Submission No. 53

INQUIRY INTO YOUNG DRIVER SAFETY AND EDUCATION PROGRAMS

Organisation: Insurance Australia Group

Name: Mr Mark Lever

Position: Senior Manager Government Relations, Personal Insurance Division

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NSW Staysafe Committee: Inquiry into Young Driver Safety and Education Programs

NRMA Insurance submission

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Introduction

NRMA Insurance welcomes the opportunity to make this submission to the Staysafe Committee of the Parliament of New South Wales for the inquiry into Young Driver Safety and Education Programs.

NRMA Insurance insures nearly 1.7 million people in NSW for their compulsory third party cover, and approximately 1.4 million people in NSW and the ACT for comprehensive car insurance.

NRMA Insurance and its parent company Insurance Australia Group work to reduce risk in the community, because fewer risks mean fewer claims. This means customers benefit from safer communities and lower premiums.

Many of our customers are younger drivers, or the family of younger drivers. In common with our customers, we have a clear concern to ensure the safety of younger drivers and all other road users.

We therefore welcome this inquiry and we wish the members of the Staysafe Committee every success in the examination of the specific issues set out in the Terms of Reference for the inquiry, and in seeking to understand effective interventions and initiatives that will reduce the involvement of young drivers in road crashes.

This submission addresses the specific issues raised in the Terms of Reference. In doing so, NRMA Insurance has sought to give the members of the Staysafe Committee the benefit of knowledge that can be gained from our comprehensive car claims data. In doing so, we acknowledge that there are natural limitations to what our data can tell us, and we have aimed to make this clear as appropriate. Due to the commercial sensitivity of some of this data, it has been provided in the form of a confidential attachment to this submission.

(a) The current incidence of road crashes involving young drivers in NSW

Publicly available data on the over-representation of young drivers in crashes is consistent with NRMA Insurance's own claims experience for comprehensive motor collisions. Claim rates peak at the youngest legal driving age of 17, decline rapidly into the early 20s and continue to decline more slowly until around age 70-75. At this point claim rates begin to rise, more noticeably so beyond age 80. Given the relatively small number of drivers in the older age bands, this suggests that younger drivers should continue to be the major focus of road safety strategies based on age.

This trend is illustrated by confidential attachment 1 which maps insurance claim rates against the number of drivers in each year of age in the NRMA Insurance portfolio.

The cost of claims involving young drivers is also significantly higher (see confidential attachment 2). This is more likely to be due to higher average severity than other variables such as the type of vehicle and incident, given the size and diversity of the sample. Interestingly, severity appears to be highest in the 20-22 age band. This suggests the reduction in incident rates as drivers exit their teens is partly offset by an increase in incident severity. One explanation could be that confidence levels rise faster than competence levels as young drivers gain experience, resulting in fewer but more severe accidents.

It is also worth noting how consistent this pattern is over time.

While there is some evidence that overall injury and fatality rates are declining on the roads, the over-representation of young people remains remarkably constant. The following graph shows the claim frequency pattern for the last three years.

(b) Underlying risks and major factors contributing to such crashes

As the largest motor insurer in NSW, NRMA Insurance claims provide perhaps the largest single source of data on incidences of driver error in the State. In interpreting this data it is important to understand what it does and does not say. It is also important to remember that a range of factors contribute to injuries and deaths on the roads and it is inherently problematic in isolating the role of any one variable, such as driver age.

- Collision data is different to that collected on fatalities and serious injuries as it covers a much broader spectrum of incident severity. A range of other variables contribute to injury and fatality rates, including the nature and location of the incident, the vehicle design and its safety features and the physical condition of those involved. However the collision data set, because of its size and granularity, does provide a statistically robust picture of the relationship between driver age and error rates.

- NRMA Insurance's CTP pricing is in part based on a statistical correlation between at fault collision experience and the risk of being responsible for an injury claim. Thus collision data on driver age as a single variable can be seen as predictive of the *relative* incidence of injury and fatality involvement.

- NRMA Insurance customer data is not representative of the population as a whole. While large in number, it is a self-selecting subset. People who comprehensively insure their vehicles are inherently more risk averse than those who do not. CTP injury claims rates are significantly higher among drivers who are not comprehensively insured across all age bands.

With those qualifications the case can be made through insurance data that young driver crash involvement remains *the* major challenge for road safety policy despite the considerable efforts in this area in recent years. The data probably understates the continued over-representation of young drivers in crashes because it does not include many of the highest risk drivers in those age groups ie those who do not comprehensively insure.

More importantly, there also does not appear to be any discernable trend towards an improvement in error incident rates among younger drivers over the three most recent underwriting years (confidential attachment 3). The only volatility seen is in the oldest age groups, reflective of the very small sample sizes rather than any statistically significant change.

It may be that the benefits of the range of young driver initiatives over recent years, discussed in more detail below, are being offset by other factors. These are primarily economic. For example, rising vehicle ownership per household is leading to improved vehicle access for young drivers and thus increased exposure rates. Other factors are less quantifiable, due the largely anecdotal nature of the evidence, such as the influence of so-called recreational drugs other than alcohol and the impact of relatively new types of distractions such as mobile telephones.

(c) Differences in driving behaviour, crash outcomes and relevant trends in urban and rural areas of NSW

Insurance data suggests there little difference in relative crash experience for young drivers in metropolitan and non-metropolitan areas. The table at attachment 4 shows average collision claims costs by age bands for the five NSW Motor Accident Authority CTP rating zones, Metropolitan, Country, Newcastle-Central Coast, Outer Metropolitan and Wollongong.

Differences between these zones are likely to reflect environmental factors, including exposure, road conditions and traffic density, as well as socio-economic factors that influence vehicle type, rather than differences in young driver error rates. The differences between age groups are remarkably similar and consistent over time across all five

regions (allowing for the smaller sample sizes and thus increased volatility in the figures for the two smallest zones, Outer Metropolitan and Wollongong).

(d) The availability and appropriateness of current diversionary and educational programs for young offenders involved in serious traffic violations

At present in NSW, the Sober Driver Program and Traffic Offender Programs (TOPS) operate at various locations throughout the state where Magistrates can require attendance as a part of sentencing. It is important to note that these programs are intended to be delivered to all those drivers who have committed an offence and are not specifically designed for young and novice drivers. The programs are also not delivered in all areas of NSW and therefore there is not uniform attendance for offences.

The Sober Driver Program has the advantage of having been developed by a multi-sector team to address a specific road safety issue, namely drink driving, and has been developed to ensure relevance and consistency of delivery and content. TOPS on the other hand have different curricula in different locations and do not specifically target particular driving offences. This makes it more challenging to evaluate the effectiveness of the program as a whole. We understand that RTA has conducted some evaluation of these programs but the programs are not run by RTA, they have been conducted over relatively short time periods, have limited numbers of participants and vary considerable in content.

Reviewing the content, delivery, uptake by Magistrates and most importantly the effect of TOPS on subsequent offences *and* crashes could be a useful first step in seeking to establish the usefulness of such a program on road safety, especially for young offenders.

(e) The efficacy of young driver education programs and the potential for development and expansion of these programs, subject to proper evaluation

While many attempts have been made in NSW, other parts of Australia and the world to devise 'driver education' programs for new drivers, there is still little evidence that such programs have positive effects on safety. There are many challenges in seeking to determine the effect of discrete programs including;

- Most are operated on a voluntary participant basis and therefore there are inherent biases in the attendees. For example, those who are most interested and accepting of safety as an issue are most likely to attend. Those who have lower perceptions of risk and higher confidence in their own abilities are less likely to volunteer their attendance but may well be the group at the highest crash risk.

- Few programs have been developed on a 'behavioural framework' that seeks to identify behavioural factors that are important to crash risk but are amenable to

change in an educative forum. Many programs rely on increasing young driver knowledge but this does not necessarily result in the type of behaviour change needed to improve driving safety.

- Even for young novice drivers, crashes are rare events. This means that in order to be able to detect a change in crash patterns as the result of an educational intervention, very large sample sizes are required. Any 'evaluations' of programs have largely relied on other weaker measures such as self reports of behaviour, knowledge acquisition and even whether attendees enjoyed the course. The ultimate outcome of crash involvement subsequent to program participation has rarely been measured. Therefore the ability of most programs to improve young novice driver safety remains unclear and open to conjecture.

- Delivering programs which are suitable in both urban and rural locations in NSW can be difficult given the geographical spread. This causes several challenges including securing suitable and competent program deliverers, finding appropriate locations, venues and group sizes in rural areas, and delivering a program to young drivers at the optimal time in their licensing process.

The Novice Driver Programme Trial (NDPT) in which NRMA Insurance/IAG is a partner with the Federal, NSW and Victorian governments, RACV and the Federal Chamber of Automotive Industries, is seeking to develop, conduct and rigorously evaluate a post-licence program for young novice drivers. This Trial is attempting to address all the issues outlined above. The consequence of this approach is that the Trial requires a long timeframe, extensive resourcing and is an extremely complex research project to develop and conduct. Further details of NDPT are available in the ATSB submission to this Inquiry.

(f) Other initiatives to improve young driver safety

There have been significant changes to the licensing process in NSW since 2000 with the implementation of a more comprehensive Graduated Licensing Scheme (GLS) and additions to that scheme in more recent times. The GLS has adopted many elements that have been shown to be effective for young driver safety in other jurisdictions and which focus on known crash risks for inexperienced drivers. NRMA Insurance supports GLS and the monitoring of young driver crashes to determine its effectiveness.

The current GLS has many restrictions which it places on new drivers such as reduced speed limits, zero blood alcohol concentration, a nighttime passenger restriction, restrictions of powerful vehicles and limited demerit points accrual. While all of these measures may have legitimacy as elements of GLS, their effectiveness is largely dependent on the enforceability of the requirements and if they are actually enforced. If it is perceived by young people that there is a low chance of being detected for breaking any of the requirements, this not only undermines that particular law but road safety initiatives generally. If young drivers get away with breaking one law it can encourage

them to break more. Enhancing the amount of visible policing that young drivers encounter can be an effective way of optimizing compliance and obtaining the maximum safety benefits from the scheme.

g) Any other relevant matters

In the absence of any clear evidence of a reduction in crash *propensity* among young drivers, it is likely that evidence of declining injury and fatality rates is more attributable to other factors, particularly vehicle design and ongoing investments in safer roads. While further efforts to reduce young driver error rates should be encouraged, a continuing focus on vehicle safety and road engineering is more likely to yield measurable results in terms of fewer injuries and fatalities - at least until the evidence is available to better target behavioural programs.

As a member of the Australian New Car Assessment Program, NRMA Insurance is a leading advocate and substantial investor in efforts to promote continuous improvement in vehicle safety.

The ANCAP star rating system helps new car buyers make an informed choice and there is some evidence that manufacturers are responding to this type of market pressure. But the length of vehicle life cycles means that it can take 20 years before innovations in vehicle design become common enough to make a major difference to overall crash statistics. Typically these innovations appear first at the top of the market and gradually trickle down, becoming standard features many years later. Mature examples which have achieved widespread penetration more than two decades after they first appeared include frontal air bags and anti-lock brakes.

More recent innovations that will make a major contribution to crash avoidance and crash outcomes are electronic stability control (ESC) and side curtain airbags will also making a demonstrable difference. A recent study by Monash University Accident Research Centre said ESC reduced the incidence of single-vehicle crashes by 28 per cent. Side airbags have also been shown to substantially reduce the risk of severe head injury from side impact collisions.

Yet penetration of these innovations into the vehicle population is still less than five per cent. Despite their high weighting in ANCAP scores, many manufacturers do not include these features in the entry level models likely to be purchased by or for young drivers. Manufacturers are also likely to resist attempts to make these features mandatory for some years to come on cost grounds. As a result their spread will be very gradual.

Governments and their agencies can, however, drive more rapid penetration of these new safety features through their own fleet purchasing policies. As the largest volume buyers of new vehicles in Australia, governments have the ability to dictate minimum standards through economic pressure on manufacturers. If government took the lead by mandating ESC and side curtain airbags for their own fleets, manufacturers would be very unlikely

on pure cost grounds to offer lower minimum safety levels to the private markets. The additional cost could be justified on occupational health and safety grounds and at least partly offset by lower insurance and workers compensation expenses. As these vehicles are turned over into the second hand market, overall penetration of ESC and side curtain air bags would accelerate.