

12th Accident Compensation Seminar 2009 Rising to the Challenge

Melbourne 22nd – 24th November 2009



Institute of Actuaries of Australia



NSW CTP and Lifetime Care

Carmel Donnelly, General Manager, MAA



Discussion

- The CTP scheme
- Green Slip market and premiums
- CTP – hot topics
- The Lifetime Care and Support scheme
- LTCS – hot topics
- Questions



NSW CTP System

- Private underwriters, 7 licences, 5 firms
- Modified common law, fault-based negligence scheme
- Plus more recent no-fault benefits
- No fault publicly underwritten lifetime care scheme



Reform – 2006-2010

- LTCS 2006 and 2007
- Children's benefit 2006
- Blameless accident 2007
- Dispute resolution 2008
- \$5k ANF 2008
- No fault bulk billing 2009
- No fault ANF 2010



Green Slip Market and Premiums

- Competition and market behaviour
- Premiums and affordability
- Impact of global economic downturn
- Current context

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Market Share

Insurer	12 months average	Financial year-to-date	Jun-09*	Mar-09*	Dec-08*	Sep-08*	Jun-08*
AAMI	12.5%	12.5%	12.3%	13.0%	12.6%	12.2%	13.8%
Allianz	14.4%	14.4%	13.7%	15.6%	14.9%	13.8%	14.4%
CIC-Allianz	6.2%	6.2%	6.3%	5.9%	6.3%	6.2%	6.0%
GIO	8.8%	8.8%	9.3%	9.2%	8.4%	8.2%	8.4%
NRMA	37.3%	37.3%	37.5%	37.5%	35.5%	38.4%	36.7%
QBE	13.6%	13.6%	14.2%	12.6%	12.7%	14.7%	14.5%
Zurich	7.2%	7.2%	6.7%	6.1%	9.6%	6.4%	6.2%
Totals	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: The figures are as at 30 June 2009

* represents quarterly (3 months) figures

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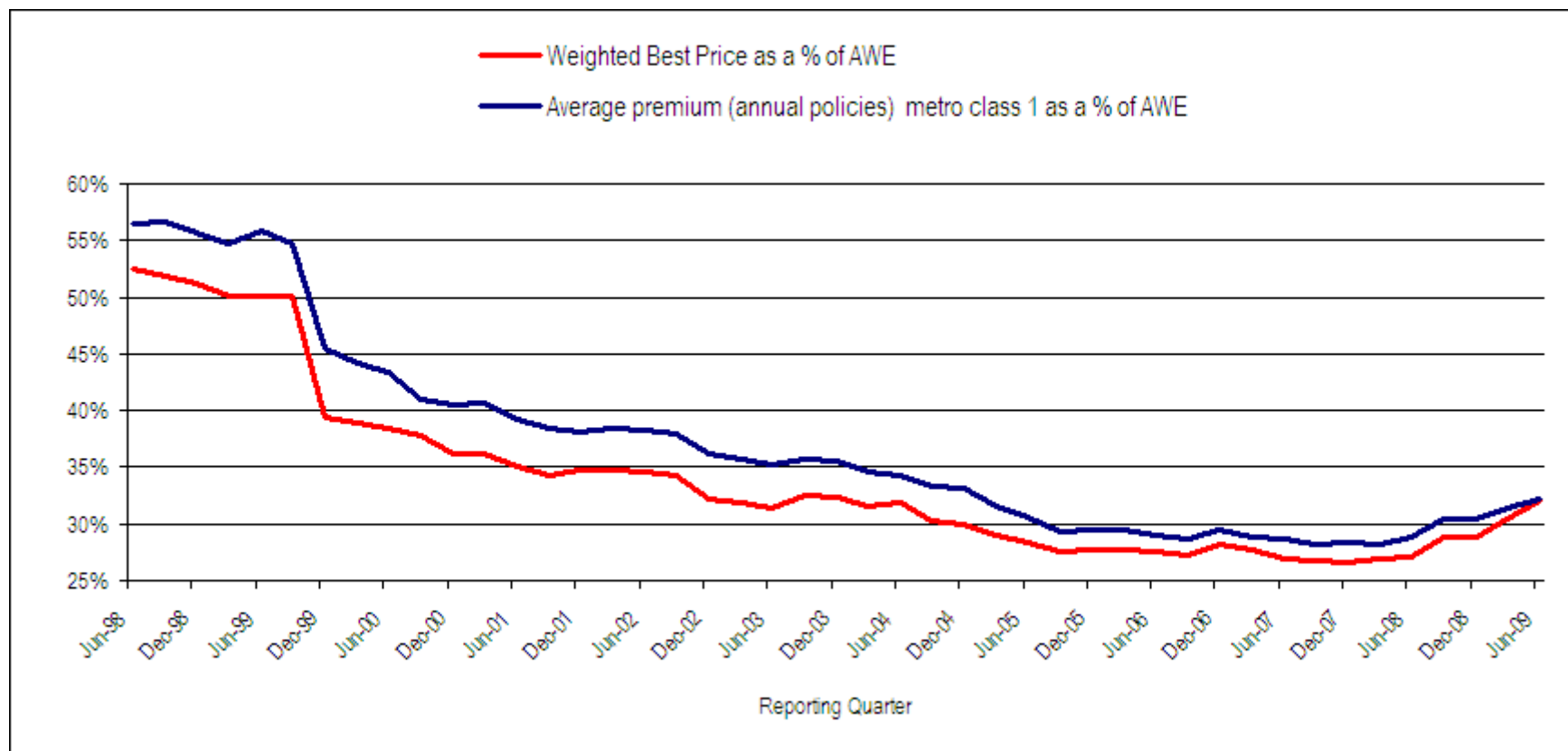
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Premium affordability



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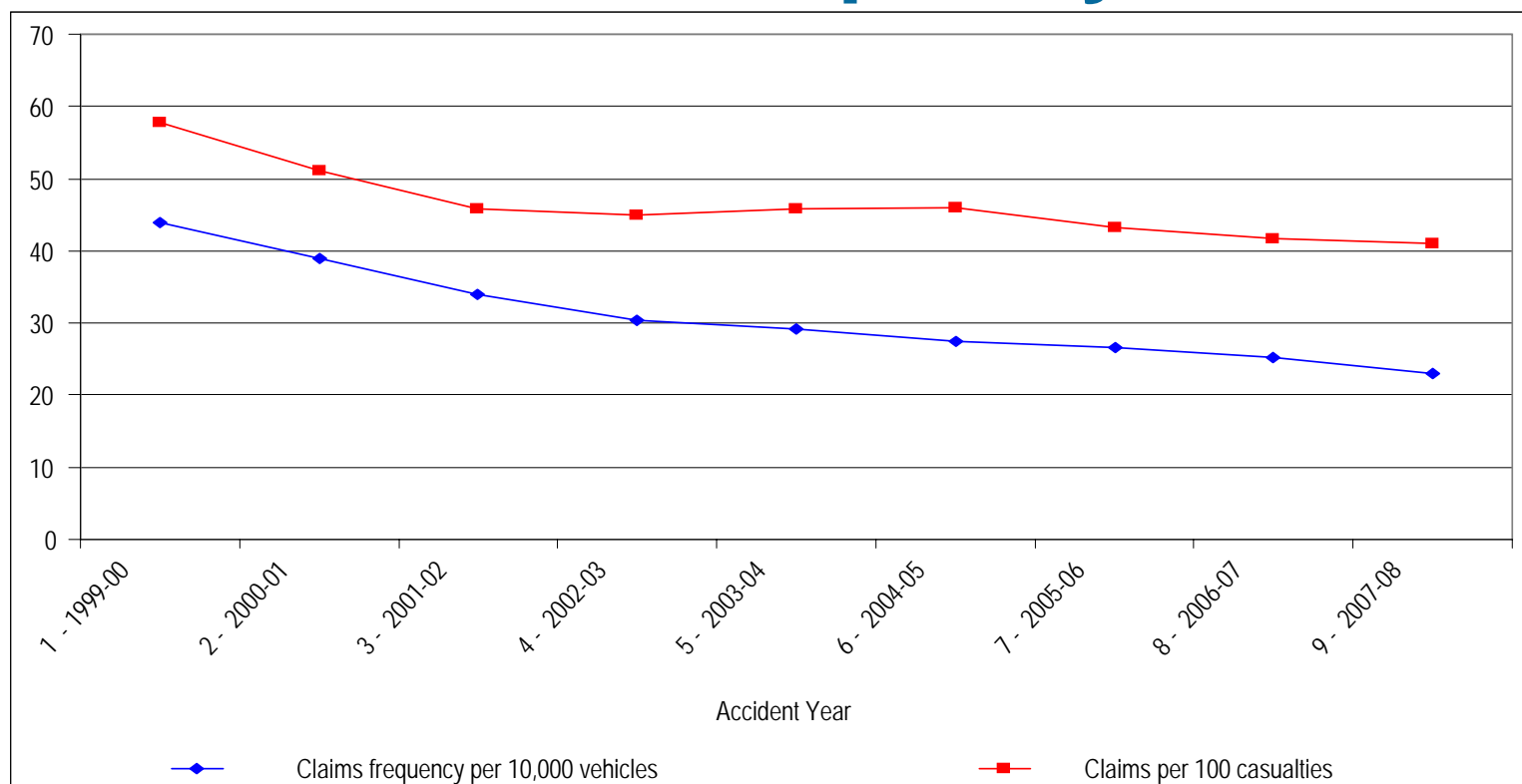
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Claim frequency



Note

1. Accident years run from 01 October to 30 September
2. CTP Claims data as at June 2009, for accidents occurring between 5/Oct/99 to 30/Sep/08
3. Exposure and Casualty obtained from the RTA



CTP - Current hot topics

- Claimant experience – regulatory framework
- Research capability to improve health and social outcomes
- Competition review
- Superimposed inflation
- Non-court dispute resolution



Superimposed inflation

- 2006 : ACS increased 6 - 7% p.a.
changed injury mix & claim frequency
- 2008: SI in low/moderate severity
claims & increased access to some
damages
- 2009: recalibrating SI post GFC
- 2010: strategic review of CARS



Lifetime Care and Support scheme

- Presentation on behalf of LTCSA
- Treatment, care and support services to all people catastrophically injured in motor vehicle accidents in NSW
- Commenced for children (<16) October 2006 and adults October 2007
- Operates independently of CTP scheme



Scheme participants

- Paediatric (33)
- 27 TBI; 4 SCI; 1 both
- Adult (217)
- 165 TBI; 47 SCI; 2 both
- 2 amputations;
- 1 severe burns and SCI

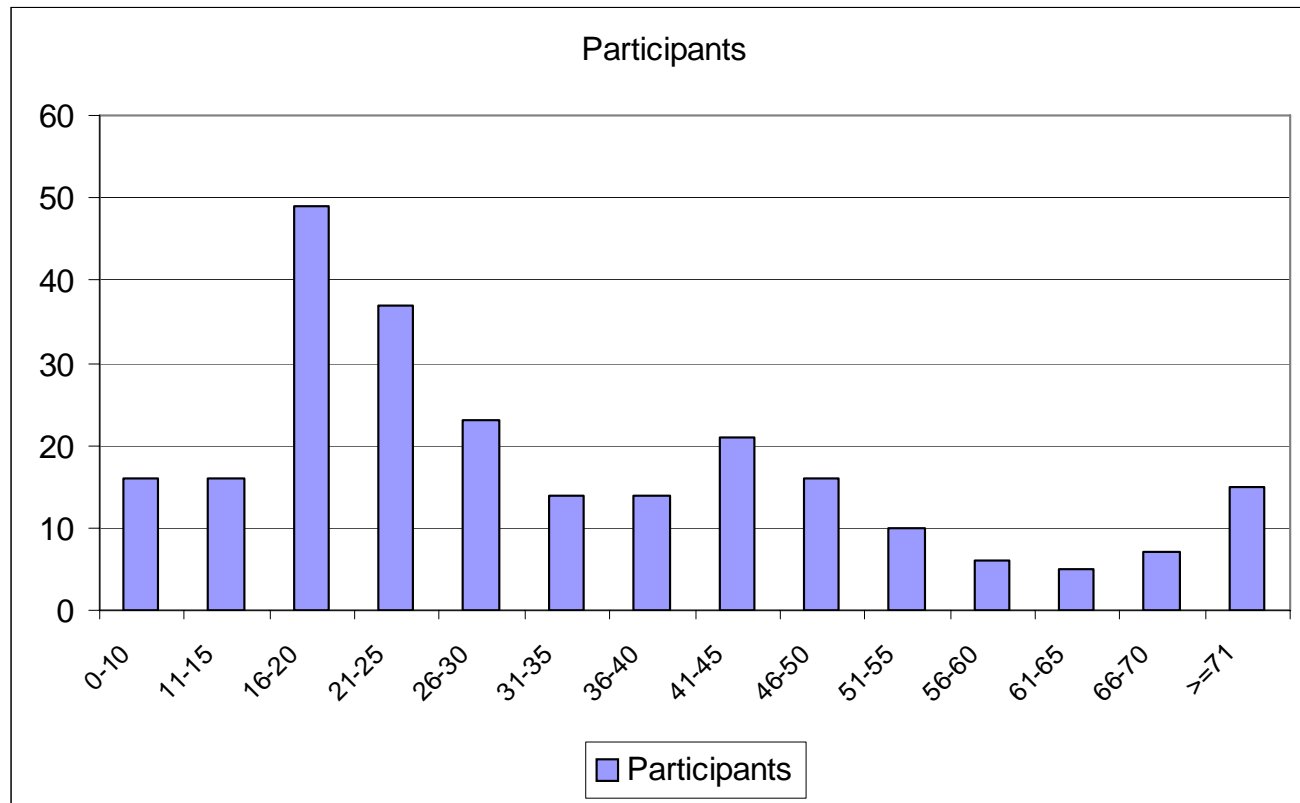


Participant role in accident

- Children
- 9.4% cyclist; 56.3% passenger; 28.1% pedestrian; 3.1% driver; 3.1% other
- Adults
- 1.8% cyclist; 21.7% passenger; 18.4% pedestrian; 30.9% driver; 25.3% MC rider; 1.8% pillion



Scheme participants: Age





Participant Services

- Outcome-based care & support plans with agreed goals
- Moving from acute care & rehab focus to building community-based support
- Accommodation remains a priority
- \$65m 3 year disability infrastructure plan - transitional & supported accommodation



Funding

- Assets \$770 million
- Liabilities \$615 million
- Economic assumptions - 4% inflation & 6% investment return.
- Mean term of 23 years



LTCSA Hot topics

- Ensuring growth at 2% above scheme inflation
- Integrated case management and financial information systems and life cost calculator
- Explore growth portfolio using current high level of retained equity
- Calculate POA for the scheme and put a risk margin in the scheme liabilities



LTCSA Hot topics cont'd

- Social disadvantage is a critical issue
- 32% of children in the scheme were 'at risk' prior to their accident
- 25% of adult participants have very significant social problems or other health problems not related to their injury
- LTCSA adding support programs

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Questions?

- www.maa.nsw.gov.au
- www.lifetimecare.nsw.gov.au