault non-minor 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 June experience

			December 2020 - June 2021			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	693	238	455	191%
Not At-Fault	Minor	Stat Ben	1,140	885	255	29%
	Non-minor	Stat Ben	3,863	3,939	-76	-2%
	Unknown	Stat Ben	136	264	-128	-49%
Total			5,832	5,327	505	9%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		2,604	1,884	720	38%
2019Q4		358	314	44	14%
2020Q1		401	397	4	1%
2020Q2		350	449	-99	-22%
2020Q3		811	852	-41	-5%
2020Q4		1,308	1,432	-124	-9%
Total		5,832	5,327	505	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 six months leading up to 30 June 2021, there were 5,832 active claims which received loss of income payments. This was 505 (or 9%) more claims than expected
- ▶ This is primarily driven by the increase in at-fault claims receiving loss of income payments, which was 455 (or 191%) more claims than expected
- ▶ The higher than expected number of at-fault active claims may be attributed to the potential data clean-up of one insurer 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 June experience

			December 2020 - June 2021			
Fault Status	Severity	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
At-Fault	All	Stat Ben	1,521	1,049	472	45%
Not At-Fault	Minor	Stat Ben	4,271	3,859	412	11%
	Non-minor	Stat Ben	9,778	10,513	-735	-7%
	Unknown	Stat Ben	546	862	-316	-37%
Total			16,116	16,283	-167	-1%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		5,497	5,687	-190	-3%
2019Q4		1,098	1,129	-31	-3%
2020Q1		1,273	1,363	-90	-7%
2020Q2		1,487	1,628	-141	-9%
2020Q3		2,947	3,056	-109	-4%
2020Q4		3,814	3,419	395	12%
Total		16,116	16,283	-167	-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 in this slide
- ▶ In the six months leading up to 30 June 2021, there were 16,116 active claims which received treatment & care payments, which was 167 (or 1%) fewer claims than expected
- ▶ Around 735 (or 7%) 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 June experience

		December 2020 - June 2021			
Head of damage	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Interstate	Non Stat Ben	43	116	-73	-63%
Death	Non Stat Ben	37	43	-6	-14%
Workers Compensation	Non Stat Ben	102	57	45	80%
Early notification	Non Stat Ben	-44	5	-49	-907%
Total		138	221	-83	-38%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		3	110	-107	-97%
2019Q4		14	9	5	57%
2020Q1		16	13	3	21%
2020Q2		16	17	-1	-7%
2020Q3		30	20	10	48%
2020Q4		59	52	7	13%
Total		138	221	-83	-38%

- ▶ Non-statutory benefit claims includes interstate, death, worker's compensation and early notification.
- ▶ In the six months leading up to 30 June 2021, reported non-statutory benefit claims have been lower than expected by around 38%, or 83 claims
- ▶ The lower than expected claims numbers are primarily driven by the fewer than expected early notification claims and interstate claims, partially offset by the increase in workers compensation claims
- ▶ The lower than expected number of interstate claims is likely the result of continuing border closures due to COVID-19
- ▶ 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 June experience

		December 2020 - June 2021			
Head of damage	Claim Type	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Interstate	Non Stat Ben	\$11.3m	\$18.7m	-\$7.4m	-40%
Death	Non Stat Ben	\$4.5m	\$2.4m	\$2.1m	86%
Workers Compensation	Non Stat Ben	\$4.9m	\$1.2m	\$3.7m	305%
Early notification	Non Stat Ben	\$1.7k	\$22.4k	-\$20.7k	-93%
Total		\$20.8m	\$22.4m	-\$1.6m	-7%

- ▶ Non-statutory benefit payments over the last six months to 30 June have been \$1.6m (or 7%) lower than expected
- ▶ This is primarily driven by a lower amount of payments for interstate claims, offset by workers compensation and death claims
- ▶ On an accident quarter basis, there is lower than expected claims payments across most accident periods

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2019Q3 and Earlier		\$17.3m	\$18.3m	-\$1.0m	-5%
2019Q4		\$1.1m	\$1.5m	-\$0.4m	-27%
2020Q1		\$0.8m	\$0.3m	\$0.5m	164%
2020Q2		\$0.5m	\$0.6m	-\$0.1m	-13%
2020Q3		\$0.3m	\$0.9m	-\$0.6m	-64%
2020Q4		\$0.7m	\$0.8m	-\$0.1m	-10%
Total		\$20.8m	\$22.4m	-\$1.6m	-7%

Actual versus expected claims experience

Claims reported for damages - December to June experience

			December 2020 - June 2021			
Fault Status	Severity	WPI	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Not At-Fault	Non-minor	> 10%	344	382	-38	-10%
		≤ 10%	533	487	46	9%
		Unknown	434	650	-216	-33%
Other			264	0	264	-
Total			1,575	1,519	56	4%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2018Q4 and prior		413	568	-155	-27%
2019Q1		197	124	73	59%
2019Q2		414	222	192	86%
2019Q3		340	284	56	20%
2019Q4		108	196	-88	-45%
2020Q1 - 2020Q4		103	125	-22	-18%
Total		1,575	1,519	56	4%

- ▶ In the six months leading up to 30 June 2021, reported claims for damages have been higher than expected by around 4%, or 56 claims
- ▶ The higher than expected claims numbers are primarily driven by a higher than expected number of not at-fault non-minor claims for damages with WPI less or equal to 10% and 'Other' claims
- ▶ 'Other' claims include claims that are at-fault, mostly-at-fault or minor claims which may not be eligible for damages claims. Hence, these have not been modelled explicitly in the models i.e. 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 higher than expected claims reported in most 2019 accident quarters, offset by lower than expected claims for 2018Q4 and prior, as well as more recent accident periods in 2020
- ▶ Note 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 June experience

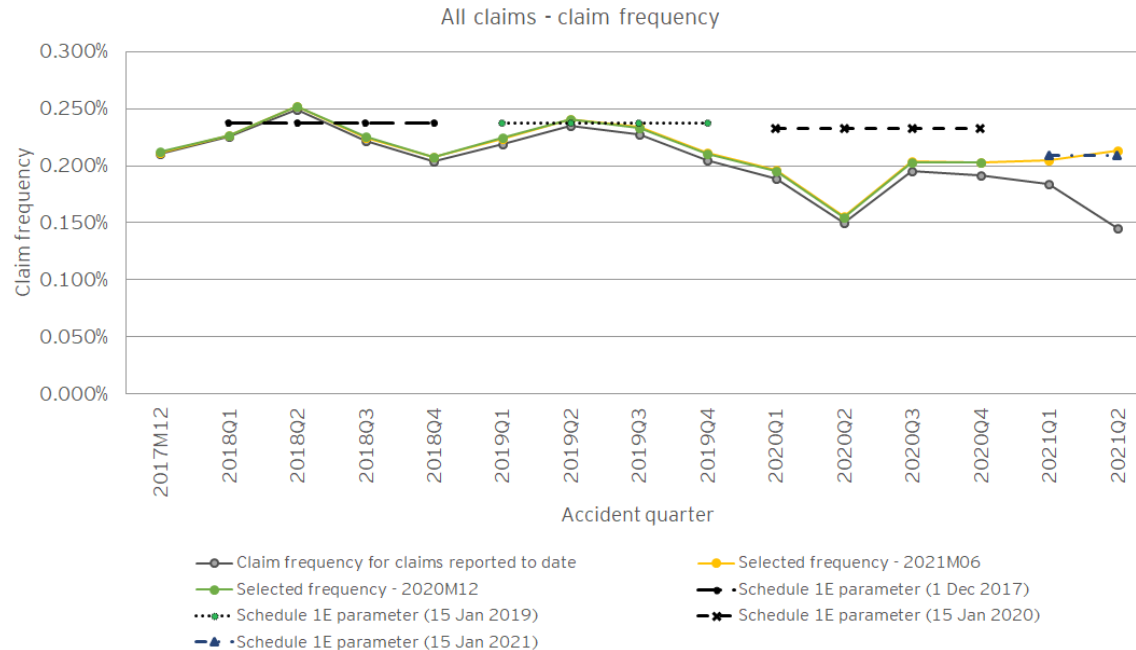
			December 2020 - June 2021			
Fault Status	Severity	WPI	Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
Not At-Fault	Non-Minor	> 10%	\$111.4m	\$42.1m	\$69.3m	165%
		≤ 10%	\$16.8m	\$28.2m	-\$11.4m	-40%
		Unknown	\$4.9m	\$0.0m	\$4.9m	-
Other			\$3.2m	\$0.0m	\$3.2m	-
Total			\$136.3m	\$70.2m	\$66.1m	94%

		December 2020 - June 2021			
Accident Quarter		Actual	Expected	Actual - Expected (#)	Actual - Expected (%)
2018Q4 and prior		\$102.4m	\$63.8m	\$38.6m	60%
2019Q1		\$14.3m	\$2.7m	\$11.6m	432%
2019Q2		\$11.9m	\$1.2m	\$10.8m	926%
2019Q3		\$3.9m	\$0.7m	\$3.1m	435%
2019Q4		\$2.2m	\$0.8m	\$1.3m	158%
2020Q1 - 2020Q4		\$1.7m	\$1.0m	\$0.7m	67%
Total		\$136.3m	\$70.2m	\$66.1m	94%

- ▶ Claim payments for damages over the last six months to 30 June have been \$66.1m (or 94%) 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, 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 have not been modelled explicitly in the models
- ▶ On an accident quarter basis, the experience is consistent across most accident periods, with the exception of accident quarter 2017Q4

Claim frequency

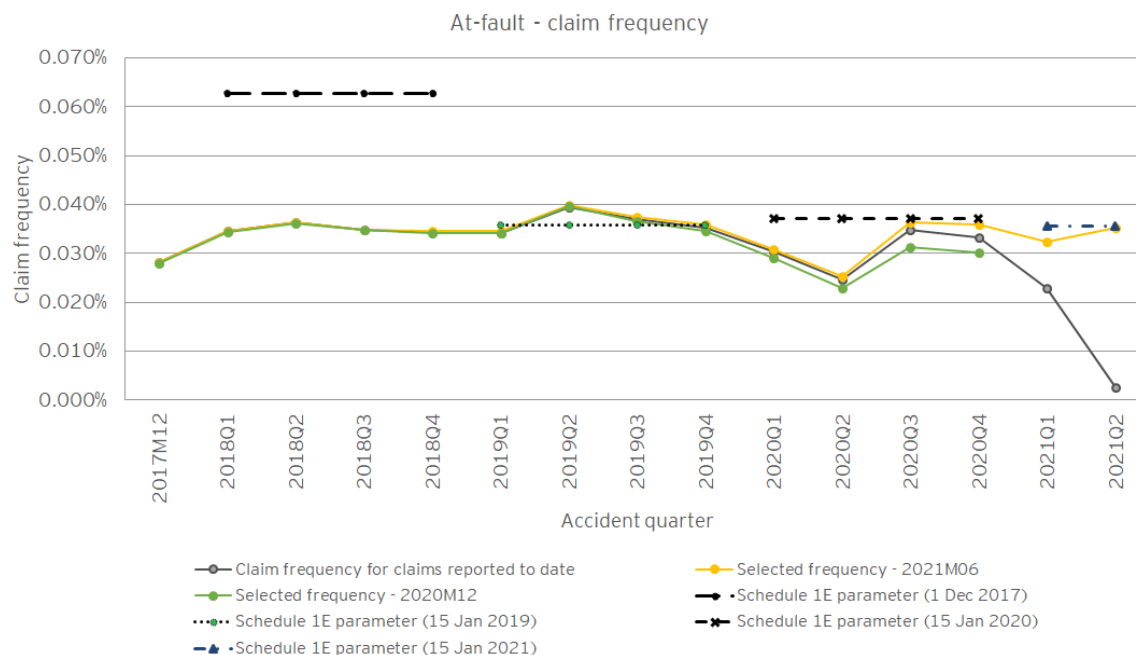
All claims



- ▶ 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 reduction in 2020Q1 and 2020Q2 is due to a reduction in exposure during the COVID-19 lockdown in NSW. Claim numbers for 2020Q3 onwards are projected to return towards pre-COVID levels

Claim frequency

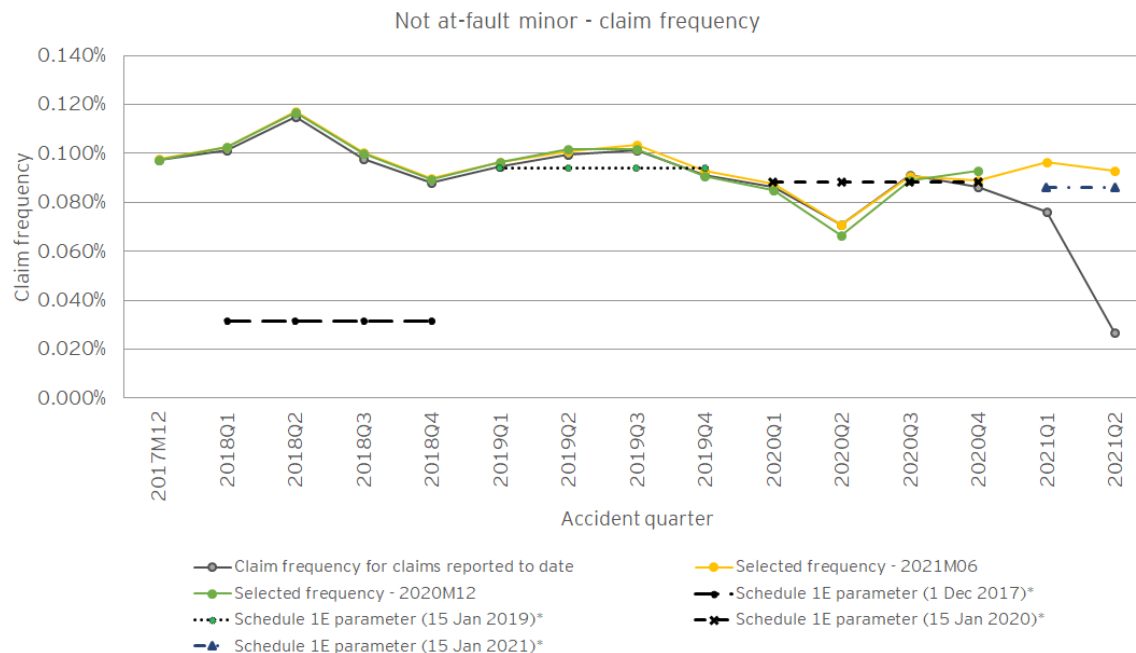
At-fault claims



- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for at-fault and mostly at-fault claims
- ▶ The ultimate frequency for at-fault claims is broadly consistent with the previous full valuation in December 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 reduction in 2020Q1 and 2020Q2 is due to a reduction in exposure during the COVID-19 lockdown in NSW. Claim frequency is expected to return to pre-COVID levels for 2020Q3 onwards.

Claim frequency

Not at-fault minor injury claims

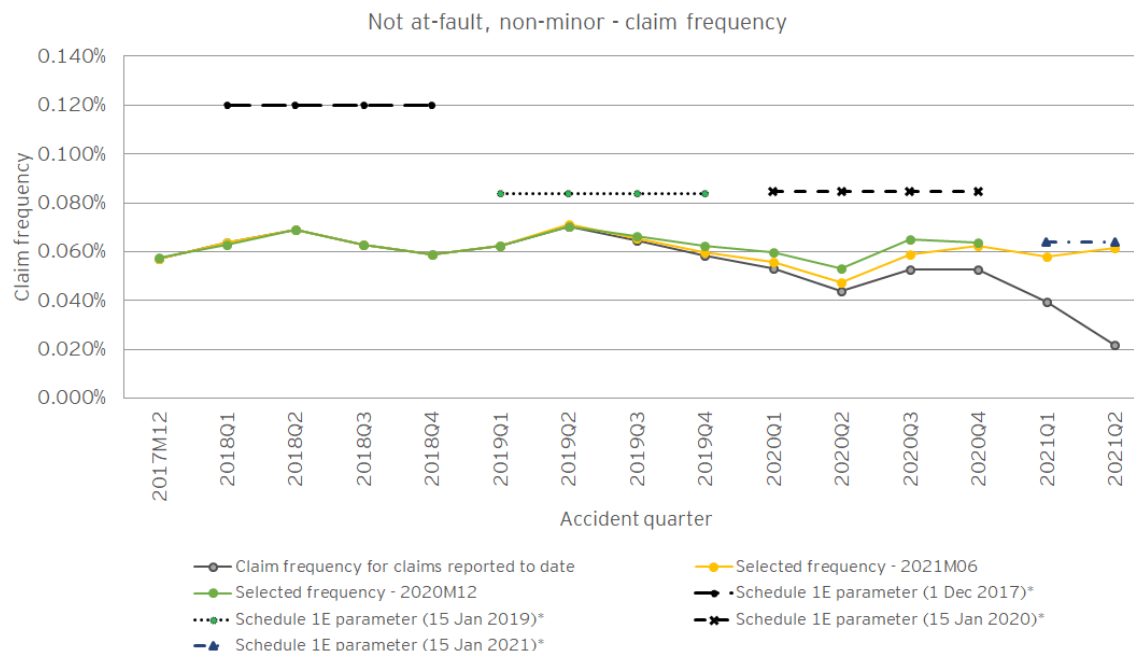


- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for not at-fault minor injury claims
- ▶ The ultimate frequency for minor claims is broadly consistent with the previous full valuation at December 2020.
- ▶ Where the reported to date frequency is higher than the ultimate 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 reduction 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

*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

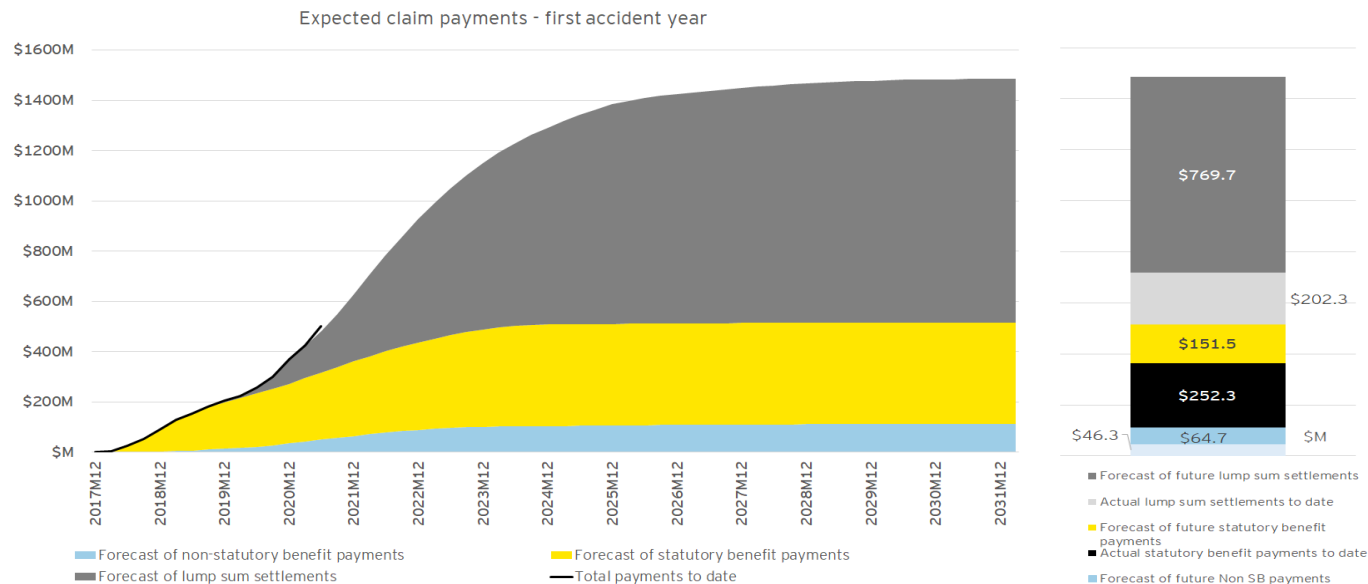


- ▶ The chart shows the ultimate claim frequency and reported to date claim frequency for not at-fault non-minor injury claims
- ▶ The ultimate frequency for non-minor claims has decreased since the previous valuation for accident quarters from and including Dec19. The gap between reported to date claim frequency and ultimate frequency illustrates the claims which have not yet been determined as 'non-minor' and/or incurred but not yet reported.
- ▶ It is expected that a number of minor claims will be re-assessed as non-minor, following the completion of insurer internal reviews or disputes.
- ▶ The observed reduction in 2020Q2 is due to a reduction in exposure as a result of the COVID-19 lockdown in NSW

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

Claim payments

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



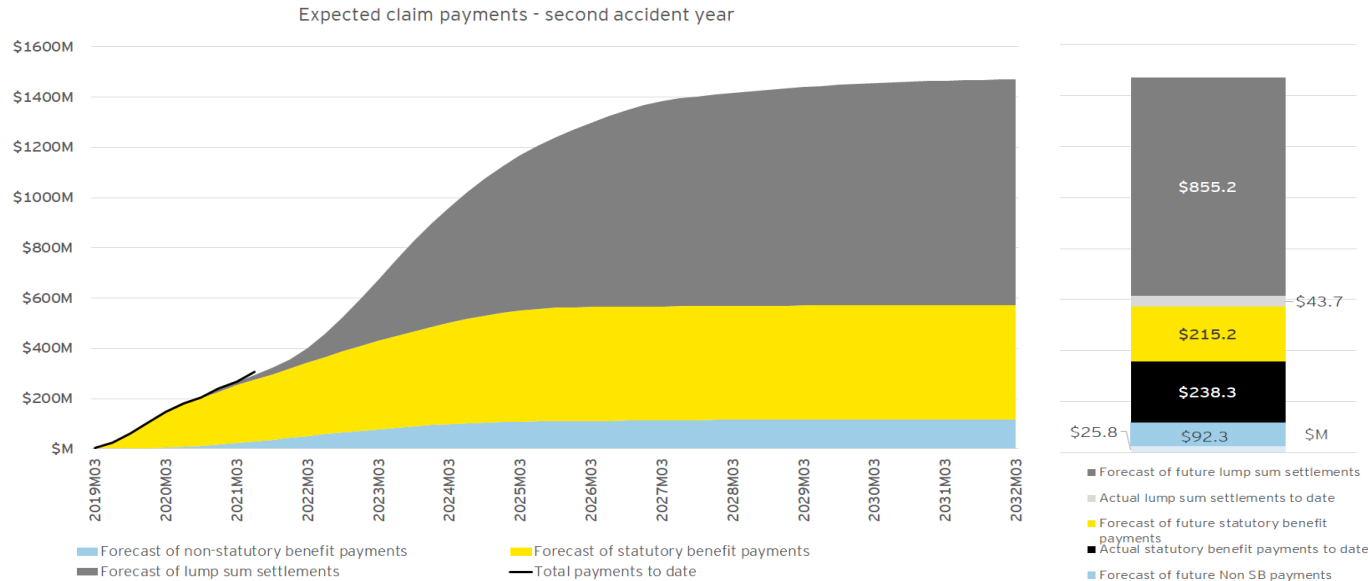
34% of expected* total payments have been paid

- ▶ 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 34% 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 \$252.3m payments relating to statutory benefit payments, \$202.3m payments relating to lump sum settlements and \$46.3m 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)

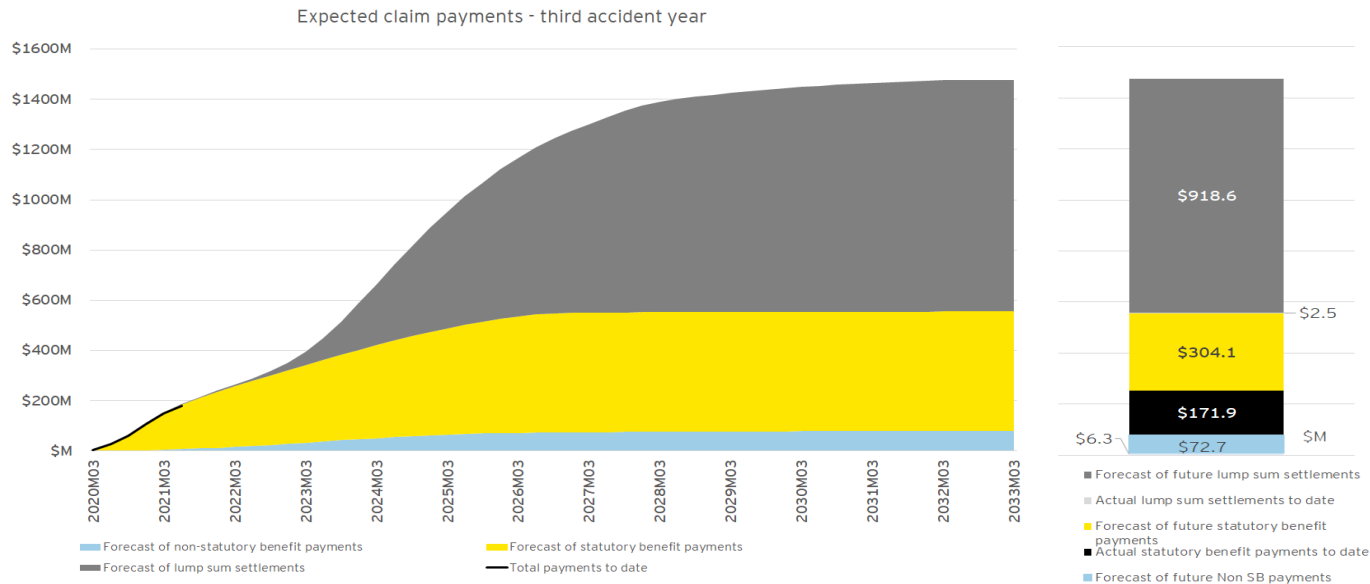


- ▶ The chart above shows the expected payment pattern of the scheme for the second accident year (1 Jan 2019 to 31 Dec 2019), split by statutory benefit payments, lump sum settlements and non-statutory benefit payments
- ▶ This graph shows that a material component of the claims cost in relation to 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 21% 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 \$238.3m payments relating to statutory benefit payments, \$43.7m payments relating to lump sum settlements and \$25.8m 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)



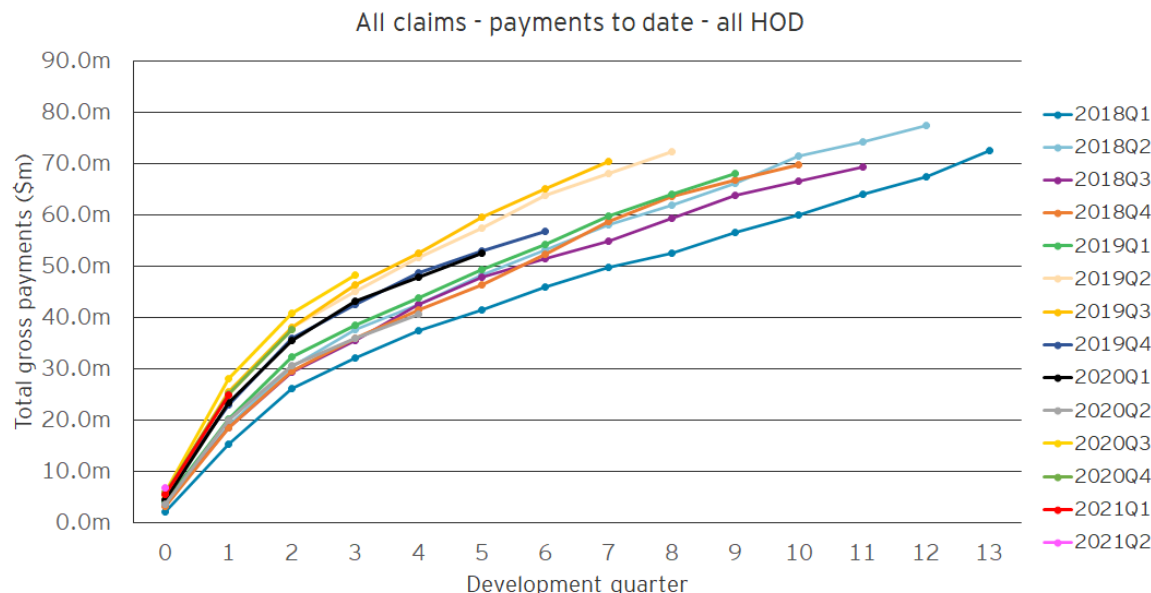
12% of expected* total payments have been paid

- ▶ 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 12.2% 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 \$171.9m payments relating to statutory benefit payments, \$2.5m payments relating to lump sum settlements and \$6.3m non-statutory benefit payments for the third accident year

*Expected total payments as at 31 December 2020

SB - claim payments

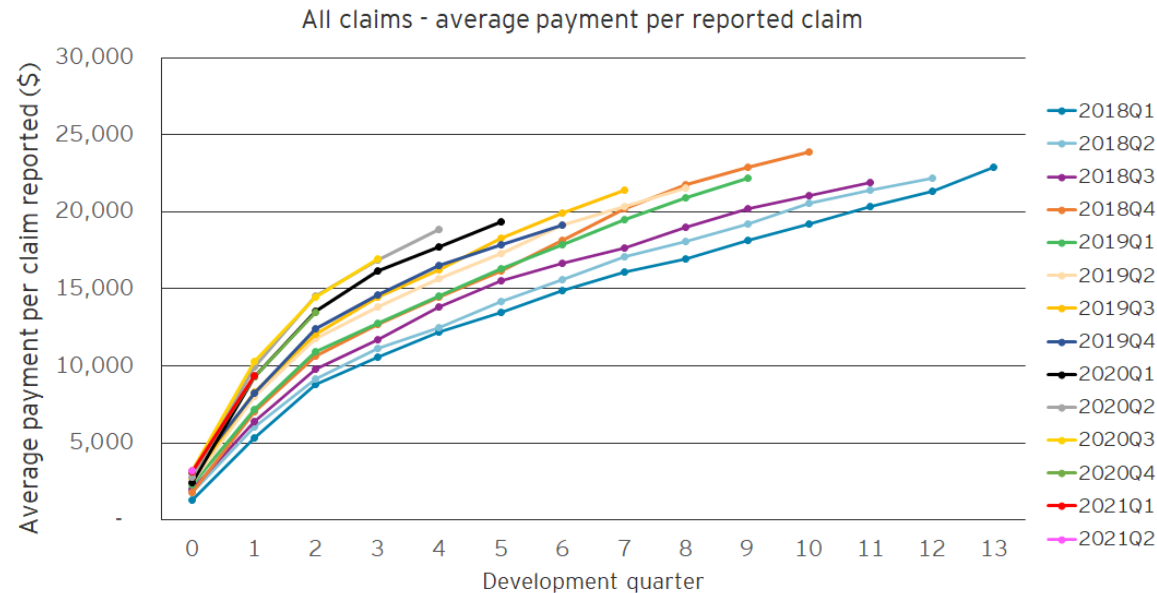
Total gross statutory benefit payments by development quarter (current value)



- ▶ 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, 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

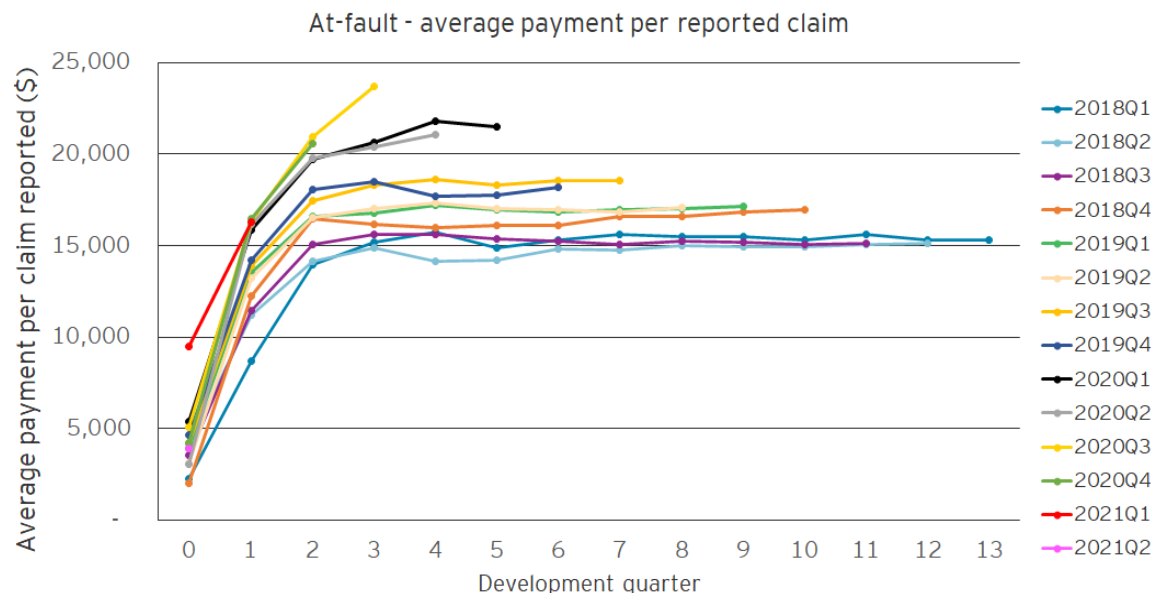
All claims - average cumulative payments per reported claim (current value)



- ▶ 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

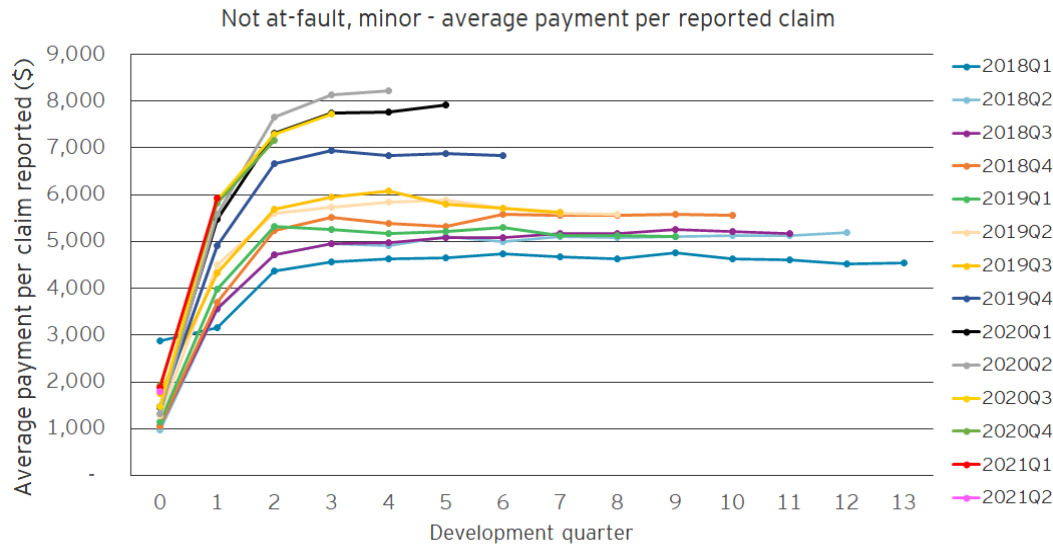
At-fault claims - average cumulative payment per reported claim (current value)



- ▶ 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
- ▶ More recent accident quarters have a slightly higher profile than older accident quarters. This may indicate a speed up in payments on claims as the scheme has progressed, although this is not known with certainty and so the ultimate payment could end up being slightly higher than older accident months
- ▶ This chart indicates the average claim size is emerging at around \$16,000-\$22,000 for at-fault claims
- ▶ Higher average claim sizes for 2020Q1 and 2020Q2 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
- ▶ Higher average claim size for 2021Q1 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 2020Q3 and 2020Q4 for development quarter 1

SB - average payment per claim reported

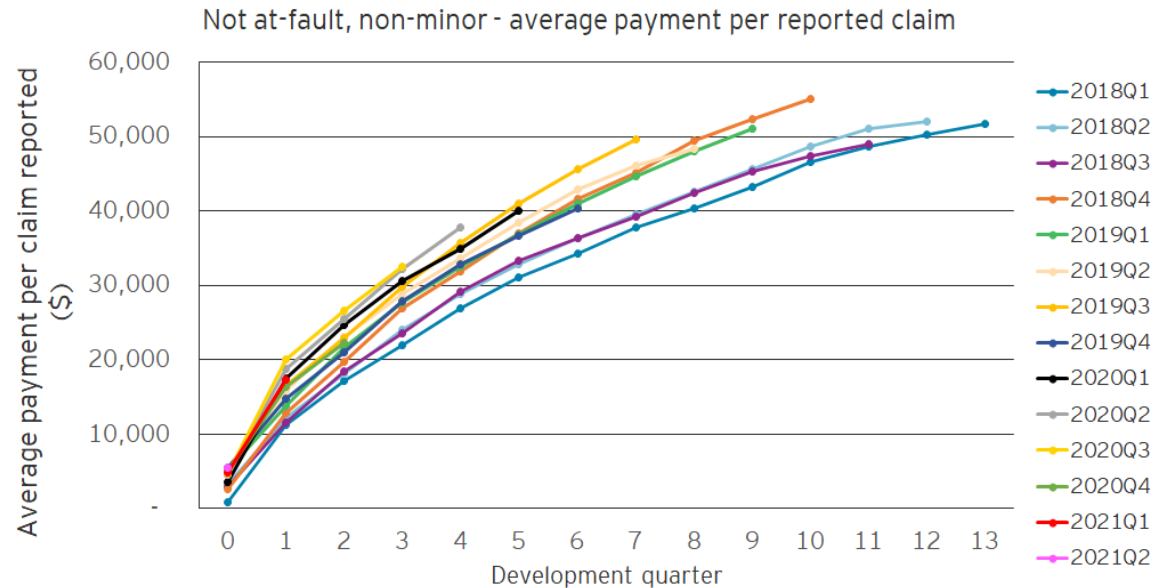
Not at-fault minor claims - average cumulative payment per reported claim (current value)



- ▶ 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 may be indicative of a speeding up of payments for recent accident quarters or higher ultimate claim costs
- ▶ This chart indicates the average claim size is around \$4,500-\$7,000 for not at-fault minor claims, although accident quarters post 2019Q4 exceeds \$7,000 after 2 development quarters. This is continuing to be monitored
- ▶ 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

SB - average payment per claim reported

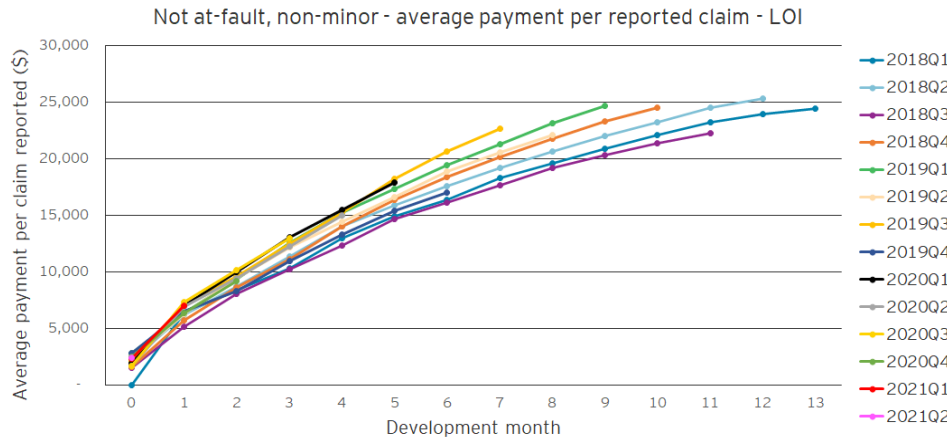
Not at-fault non-minor claims - average cumulative payment per reported claim (current value)



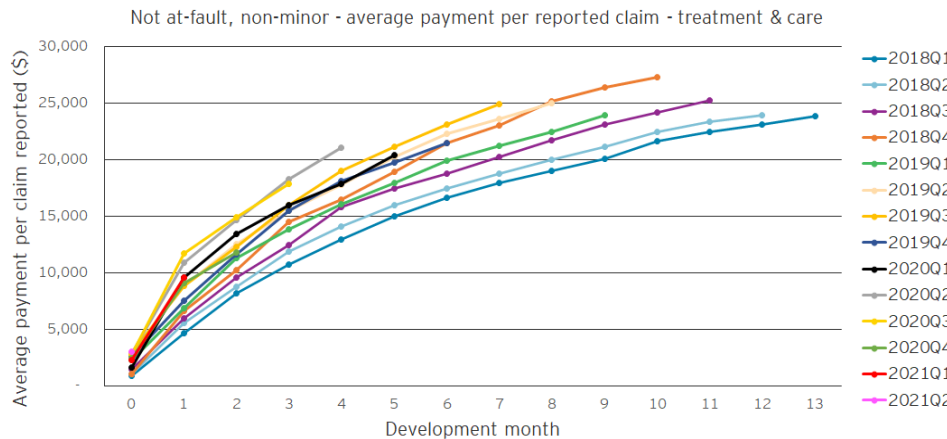
- ▶ This chart shows the profile of average cumulative payments per not at-fault non-minor injury claim reported by accident quarter and development quarter
- ▶ It appears that more recent accident quarters have a higher average claim size than more mature accident quarters prior to 2018Q3. This may 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)



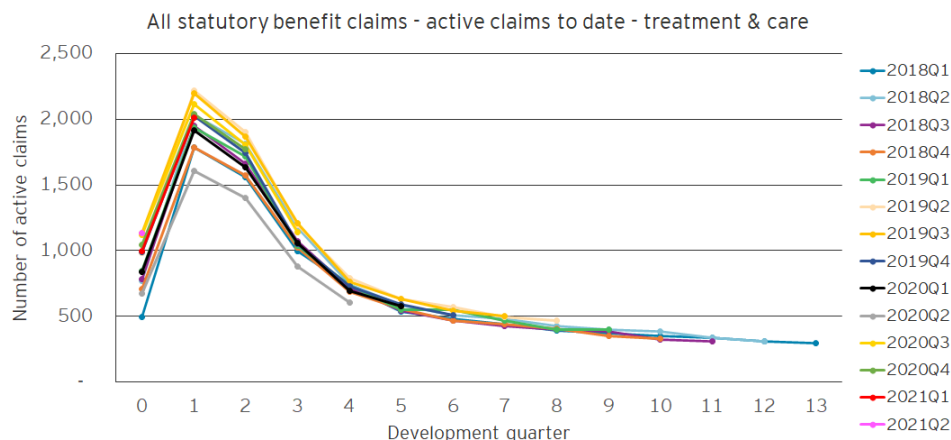
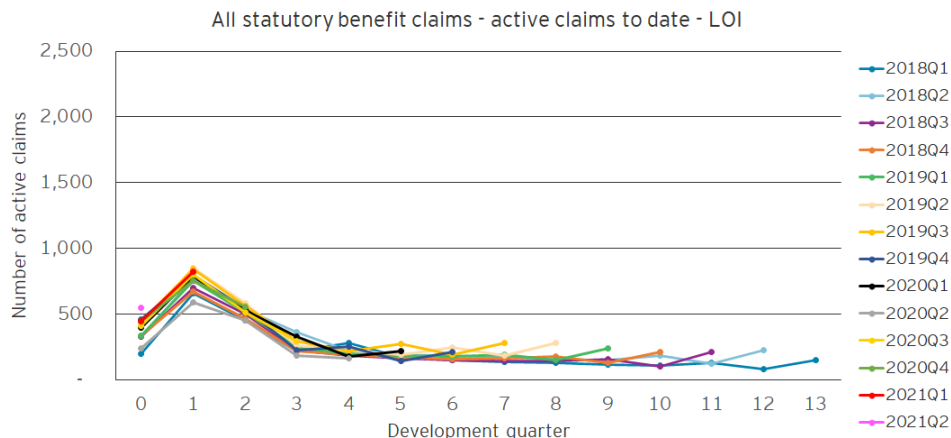
- ▶ These charts illustrate the profile of average cumulative payments per not at-fault non-minor injury claims reported by accident quarter and development quarter, split by loss of income (LOI) payments and treatment & care payments
- ▶ Both payment types are continuing to develop which is not unexpected 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.

SB - number of active claims

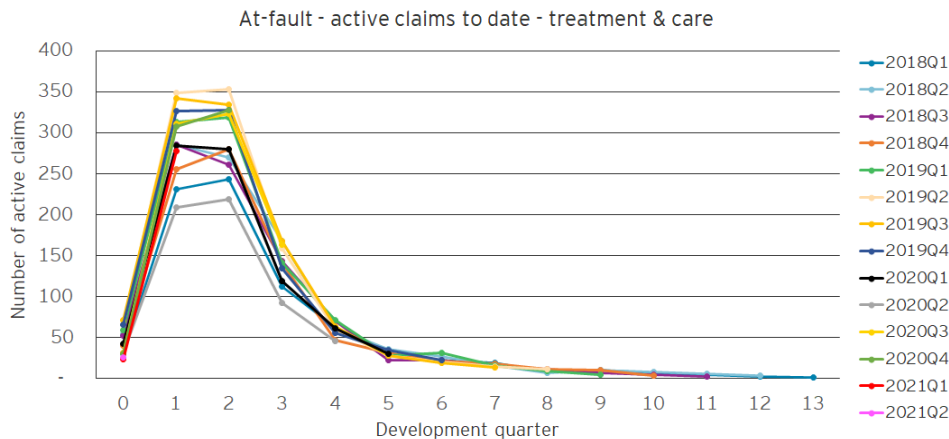
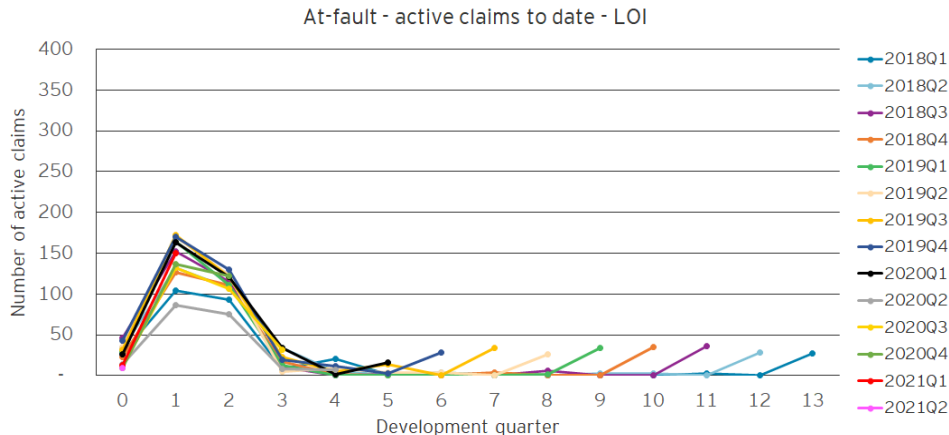
All statutory benefit claims



- ▶ The 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 latest quarter across all accident quarter is due to one insurer for at-fault and not at-fault minor claims
- ▶ Overall the volume of claims receiving treatment & care is much higher than loss of income benefits, and they remain active for relatively longer

SB - number of active claims

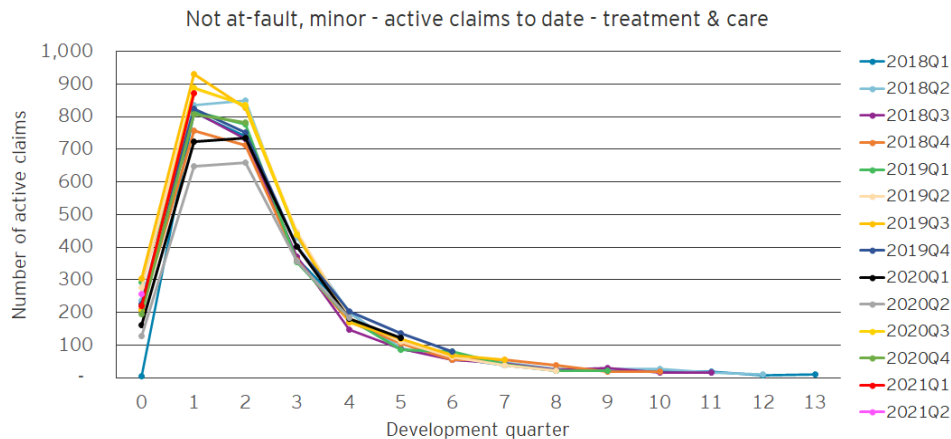
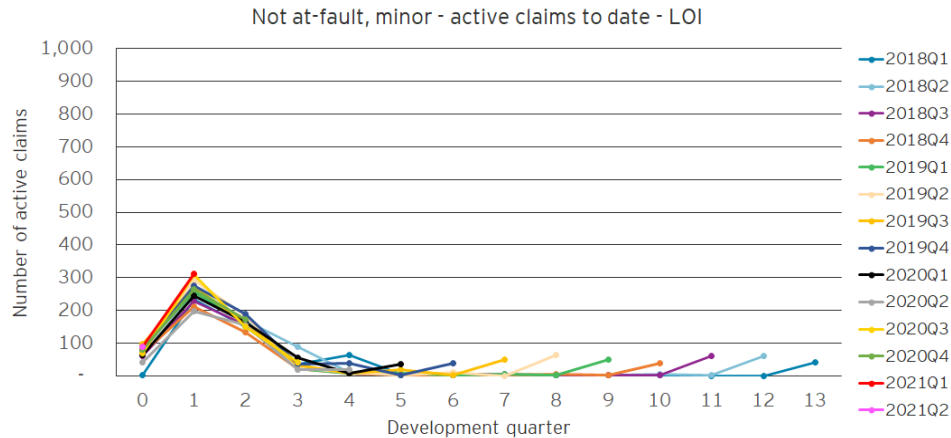
At-fault claims



- ▶ The 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 lock down
- ▶ The uptick in LOI active experience for the latest quarter across all accident quarters is due to one insurer. We will continue to monitor and investigate this in the future

SB - number of active claims

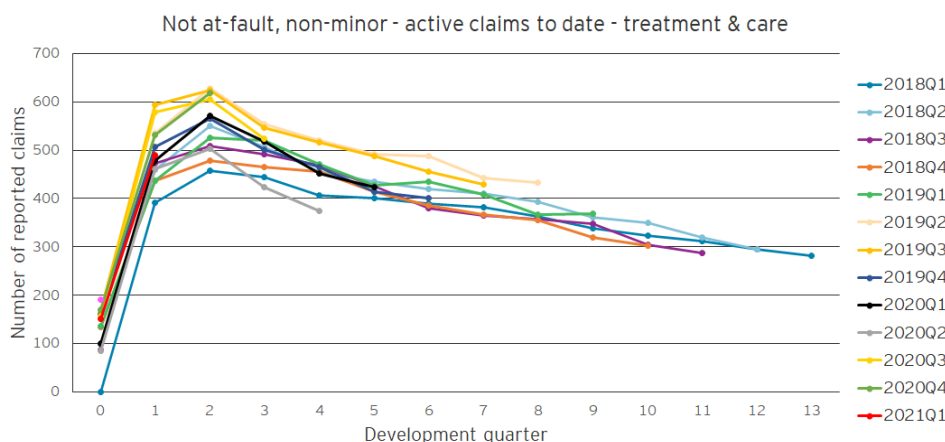
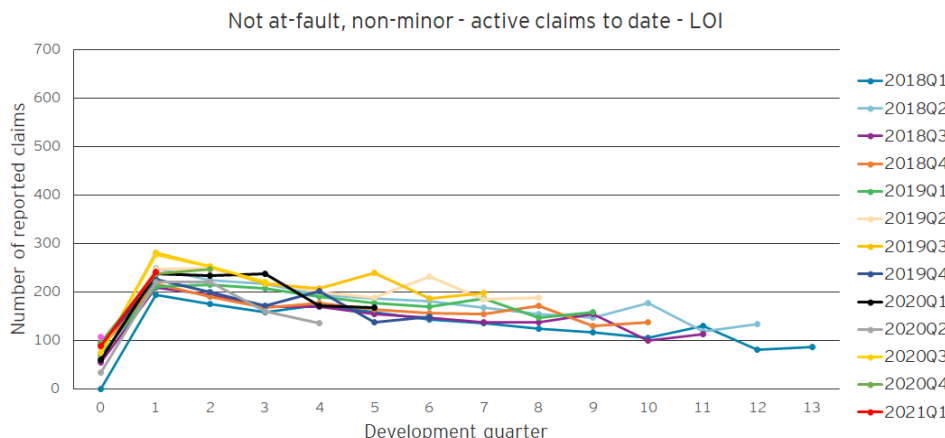
Not at-fault minor claims



- ▶ The 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, 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 lock down
- ▶ The uptick in LOI active experience for the latest quarter across all accident quarters is due to one insurer. We will continue to monitor and investigate this in the future

SB - number of active claims

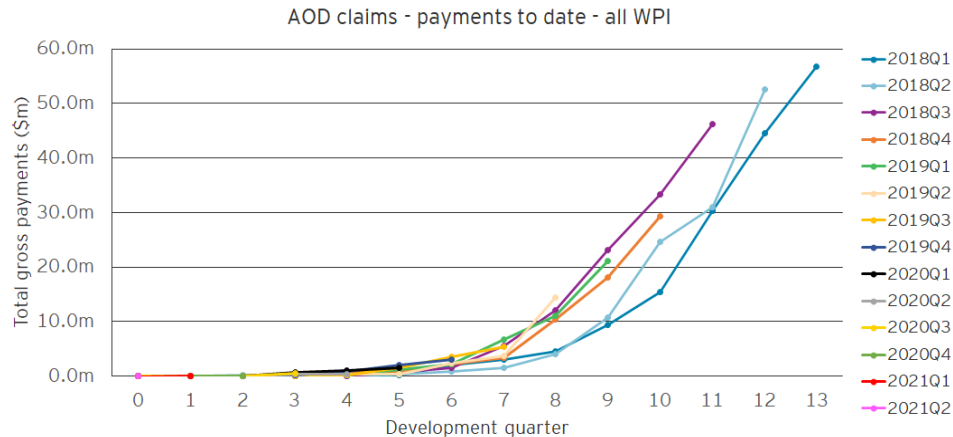
Not at-fault non-minor claims



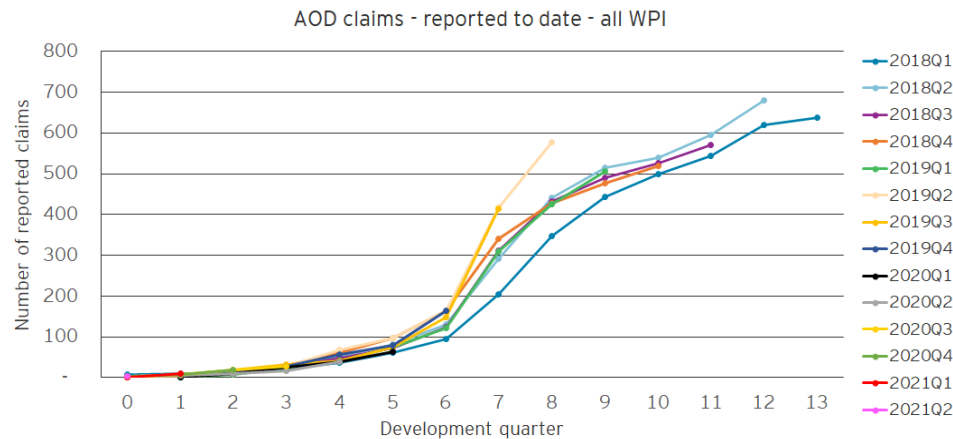
- ▶ The charts illustrate the number of 'active' not at-fault non-minor claims (i.e. those receiving loss of income (LOI) and/or treatment & care benefits), by development quarter
- ▶ For both loss of income and treatment & care benefits, more recent accident quarters have a higher number of active claims 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 previous reporting quarter, following the uptick in LOI actives in the Dec20 reporting quarter, drops in LOI active experience was observed across all accident quarters. In the latest reporting quarter, there has been an uptick in the number of not at-fault non-minor active LOI claims again across all accident quarters. We will continue to monitor this going forward

AOD - claim payments and reported numbers

Award of damages (AOD) claims

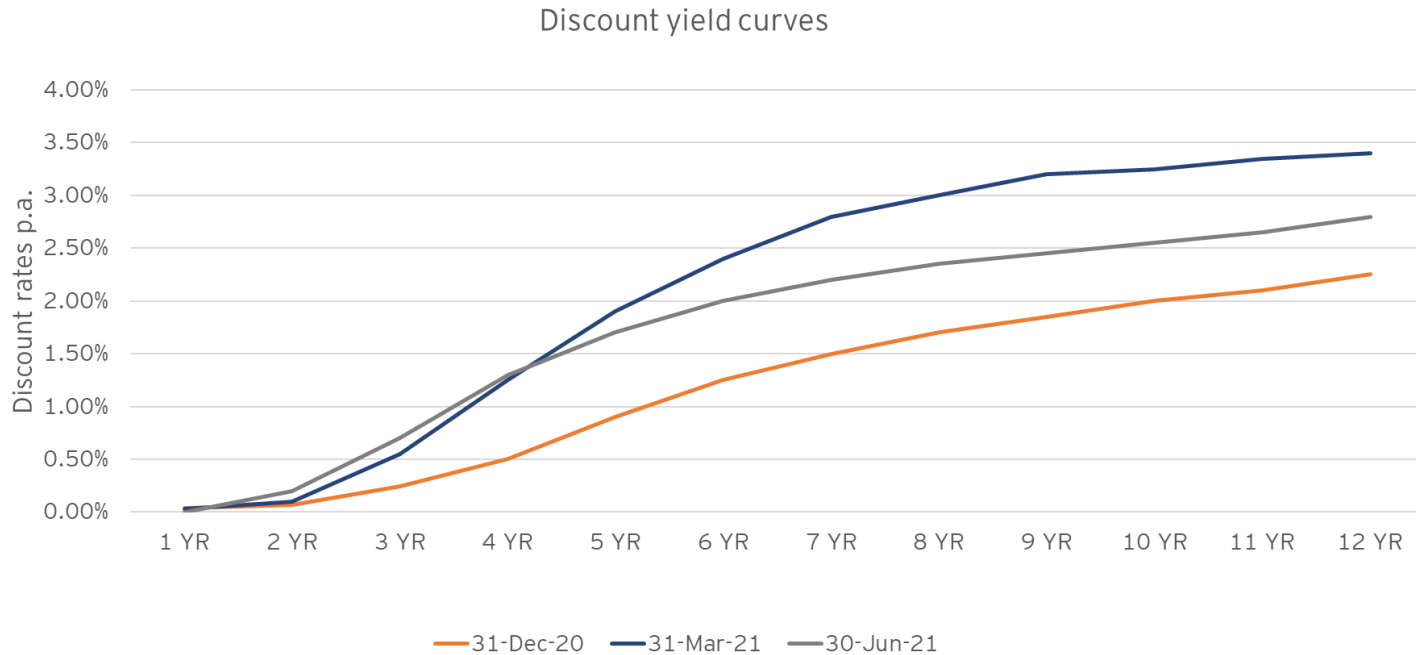


- ▶ The charts show the total payment profile and claims reporting profile for each accident quarter for all award of damages claims across all whole person impairment (WPI) levels, which includes undetermined WPI
- ▶ The key 2017 Scheme milestones which will trigger lodgements of claims for damages have occurred for all claims incurred in the first accident year
- ▶ 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 understood better



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 June 2021, the yield curve was revised such that the long term yield rate is lower at around 2.8%, a decrease from around 3.4% at 31 Mar 2021
- ▶ In comparison to the yield curve at 31 December 2020, the 30 June 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

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

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

Glossary

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

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