



CTP PRICING STRATEGY

TERMS OF REFERENCE

The Minister for Finance and Services, Greg Pearce has approved the Terms of Reference for the development of a Compulsory Third Party (CTP) Pricing Strategy.

The strategy is examining measures to lower the components of aggregate revenue collected from vehicle owners as premiums, including:

- Improvements to premium regulation that results in an equitable but not excessive profit margin for insurers supported by appropriate reserving practices;
- Improvements to the prudential supervision of insurers and market acquisition practices to ensure that premiums are sufficient but not excessive;
- Optimising the framework for premium setting, particularly to ensure there is appropriate equity between owners of different vehicle classes having regard to risk and affordability;
- Opportunities to better promote price competition within the CTP market place;
- Ensuring the MCIS (Medical Care and Injury Services) levy is applied fairly and the services funded by the levy are delivered efficiently.

The strategy also analyses measures to address the components of scheme aggregate expenditures to ensure optimum benefits to injured people within an affordable funding envelope, and to lower overhead costs, including:

- Process improvements that address the friction costs, complexity and red tape associated with claims management and dispute resolution processes, to ensure a fair and expeditious outcome for claimants;
- Strategies to optimise the benefits received by injured people by ensuring a reasonable level of, and transparency in, the legal and other scheme overhead costs;
- Scheme design options to simplify the customer experience in the claims process;
- Strategies to ensure maximum leverage in medical cost pricing and practices.