

# Injury Schemes Seminar

Balancing Outcomes

10-12 November 2013  
Sheraton Mirage Gold Coast



## Commitment to SA Motorists – A New Era

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**Motor Accident Commission**

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*This presentation has been prepared for the Actuaries Institute 2013 Injury Schemes Seminar.  
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# MAC: Who We Are

## CTP Insurer

- › **At Fault Scheme**
- › **6000** claims accepted annually
- › **75%** victims covered
- › **Lump Sum** compensation
- › **\$340m** annual payout



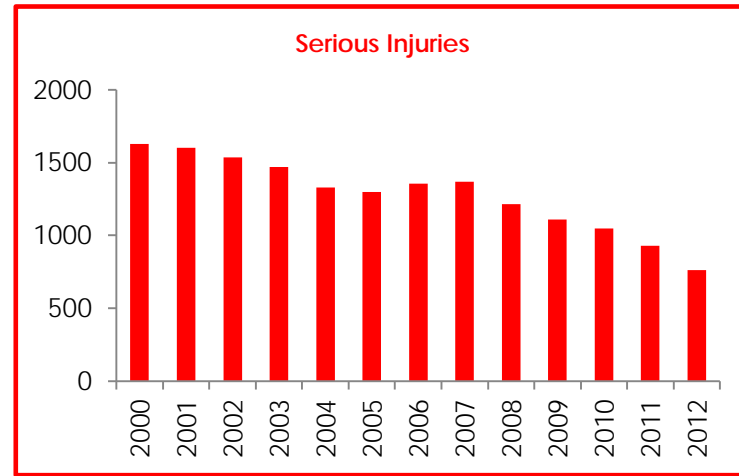
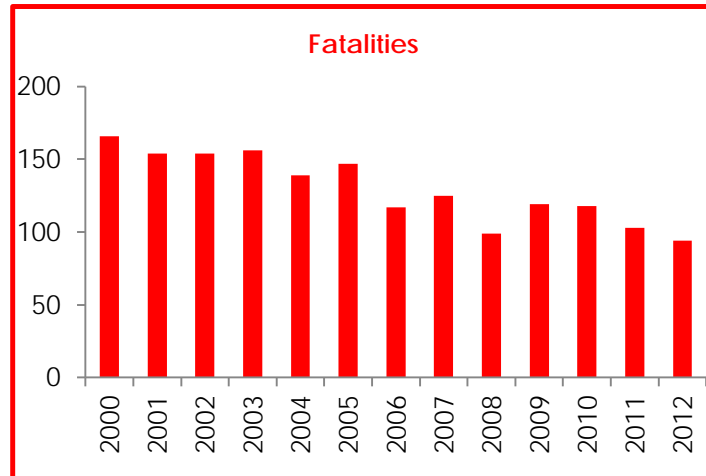
# MAC: Who we are

## Road Safety

- › **Targeted** campaigns , partnerships and community education
- › **Aligning** with SA Road Safety Strategy
- › **\$100 million** to accelerate targeted investment in road safety infrastructure
- › **Road Safety Infrastructure Fund** MAC will lead the Fund prioritising and administering expenditure
- › **Outcome** Safer road environment will see further reductions in payouts



# South Australia's Road Toll



**Fatalities** 8.7% decrease from 2011 – 2012;  
average 3.6% decrease from 2000 – 2012

**Serious Injuries** 18.3% decrease from 2011-2012;  
average 4.4% decrease from 2000 – 2012



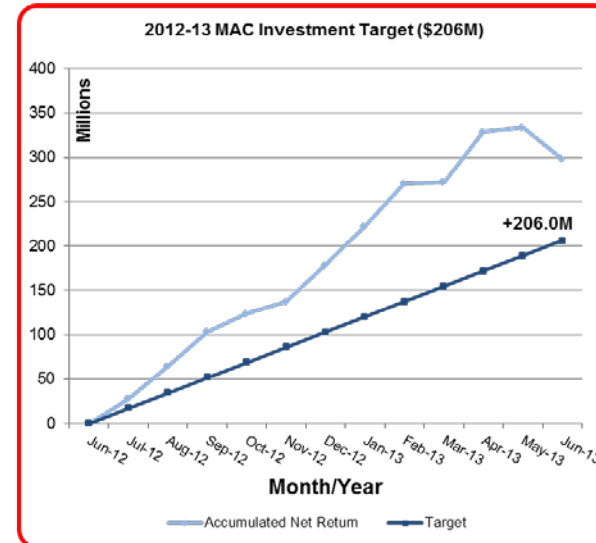
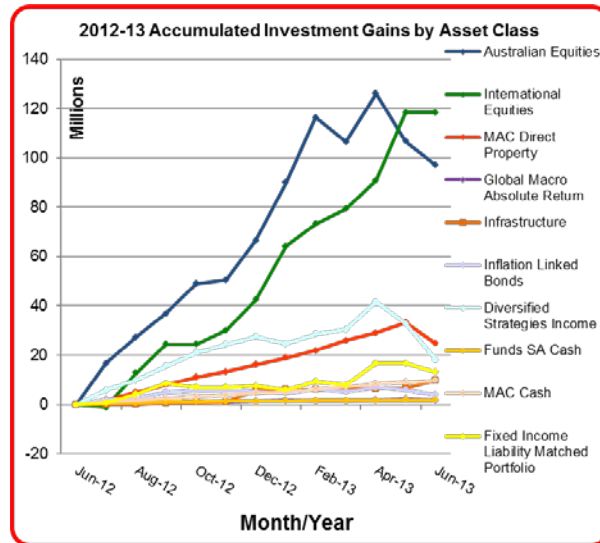
# Investment Fund

- › **Operating profit for 2012-13** \$371.2 million
- › **Funding Ratio: Asset/Liabilities** 130.2% (as at 30 June 2013)
- › **Sufficient Solvency** 111.9% (as at 30 June 2013)



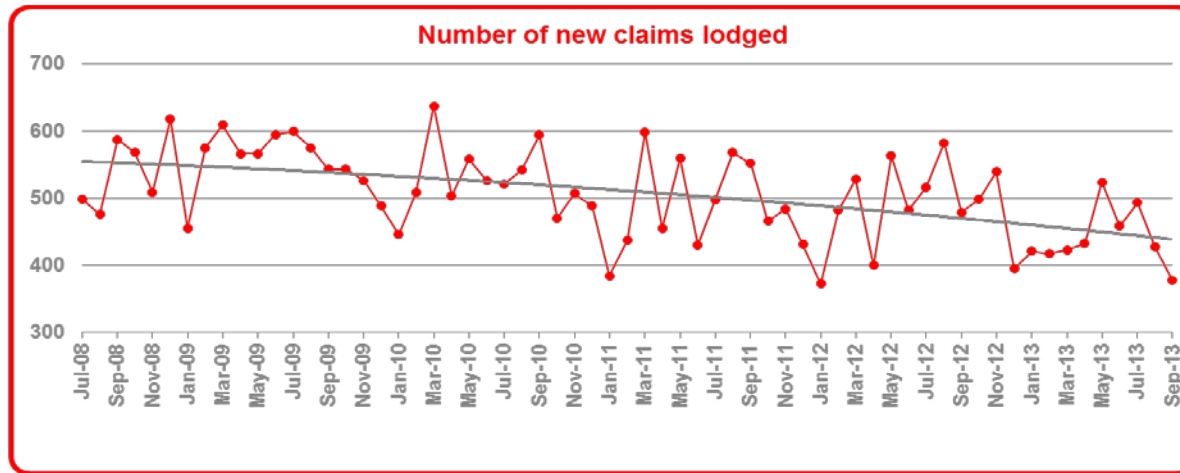
# Investment Fund

The graphs below demonstrate the strong performance of the MAC CTP Investment Fund by asset class and Total Fund against Financial Year Target to 30 June 2013.





# Monthly CTP Insurance Claims

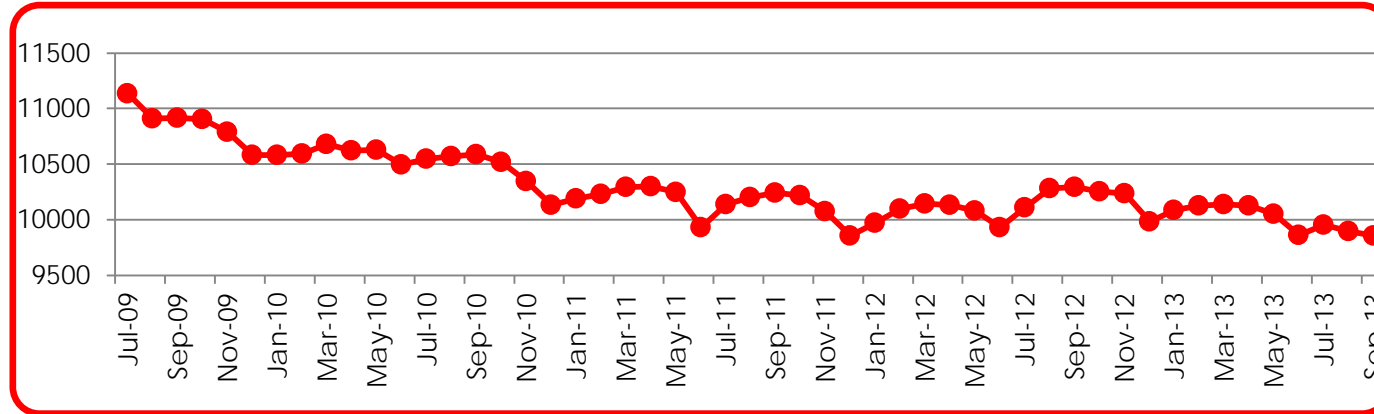


Activity levels post-CTP Scheme Reform show:

- › 921 new scheme claims, compared to 1,216 in the same period last year (approx 24.3%)
- Of these 921 new Scheme Claims,
  - › 99 claims (10.7%) with legal representation, compared to 393 (32.3%) in the same period last year.



# Active CTP Claims Portfolio



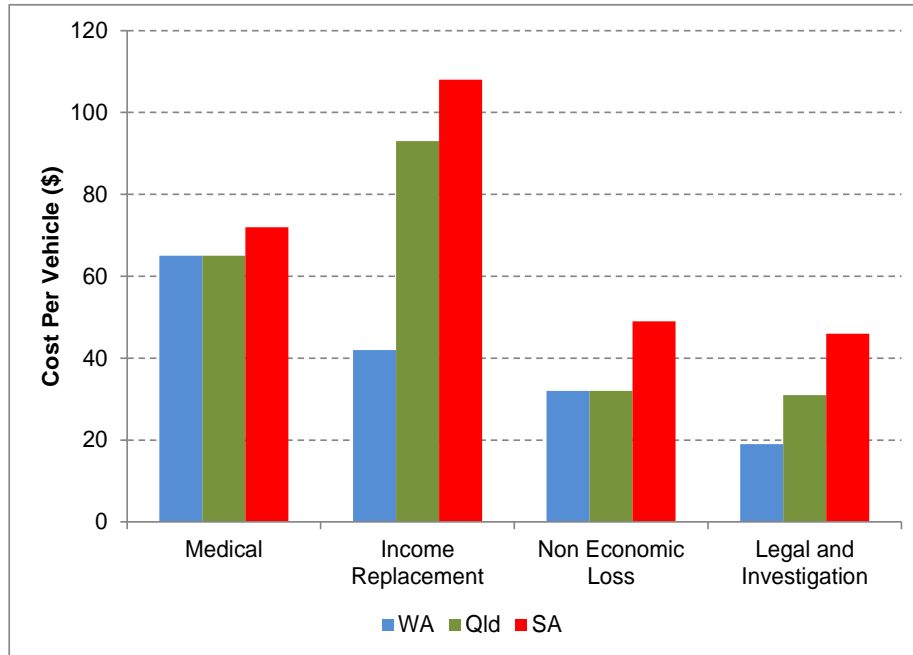
As at 30 September 2013, claim portfolio was 9,856 active claims, due to:

- Reduction in new claims
- Increased claim closure - Proportion of closures 17% higher than 08-09
- Increased settlement activity - Proportion of settlement 10% higher than 08-09
- Reduction in crash statistics - Reduction of 11% in casualty rates since 2008-09





# Why Reform: High Costs

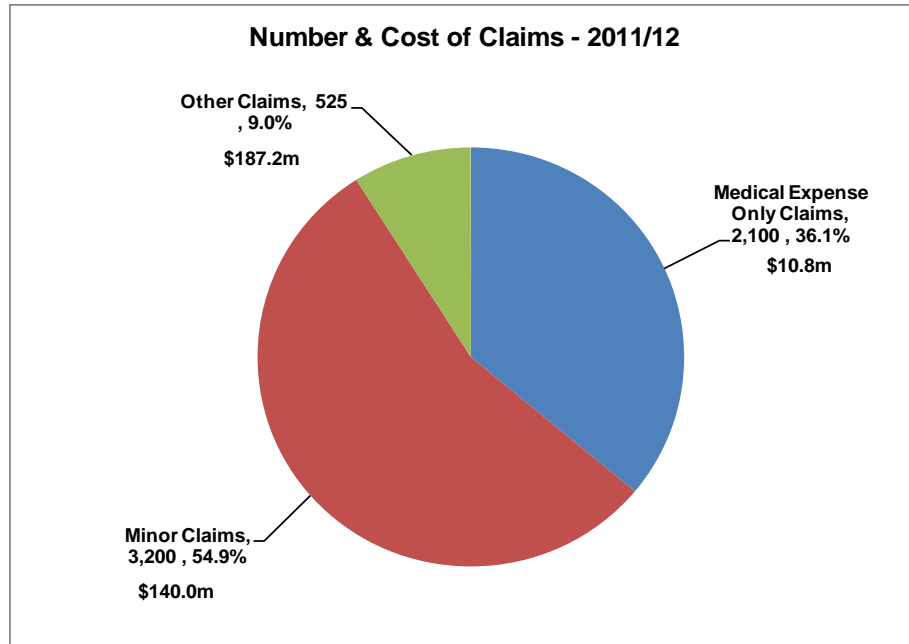


Compared with other fault based schemes, SA has:

- › Higher **economic loss payments** (157% higher than WA, 16% Higher than Qld).
- › Higher **non economic loss payments** (53% higher than both Qld and WA).
- › Higher **legal expenses** (142% higher than WA and 48% higher than QLD).



# Why Reform: Cost of Minor Claims



In 2011-12, 91% of claims numbers were made up by the schemes 5,300 “minor” injury claims – i.e. those with:

- Minimal or no time lost off work.
- Minimal medical treatment.
- Involve significant frictional costs.
- In proportional terms, significant payouts.

42% of scheme expenditure (approx. \$140 million) is spent on the Scheme’s 5,300 “minor” injury claims.



# Why Reform: Premiums were growing

	Premium 2011/12 (metro passenger)	Premium % of Male Full time AWE	Past 10 years growth (%pa)
<b>SA</b>	<b>\$512</b>	<b>41.6%</b>	<b>5.3%</b>
NSW	\$520	38.4%	3.7%
ACT	\$579	36.3%	3.6%
Vic	\$464	35.8%	3.9%
NT	\$501	35.6%	3.1%
Tas	\$364	29.2%	2.2%
Qld	\$324	24.5%	1.0%
WA	\$270	17.8%	0.9%

2013-14 Premiums have reduced to \$408



# CTP Reform: The Future

- › **Tort Reforms** Reduced benefits – minor claims
- › **No Fault Catastrophic** 35 – 40 cases per annum
- › **Optimal Recovery** Health Professional Accreditation and Allocation Program
- › **Support and Care** Field Support Operations Program



# CTP Reform: Tort Reform

- › Commenced 1 July 2013
- › ISV Scale and Cap 0-100 points, NEL \$300k
- › Thresholds 7 for FEL; 10 for NEL and other
- › Reduced legal payments \$0 – 25k
- › Children No fault
- › Accredited medical reports
- › Simplified process for minor claims



# CTP Reform: No Fault Catastrophic

- › Commences 1 July 2014
- › Lifetime Support Scheme
- › New authority and separate board
- › Lifetime care and treatment
- › Covers spinal, brain injury, multiple amputees and severe burns
- › FEL and NEL available to fault-based crashes
- › Excludes income support and non-economic loss for unsafe behaviour



# CTP Reform: Optimal Recovery

## Health Professional Accreditation and Allocation Program

- › Independent Accreditation and allocation system
- › Accredits medical specialists as Accredited Health Practitioners (AHP)
- › Assessment required for Injury Scale Value allocation
- › Random allocation of claimants to medical experts



# CTP Reform: Support and Care

## Field Support Operation Program

- › Enables MAC to reach out and engage with those injured in a crash
- › Deliver accurate and timely information to enable informed decision making
- › Engaging through first responders to a crash scene
- › Distributing information through GPs and Allied Health providers
- › Act as forward alerting mechanism for MAC and CTP Insurance agent
- › Provide advance planning data for actuarial activity and inform MAC's risk profile





# Thank you & Questions