

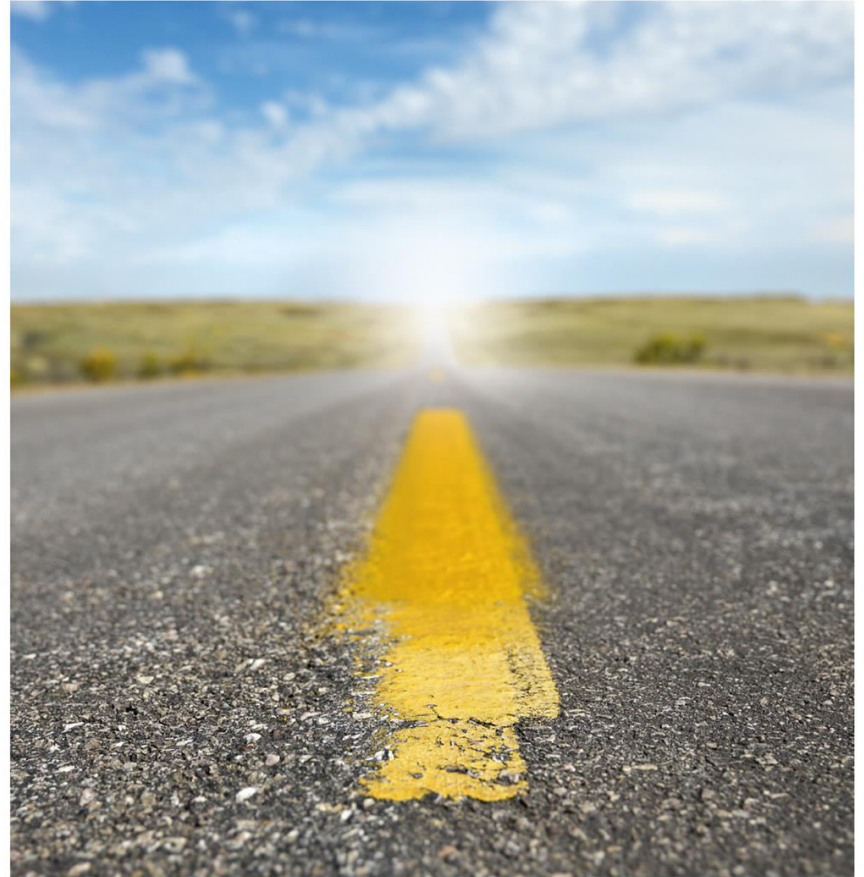
Injury Schemes Seminar

Road to Recovery



**Actuaries
Institute**

8-10 November 2015 • Hilton • Adelaide





NSW CTP

**Andrew Nicholls – Executive Director, Motor Accidents
Insurance Regulation
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*This presentation has been prepared for the Actuaries Institute 2015
Injury Schemes Seminar.*

*The Institute Council wishes it to be understood that opinions put forward
herein are not necessarily those of the Institute and the Council is not
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Outline

Changes: State Insurance and Care Governance Bill 2015
*Abolition of MAA – establishment of the Statutory Insurance
Regulatory Authority*

On the road again

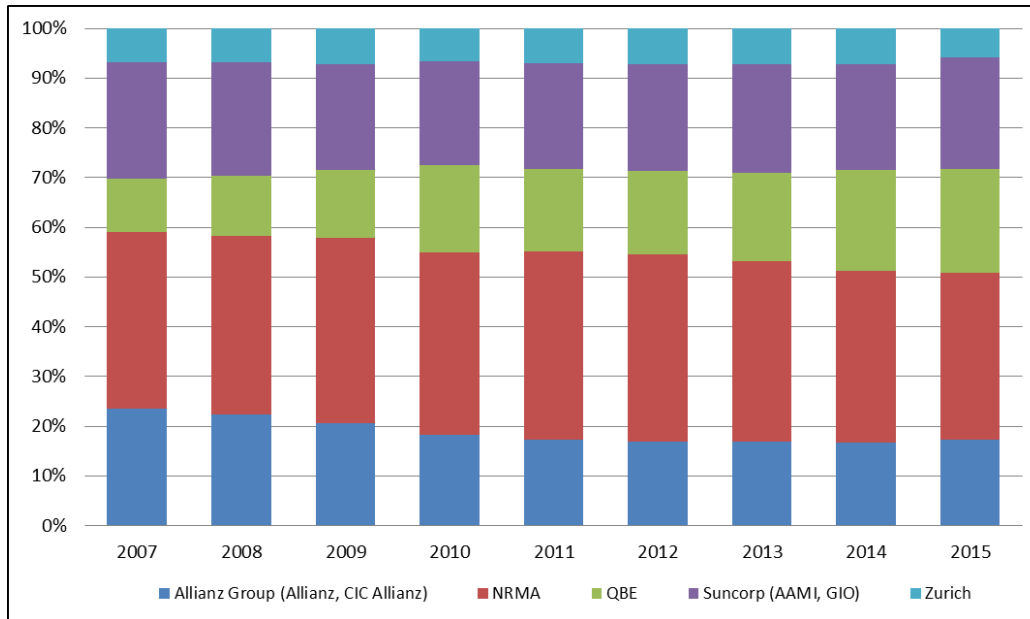
Challenges: Scheme efficiency and affordability
Claim frequency and propensity are increasing
Delayed payment of benefits

Emerging trends

- Average claims size, claims frequency and propensity continues to rise – mainly driven by low severity, legally represented claims
 - More is spent on care now than before.
- Efficiency over last 10 years is poor:
 - More is spent on lawyers than on medical and related treatment costs
 - Insurer profit continues to be higher than estimated at the time of filing
- The majority of payments in the scheme are made 3 – 5 years after the date of accident
- Low yield rates are biting

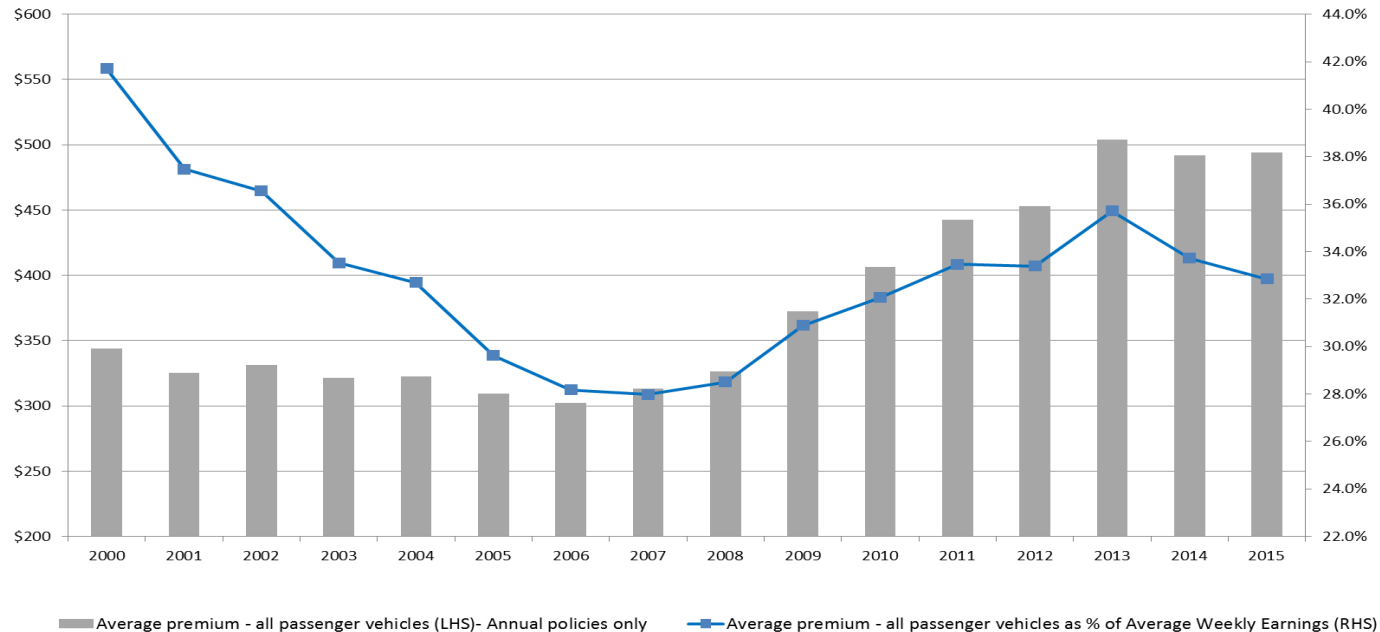
CTP Insurance Market

Market share by insurer group
 for quarter ending 30 June 2015 (based on premium volume)



Premium Affordability

Premium as a proportion of NSW Average Weekly Earnings



Number of claims

Accident Year ¹	ANFs			Workers compensation recoveries	Full Claims			Total Notifications ²	IBNR ³ estimates	Estimated Ultimate Notifications
	At-fault ANF	Not at-afult ANFs	Total ANFs		Converted ANFs	Direct Full Claims	Total Full Claims			
1999/00	0	2,662	2,662	1,891	3,154	9,076	12,230	16,783	0	16,783
2000/01	0	2,897	2,897	1,828	3,402	7,208	10,610	15,336	0	15,336
2001/02	0	2,698	2,698	1,682	2,924	6,429	9,353	13,736	0	13,736
2002/03	0	2,528	2,528	1,609	2,870	5,454	8,324	12,461	0	12,461
2003/04	0	2,264	2,264	1,568	2,871	5,590	8,461	12,294	0	12,294
2004/05	0	2,033	2,033	1,648	2,675	5,404	8,079	11,762	0	11,762
2005/06	0	1,900	1,900	1,546	2,495	5,248	7,743	11,192	1	11,193
2006/07	0	1,649	1,649	1,445	2,122	5,528	7,650	10,743	1	10,744
2007/08	0	1,282	1,282	1,352	1,896	5,729	7,625	10,259	1	10,260
2008/09	0	2,099	2,099	1,416	2,409	5,718	8,127	11,649	5	11,654
2009/10	253	2,082	2,335	1,328	2,586	5,885	8,471	12,148	11	12,159
2010/11	696	2,238	2,934	1,321	2,971	5,953	8,924	13,189	22	13,211
2011/12	884	2,415	3,299	1,003	3,206	6,037	9,243	13,599	51	13,650
2012/13	997	2,593	3,590	298	3,210	6,429	9,639	13,620	137	13,757
2013/14	1,012	2,615	3,627	207	2,931	6,397	9,328	14,358	442	14,800
Total	3,842	33,955	37,797	20,142	41,722	92,085	133,807	193,129	671	193,800

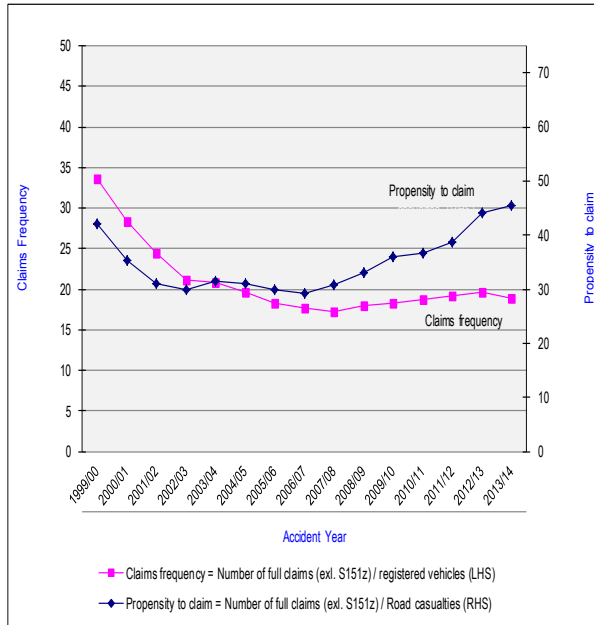
Note

1. Accident years run from 1 October to 30 September. Since 2014/15 has only 9 months of experience as at Jun15 it is excluded.
2. Total Notifications = Total ANFs + Workers Compensation Recoveries + Total Full Claims
3. IBNR - Incurred But Not Reported claims, are estimated from actuarial models.
4. CTP Claims data as at [Jun15](#)
5. Full claims as defined in Section 74 of MACA 1999.
6. ANFs as defined in Section 49 of MACA 1999
7. Workers compensation recoveries (S151z) have been shown as a separate category, so that underlying scheme trends as from 2010/11 are not distorted by the change to the Workers Compensation legislation which has narrowed the definition of journey claims.

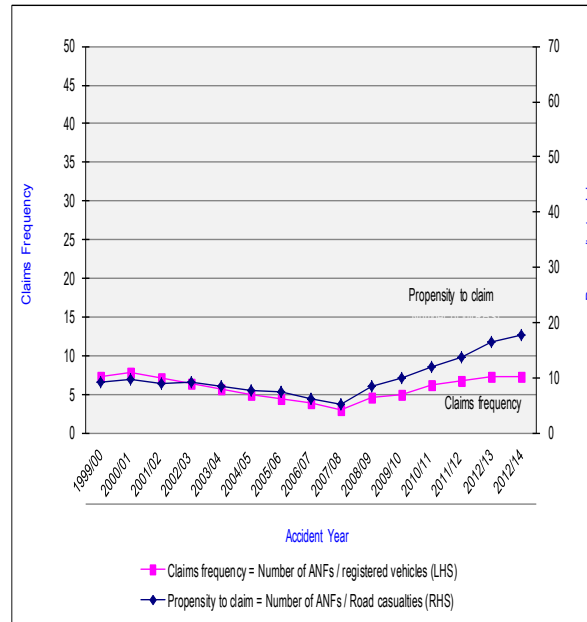
Source: Scheme Performance Branch, Motor Accidents Insurance Regulation
State Insurance Regulatory Authority

Claim frequency & Propensity

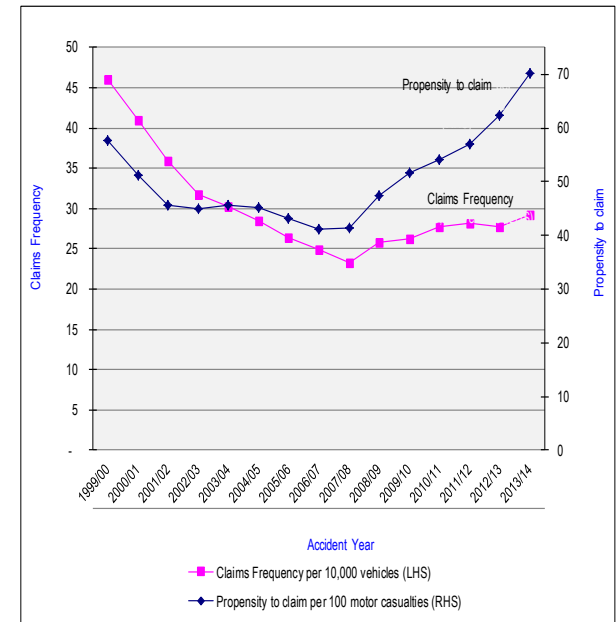
Claims frequency per 10,000 vehicles and the propensity to claim since 2000 for [Full claims](#) (excl. workers comp recoveries)



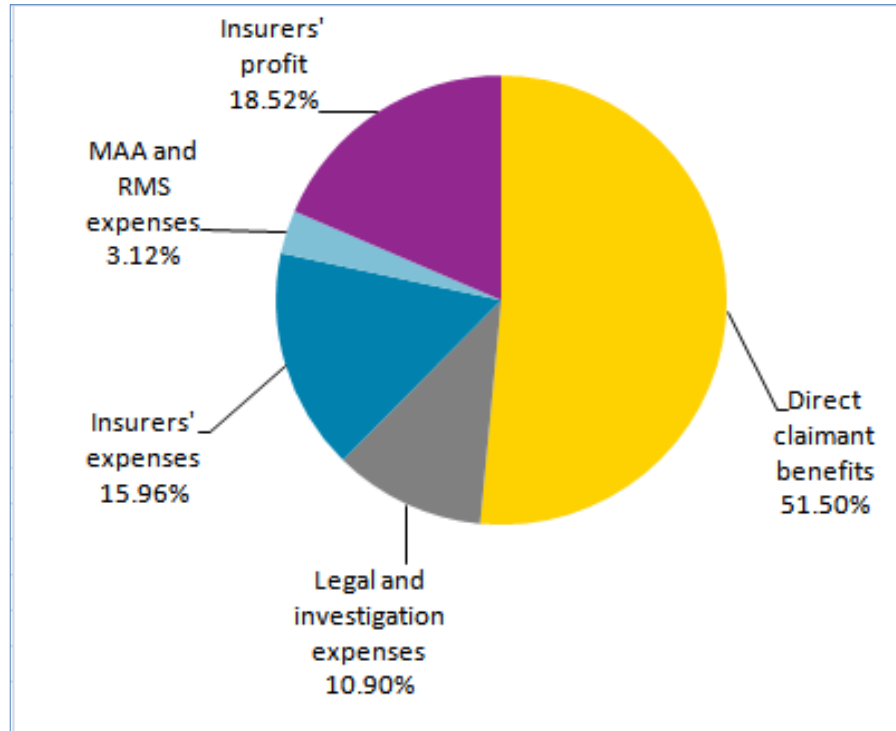
Claims frequency per 10,000 vehicles and the propensity to claim since 2000 for [ANFs](#) (excl. workers comp recoveries)



Claims frequency per 10,000 vehicles and the propensity to claim since 2000 for [All Notifications](#) (incl. workers comp recoveries)



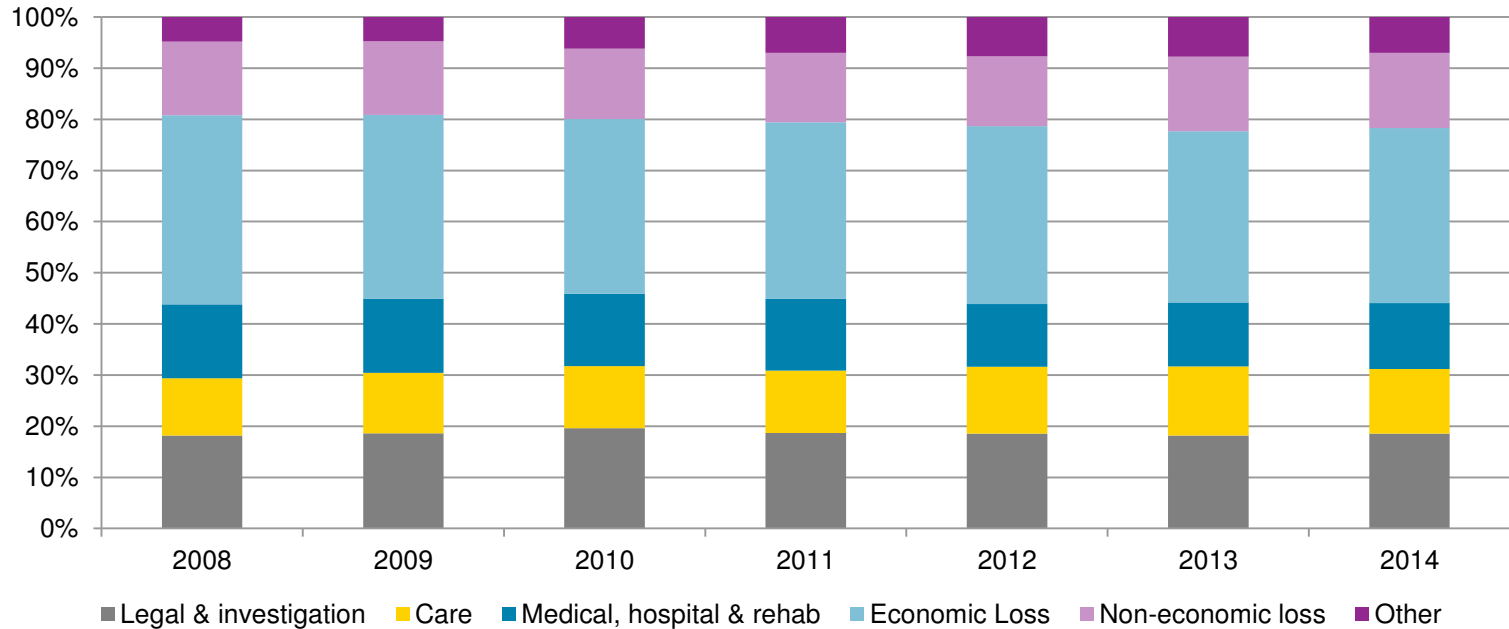
Distribution of CTP Scheme funds* 2000 - 2013



*Excludes Lifetime Care and Support

Heads of damage

Mix of finalised claim payments by heads of damage



Medical Care and Injury Services (MCIS) Levy

- Review
- Public health costs increasing
- But overall reduced rates for motor vehicles and a number of other vehicles

Priorities

Scheme sustainability

Claims growth

Profits and premium review

Customer-centric improvements for the injured and insured

Embedding risk based regulatory framework and improved business intelligence

Questions?

- www.sira.nsw.gov.au