



SYNOPSIS

NSW CTP BENEFIT REFORM KEY FEATURES AND CHALLENGES AHEAD

Bevan Damm, Christian Fanker

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Purpose of your paper: To outline the process of the recent NSW CTP scheme reforms from a benefit design perspective. This will provide relevant detail along the way that gives flavour to the insights learned along the way and the unique design challenges ahead.

Synopsis:

1. We will provide an overview of the key drivers for reform, with focus on affordability, efficiency and claiming behaviours becoming evident in the scheme.

2. In traveling the reform path, there were key aspects that contributed to the final design:

a. Government Position Paper

The NSW government published a Position Paper in March 2016 outlining four broad reform design options spanning from tweaking the current scheme to fully no fault defined benefit design. There were broad benefit design parameters attached to the Position Paper, along with broad indicators of the costs of these designs

b. Final scheme design new key features

i. The design introduces a “minor injury” threshold. A “minor injury” claim is defined as a claimant with only a soft tissue or minor psychological injury. Claimants with only a minor injury will stop receiving benefits after 6 months post an accident

ii. The design expanded the existing ANF coverage for at-fault claimants for up to 26 weeks, with statutory defined benefits including loss of earnings/earnings capacity, treatment and care

iii. A fitness for work assessment for entitlement to continued loss of earnings

iv. The design removes entitlement to common law damages for future treatment and care expenses by introducing statutory defined benefits

v. The intention is also to limit the incentive for excessive legal involvement in minor claims by increasing the current threshold for contracting out legal fees to \$75,000

3. With a key focus on these new key design features, we will provide consideration of the associated challenges in making these design features work effectively and the impacts for the ongoing scheme management.