

# 12th Accident Compensation Seminar 2009

Rising to the Challenge

Melbourne 22nd – 24th November 2009



Institute of Actuaries of Australia



## MOTOR ACCIDENTS INSURANCE BOARD

**Peter Roche**  
Chief Executive Officer



## Scope of Presentation

- Scheme Features
- 4 Year Financial Snapshot
- Claim Management
- Accident Prevention



## Scheme Features - History

- Commenced 1 December 1974
  - *35<sup>th</sup> birthday next week*
- No-fault and common law
  - *no-fault benefits not previously available*
- Long term care benefits
  - *commenced May 1991*
  - *benefits available irrespective of fault*

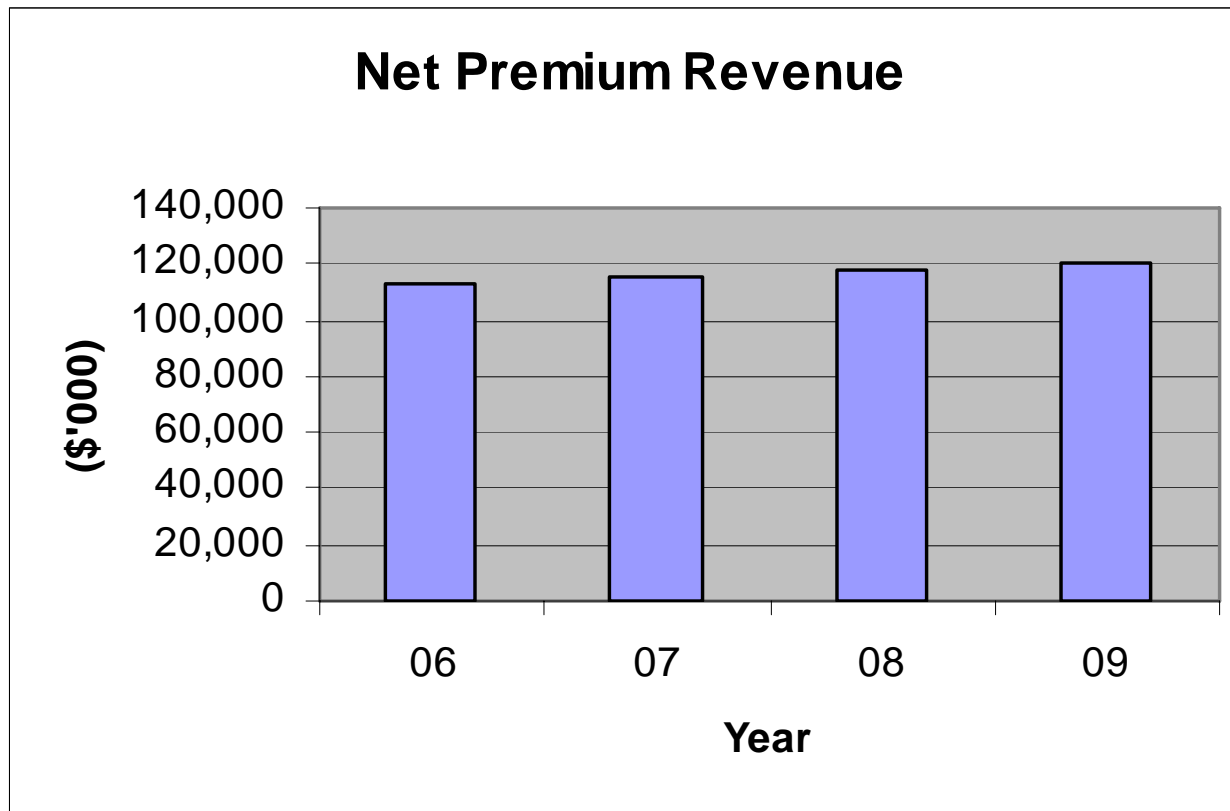


## Scheme Features - Overview

- Regulated premiums environment
  - *Govt Prices Oversight Commission Review (Now every 4 years)*
- Stable claim benefit/environment
  - *stable claim numbers*
  - *damages payments stable*
  - *small annual increase in vehicle numbers*
- Long-term liabilities a key risk
  - *average duration of long-term liability claims approx. 20 years*

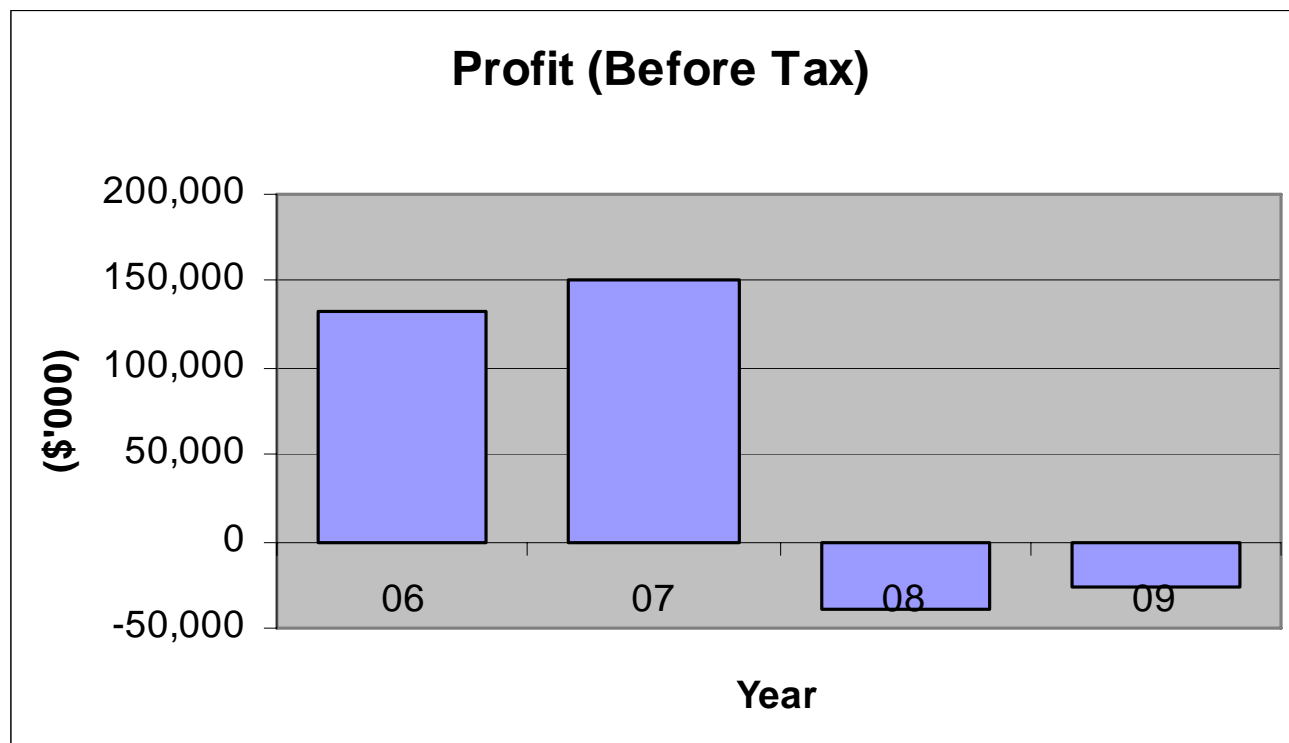


## Financial Snapshot 2005/06 – 2008/09



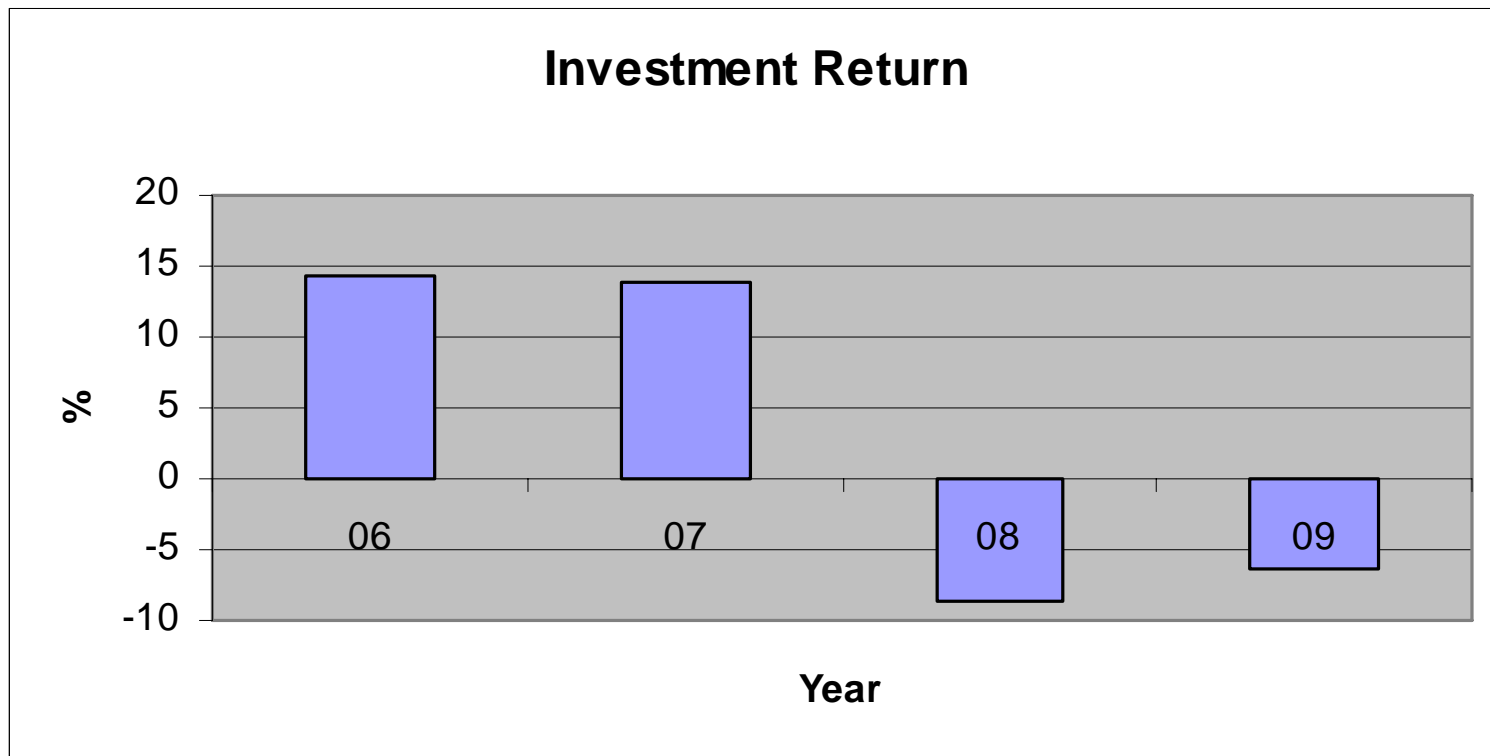


## Financial Snapshot 2005/06 – 2008/09





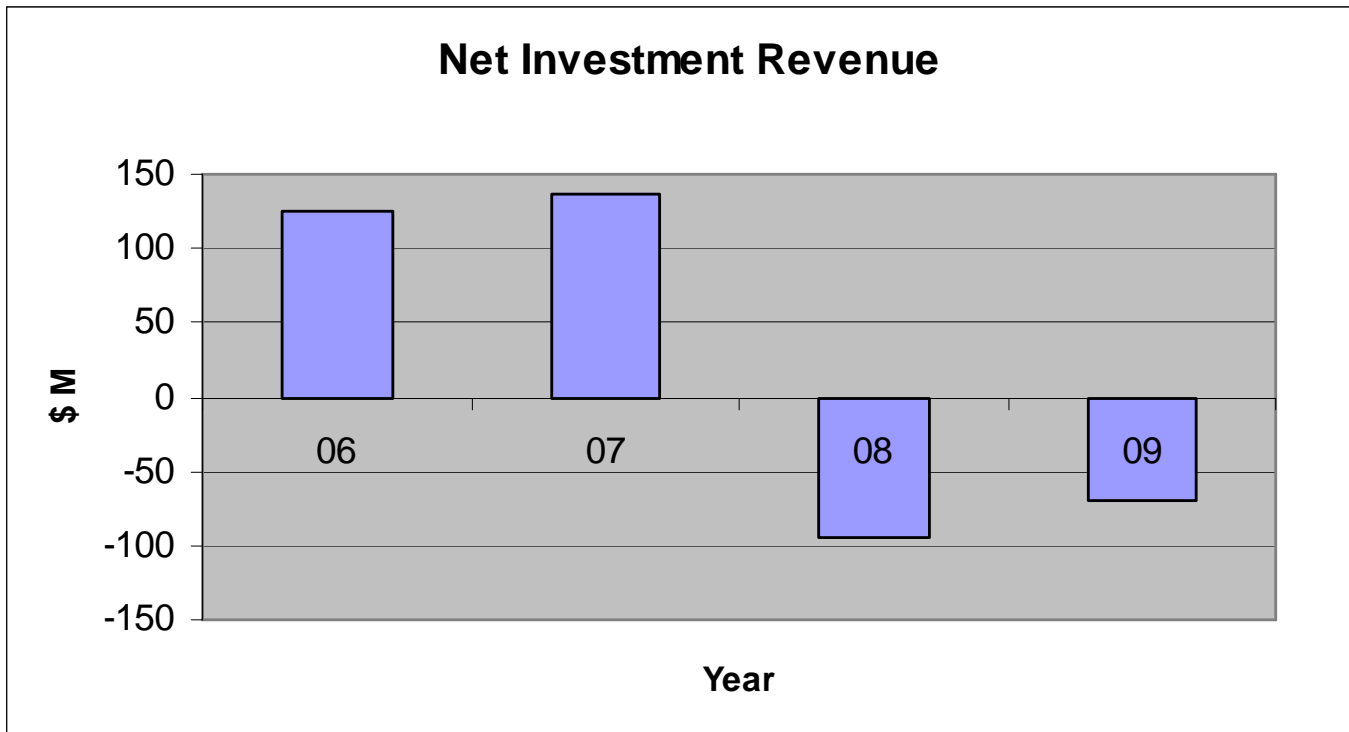
## Financial Snapshot 2005/06 – 2008/09







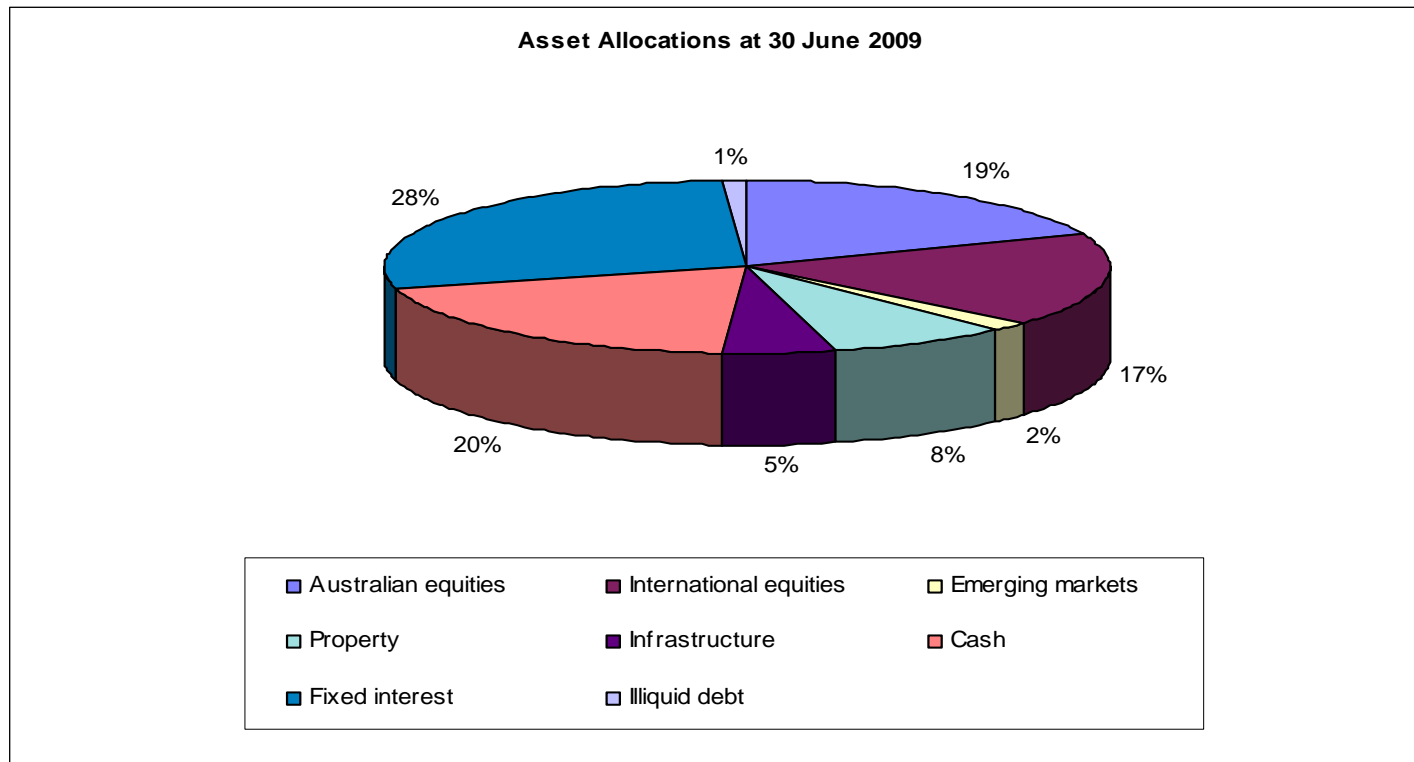
## Financial Snapshot 2005/06 – 2008/09





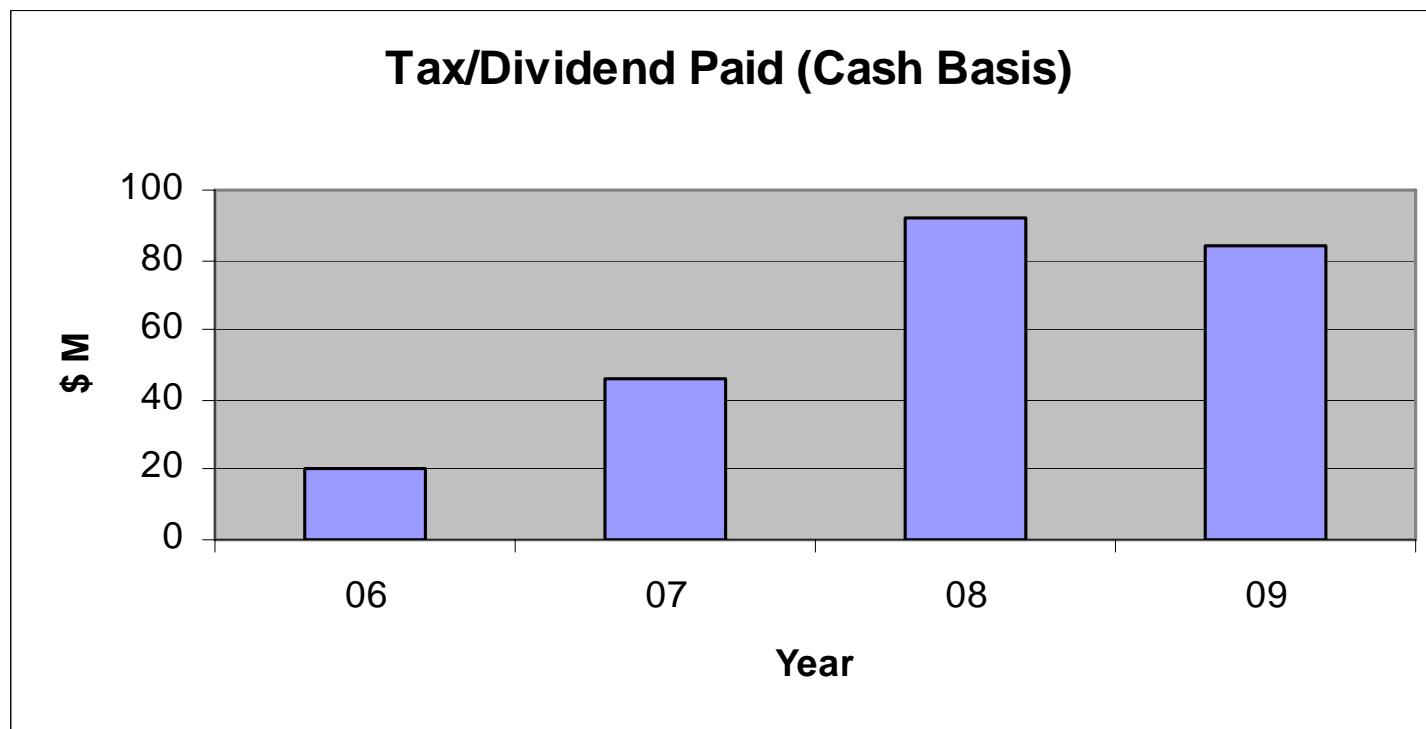


## Financial Snapshot 30 June 2009



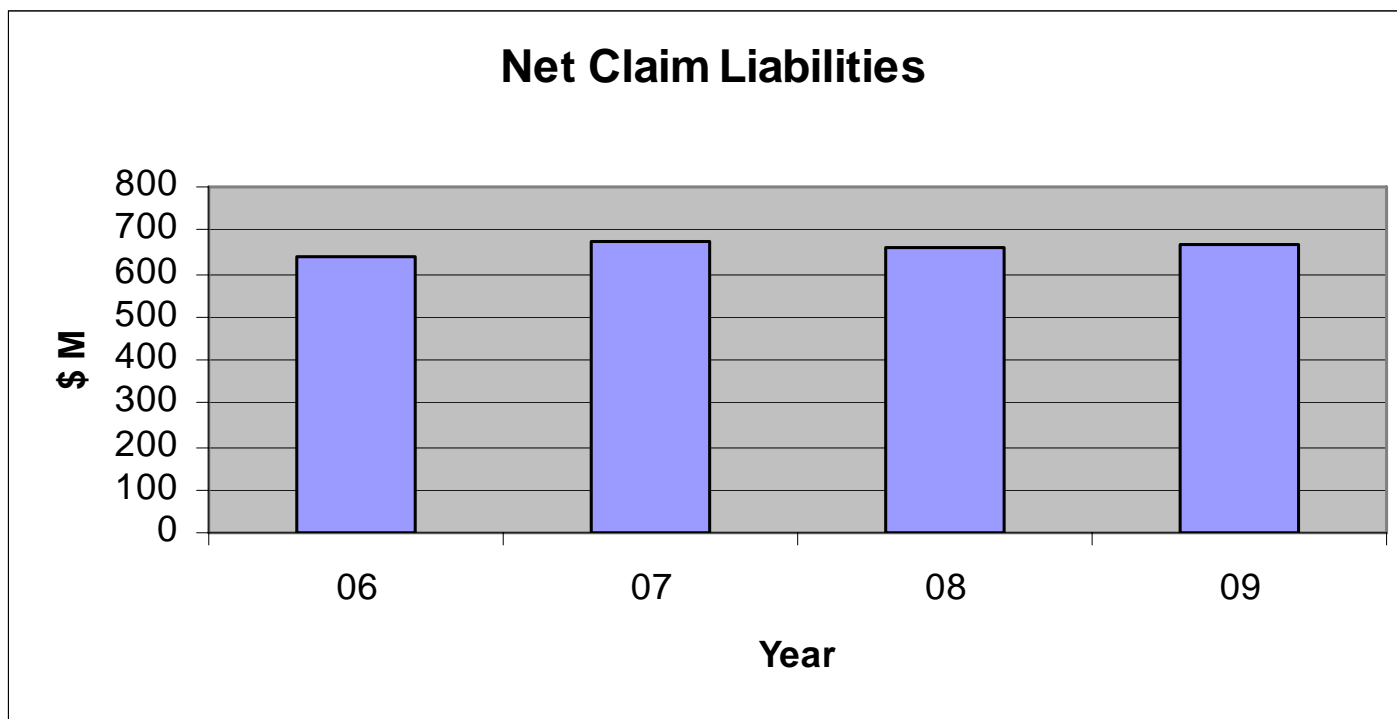


## Financial Snapshot 2005/06 – 2008/09



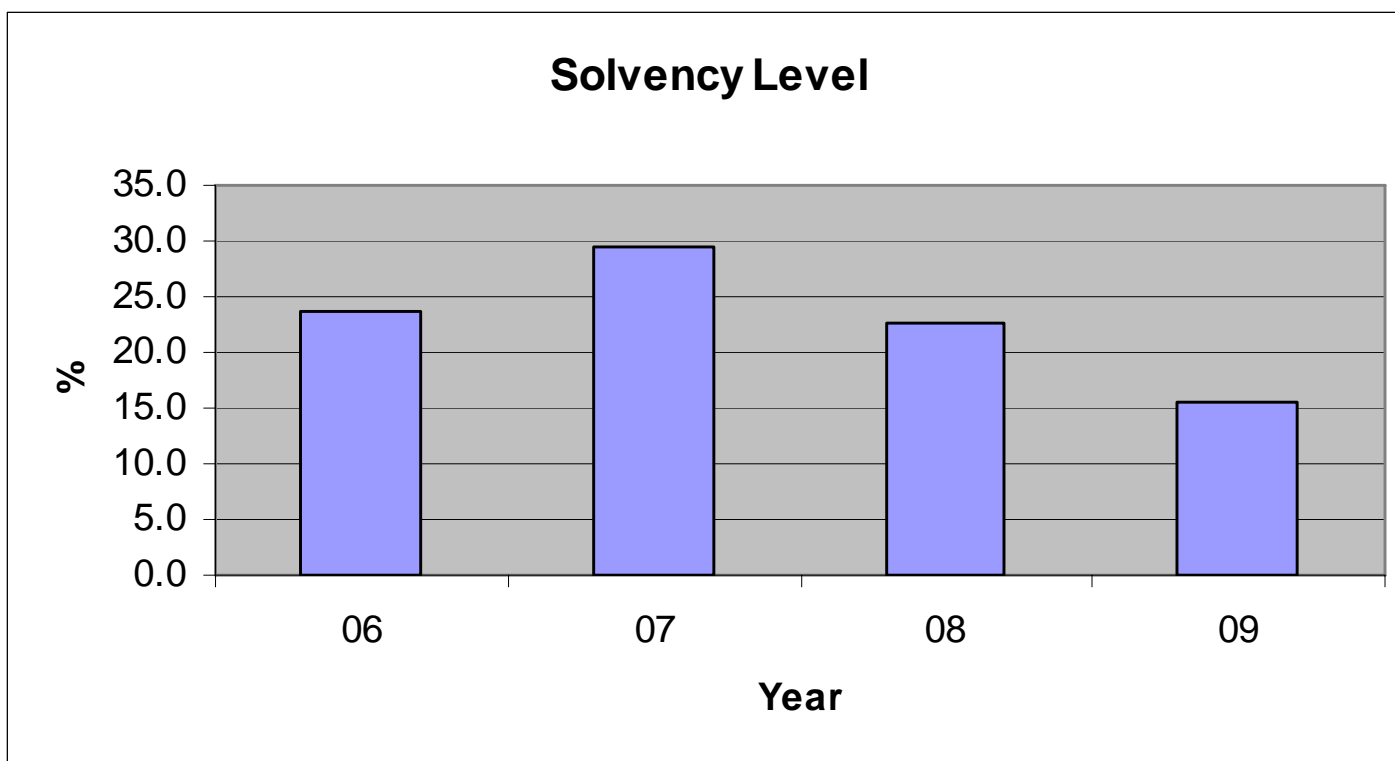


## Financial Snapshot 2005/06 – 2008/09



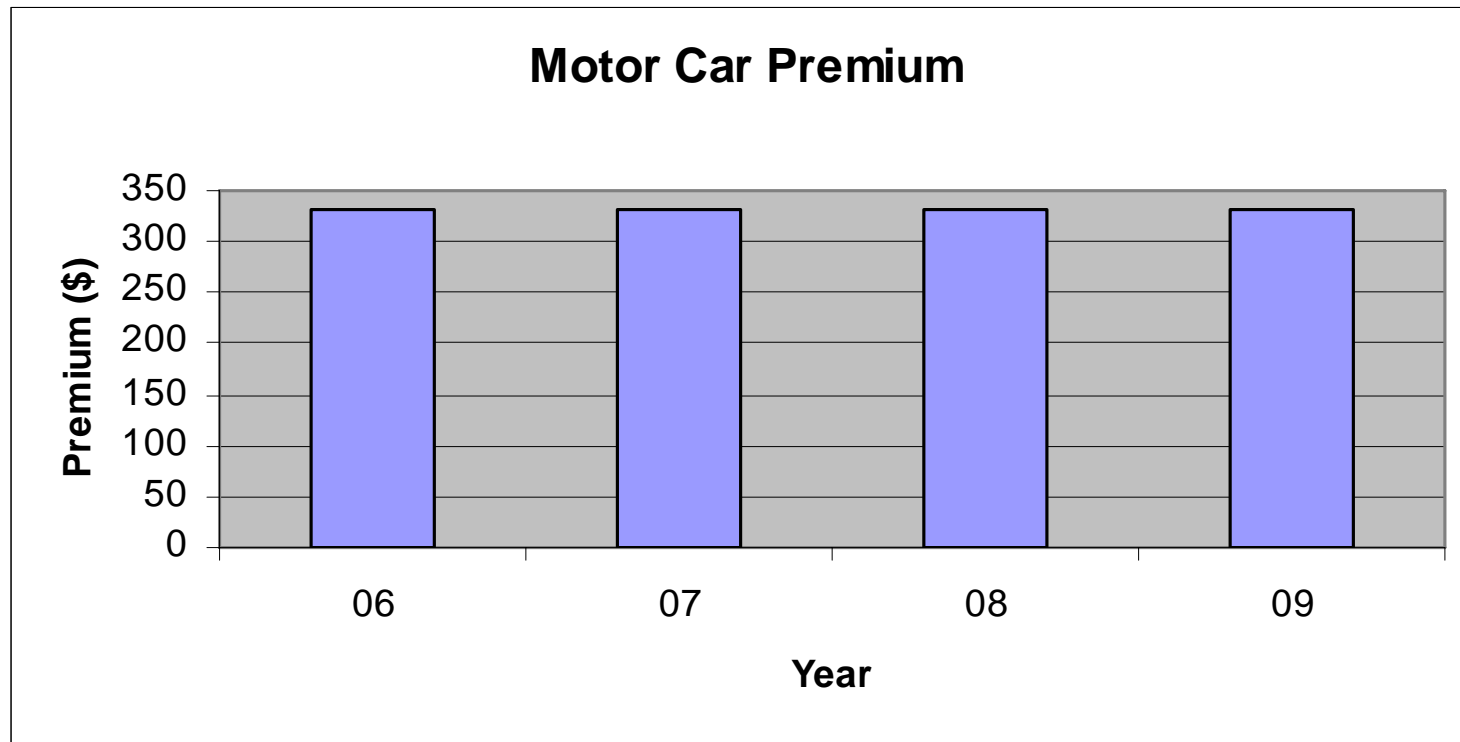


## Financial Snapshot 2005/06 – 2008/09





## Financial Snapshot 2005/06 – 2008/09





## Claims Management Model

- Statutory no-fault benefits with caps\* and limits
- Common law
- Complementary to one another

*\* Cap does not apply to long-term care.*



## Claims Management (cont)

- Early claims reporting:
  - Police
  - Newspapers
  - Hospital





# Claims Management Approach

- Guidance and direction for staff
- Reasonable case loads
- Well developed IT system



## Claims Management (cont)

- Specialist services outsourced, e.g. legal, rehabilitation investigation and facilities
- Service level agreements



## Proactive Approach to Claim Management

- Deliver benefits promptly
  - *Applications for benefits processed on day of receipt*
  - *average duration of common law claim - 2.7 years*
- Robust assessment of entitlements
  - *Eligibility criteria must be met*
  - *IT system flags caps and limits*

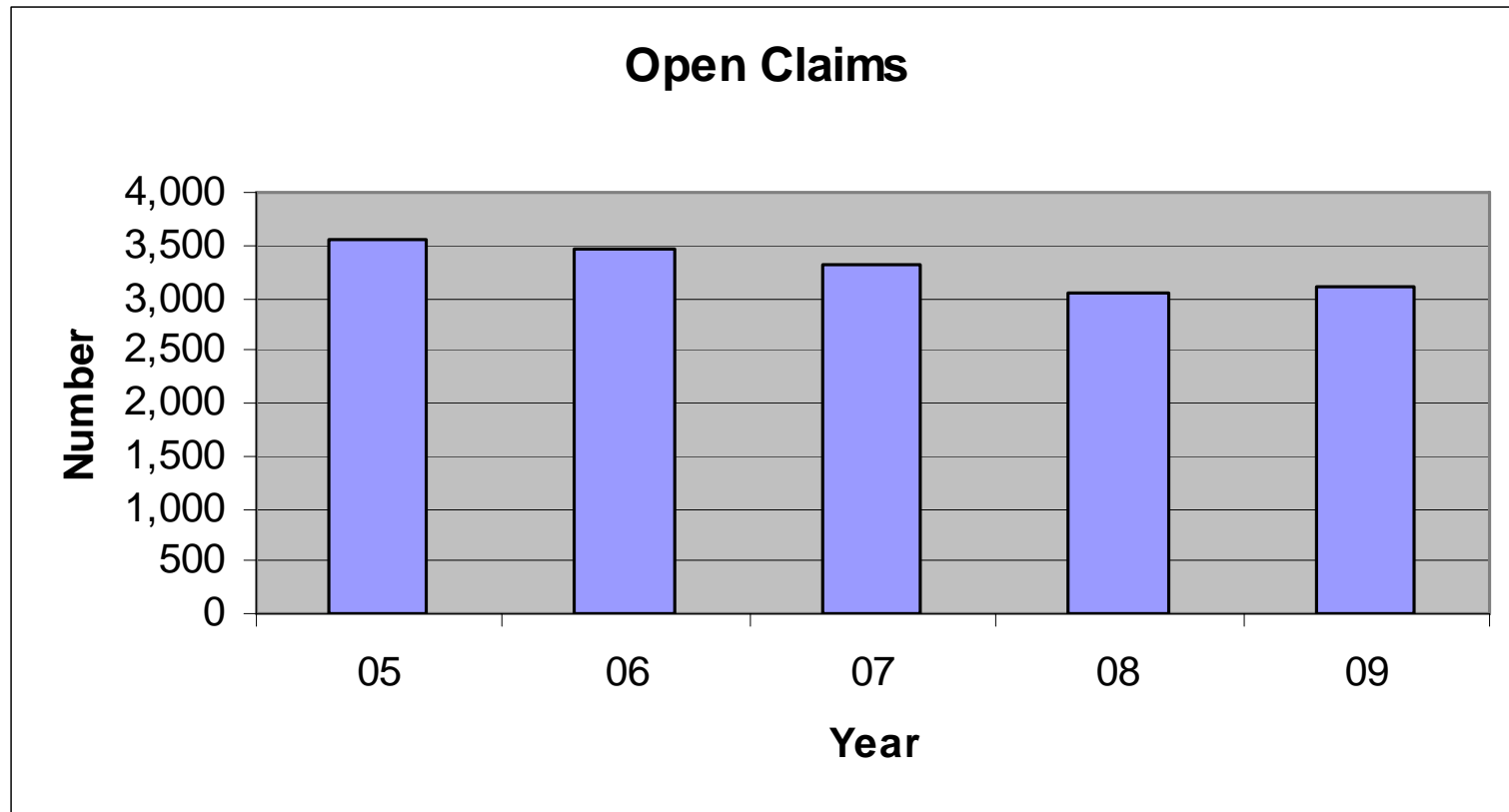


## Proactive Approach to Claim Management (cont.)

- Regular reviews
  - *Peer review of all claims*
- Stock of open claims at 30 June 2009 reduced to 3,105.



# Proactive Approach to Claim Management (cont.)





## Daily Care Claims

- Segregated management of daily care claims
  - *includes potential daily care claims and children with head injuries*
- Small caseloads
  - *caseloads of approx. 50 claims*



## Daily Care Claims (cont.)

- Reserves reviewed on each claim at least annually
  - *Actuarial valuation based on individual claims*
- Standardised assessments of injury related care and support needs being introduced early 2010





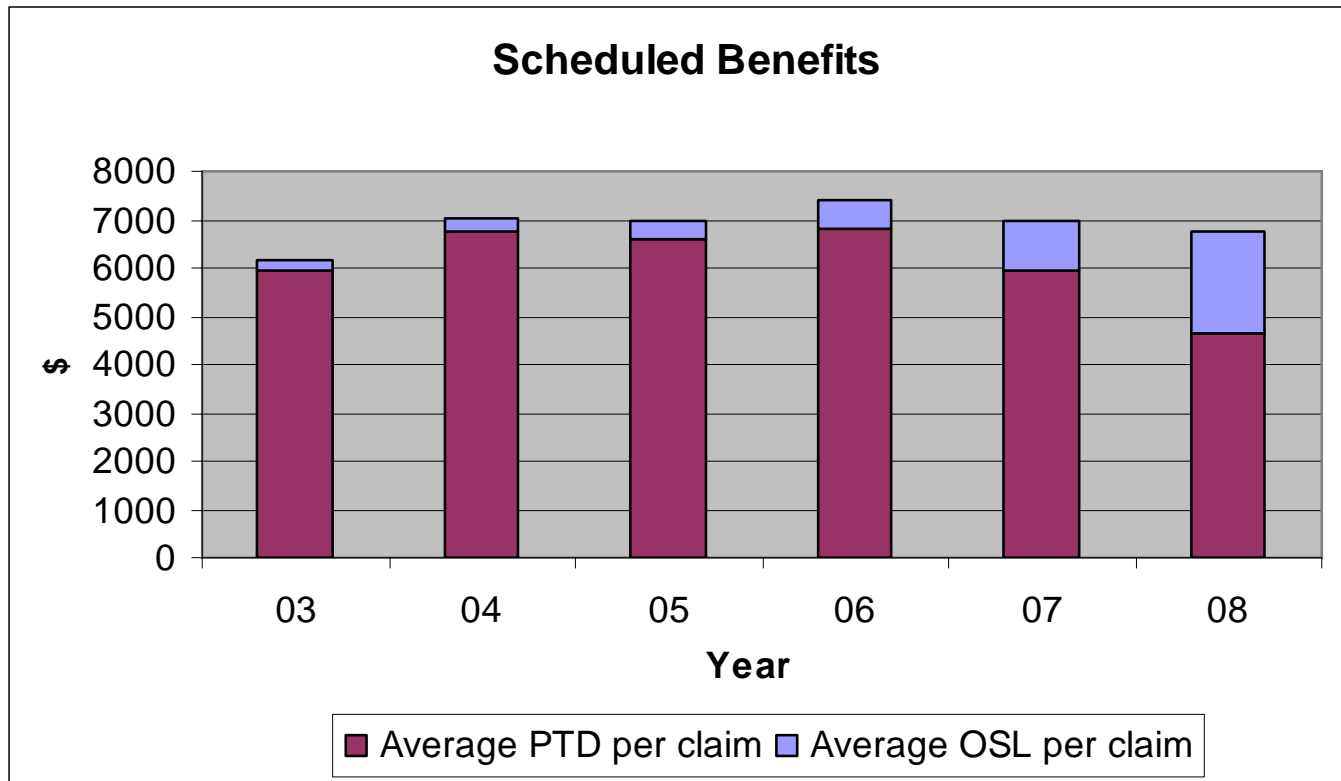
## Daily Care Claims (cont)

- Purpose built housing in Hobart, Launceston and the North West Coast





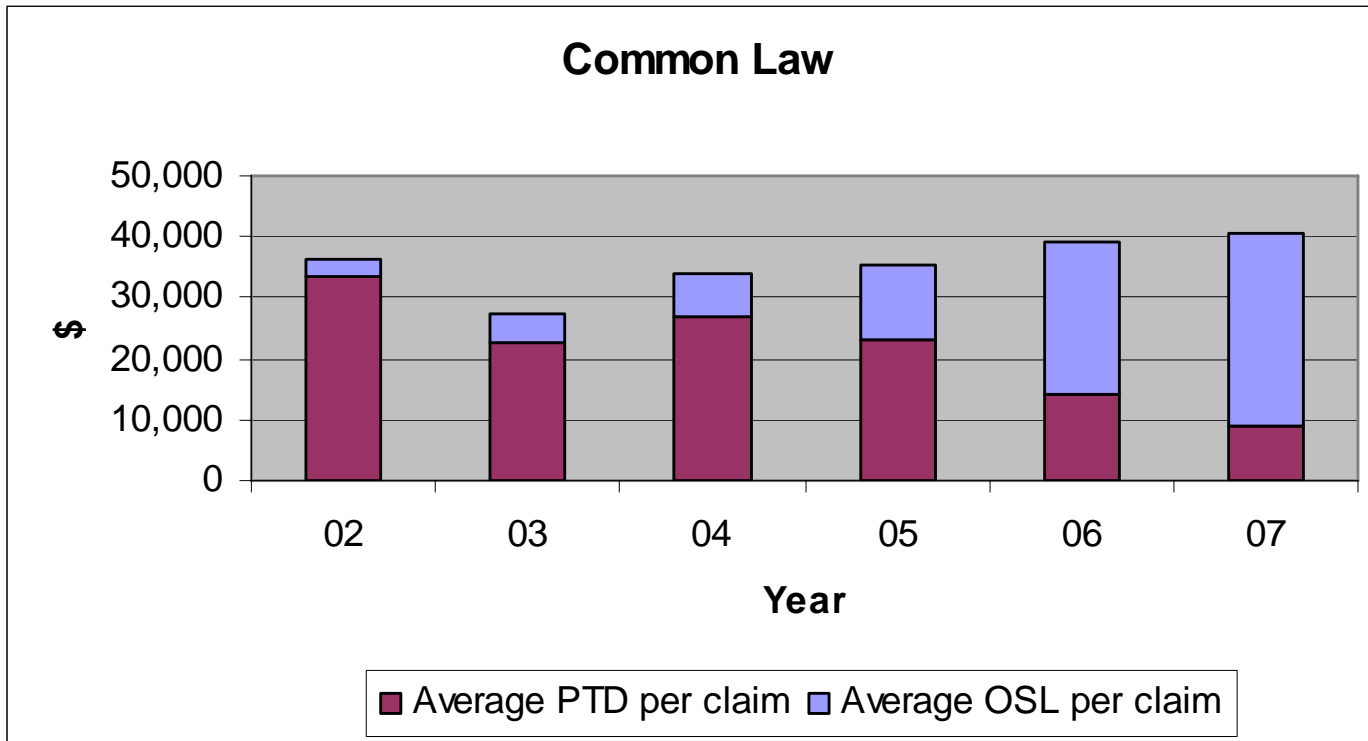
## Average Claim Size



*\* Average claim size is based on 31/12/08 values and includes paid and outstanding.*



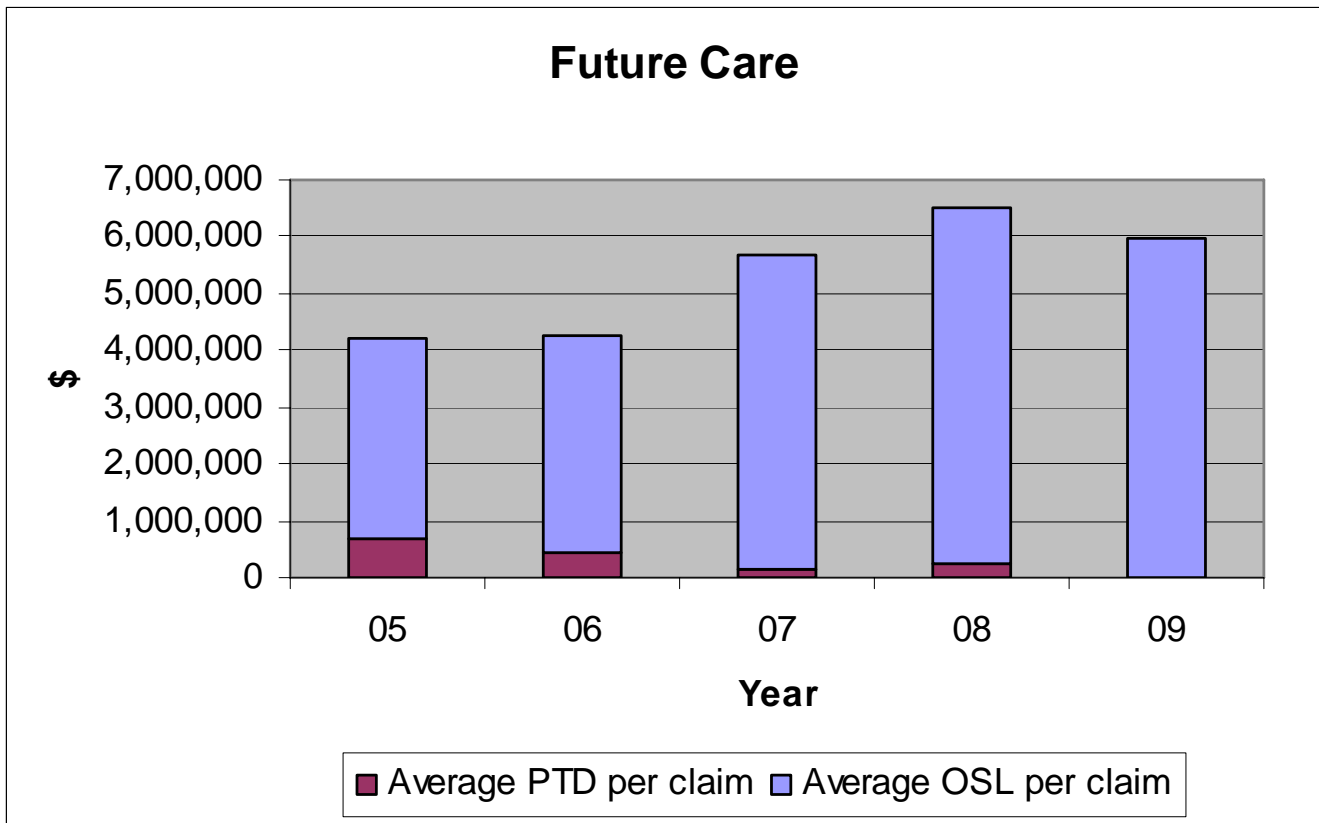
## Average Claim Size



*\* Average claim size is based on 31/12/08 values and includes paid and outstanding.*



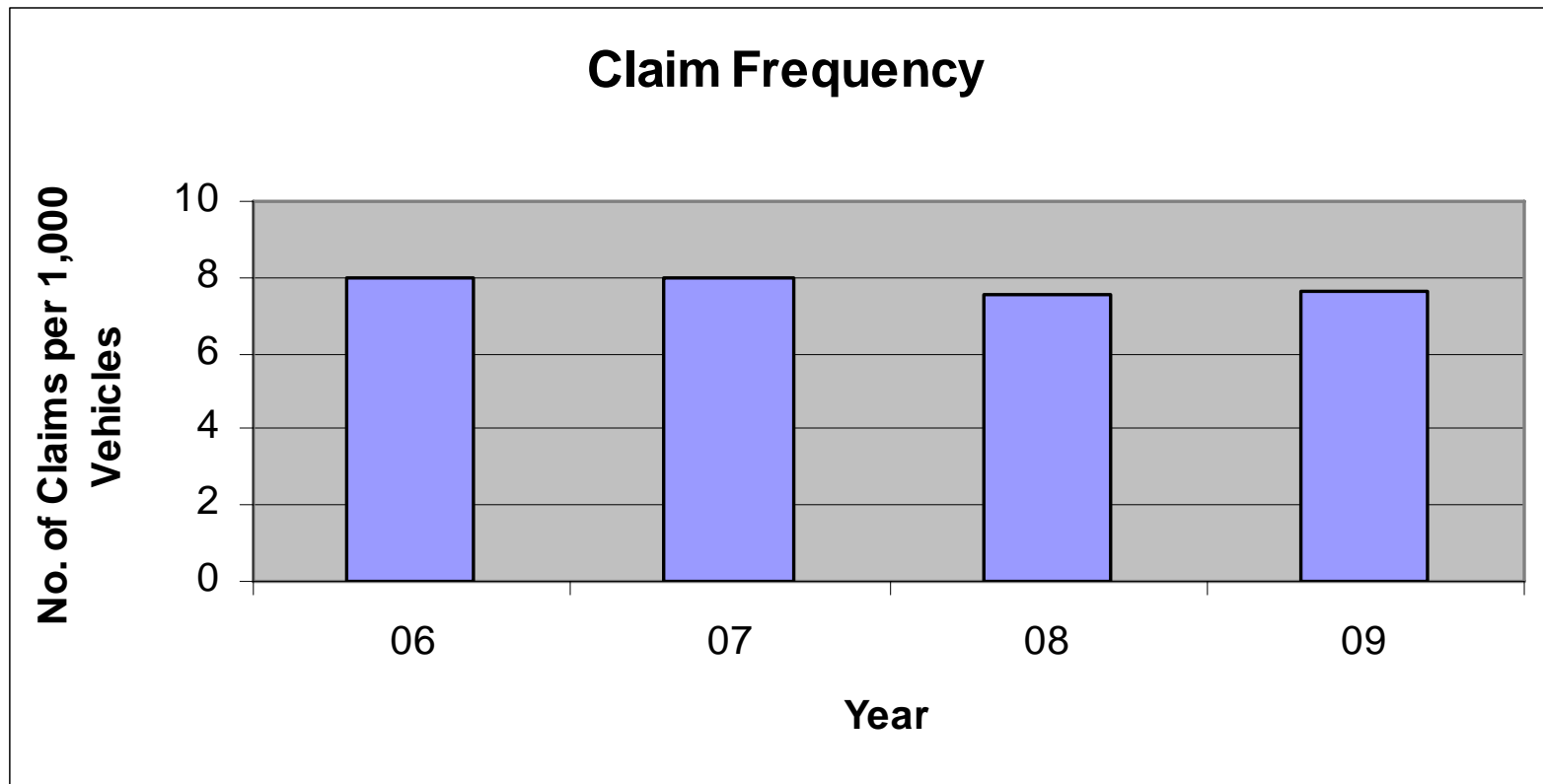
## Average Claim Size



*\* Average claim size is based on 31/12/08 values and includes paid and outstanding.*



## Claim Frequency





## Accident Prevention

- Road Safety Task Force since 1996
- Motorcycle Safety Strategy
- Infrastructure





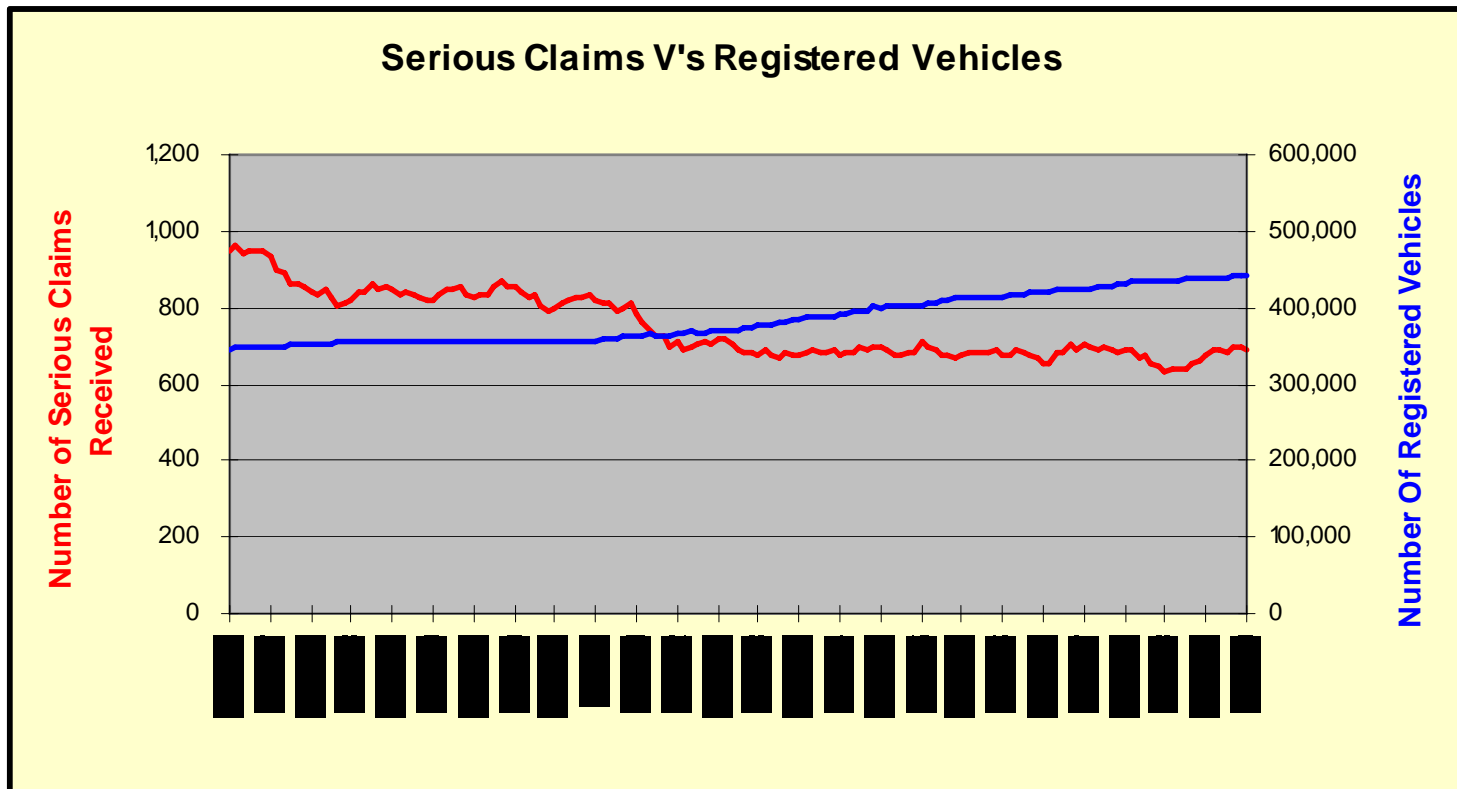
## Road Safety Task Force

- Partnership – Police, DIER, MAIB
- Review undertaken every three years
- Funding – in excess of \$25 million since 1996





## Serious Injuries





## Motorcycle Safety Strategy

- \$500,000 commitment over three years
- Subsidised refresher training
- Education campaign



## Infrastructure

- Investment of \$3.5 million over three years in State Black Spot Program
- From 2006/07:
  - Erection of wire rope barriers on highways
  - Eleven Local Government projects



## Summary

- 35 years of successful operation
- Prudent management of business
- Stable claim numbers and costs
- Fully funded scheme