



SYNOPSIS

JURISDICTIONAL COMPARISON OF CTP SCHEMES AROUND THE GLOBE

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Key words: CTP, international, motor insurance, no-fault, performance, accident rates, benefits, affordability, efficiency, fraud, reform

Purpose of your paper: To compare and contrast mandatory motor insurance (CTP) schemes across the globe and to identify best-in-class under a range of metrics or criteria. In particular, to identify areas where Australian schemes are leading the pack, as well as lessons we can learn from other jurisdictions.

Synopsis: The provision of mandatory motor insurance (CTP in Australia) varies across the globe but there are many similarities in terms of underwriting and operating models, products offered and increasingly similar issues driving rising claims costs such as exaggerated or fraudulent claims and increased levels of legal representation. Increasingly, consumers and public bodies are questioning the affordability of motor insurance premiums, the adequacy of accident benefits and the profit levels made by scheme participants such as insurers and legal firms, particularly in some jurisdictions. Frequently these topics have resulted in driving significant reforms of the motor insurance product and scheme governance structures, including the reform of the NSW scheme in 2017.

This presentation will present an overview of a broad range of CTP-like schemes across the globe including Australia, Canada, the US, and the UK, among others. We will draw out features which have proven very successful in keeping claim costs stable in some jurisdictions such as defined benefits in no-fault schemes (Victoria, Australia and Manitoba, Canada) and identify areas which are driving significant increases in claim frequency and severity such as exaggeration and building up of claims in common law schemes (NSW, Australia and BC, Canada). Availability and affordability of insurance is high in Australia, but this is not the case internationally, with estimates of up to 35% of drivers going uninsured in some US states.

Claimant benefits vary widely by CTP scheme and premiums differ considerably, even in jurisdictions in close geographical proximity. Premium rating models vary considerably (especially in public versus private underwriting models) and are subject to cultural and constitutional constraints (e.g. gender, efficiency, affordability and fairness are being publicly compared and contrasted and are creating burning platforms for scheme reform in some jurisdictions (BC, Canada)).

We use a range of metrics to compare schemes, with a focus on these metrics which vary across schemes and from where we can draw learnings from an Australia perspective.