

QUESTION 14

The Hon. LYNDA VOLTZ: Ms Donnelly, in the last hearing I did ask you about notification to people about their green slip refunds. At the time I asked if you had included in the letter that you wrote to people that they could actually claim their refund by just calling, rather than going online. Do you have a response to that?
Ms DONNELLY: I may ask Ms Maini. I know there have been some revisions to the letter that is being sent out.

Ms MAINI: Yes. The letter has been modified to include that anyone can actually go to a service centre, call, or go on the website. There have been revisions to that letter.

The Hon. LYNDA VOLTZ: That was my question. My question was the letter was sent to everybody, prior to the 30 September cut-off date, to claim whether that included that they could ring up and get their refund.

Ms DONNELLY: What Ms Maini was explaining was subsequent to that, the letter has been modified. I would also like to advise the Committee that the deadline for claiming refunds has been extended into the middle of next year.

The Hon. LYNDA VOLTZ: Ms Maini, do you have it? Have you got a copy of that letter?

Ms MAINI: No, I do not. I can provide that.

ANSWER:

A copy of the revised letter as at October 2018 is provided at **Appendix 7**. Noting, these letters undergo ongoing revisions, including updating based on customer feedback.

QUESTION 15

The Hon. LYNDA VOLTZ: It says go to the website. Ms Maini, what is the percentage of people over 65 who do not have internet access?

Ms MAINI: I do not have that information.

The Hon. LYNDA VOLTZ: It would be lower than the general population, though, would it not?

Ms DONNELLY: I would be happy to take that on notice. I am not an expert on that but I think I could take it on notice.

The Hon. LYNDA VOLTZ: Ms Donnelly, you took it on notice the last time.

Ms DONNELLY: We have actually advised the Committee that there have been changes to the letter since the last hearing.

The Hon. LYNDA VOLTZ: Yes, but you have not sent the letter out. That is correct, is it not?

Ms DONNELLY: There will be a new letter coming out next week.

The Hon. LYNDA VOLTZ: There will be a new letter from Victor Dominello, will there?

Ms DONNELLY: From next week.

The Hon. LYNDA VOLTZ: Will that be signed by the department, or the Minister?

Ms DONNELLY: I will have to confirm.

The Hon. DANIEL MOOKHEY: Incidentally, will that letter inform people of the service administration charge that is being applied?

Ms DONNELLY: I would take that on notice. I have not seen the formal draft.

The Hon. LYNDA VOLTZ: While you are taking things on notice, can you inform us at this point in this State how many pensioners have not received their compulsory third party [CTP] insurance refund?

Ms DONNELLY: I am not sure that we are able to ascertain whether someone is a pensioner or not.

The Hon. LYNDA VOLTZ: Everyone who is a pensioner gets a free registration. How can you not identify who is a pensioner?

Ms DONNELLY: At the point where they apply for a refund? I would need to take that on notice.

ANSWER

The revised letter is addressed from Minister Dominello.

The revised letter does not disclose the fee. On the Service NSW website and SIRA website, customers are advised there is a small administration fee and that those parties that are eligible will receive a refund between \$10 and \$120.

SIRA does not have access to the gender, age or other demographic characteristics of those people who have not yet received refunds.

QUESTION 16

Mr DAVID SHOEBRIDGE: What is the balance? You have explained some of it. You have put an extra \$480 million. There is still \$100 million unaccounted for from the \$1.5 billion—more than \$100 million; about \$120 million.

Ms DONNELLY: I am happy to take that on notice and give you an explanation. We have constructed this in a way to provide information about the four categories that the Committee has asked for. I am not entirely sure that there would not be payments beyond the five years. I think that maybe the explanation, but I would like to confirm that.

The CHAIR: Let us get a specific explanation on that.

Mr DAVID SHOEBRIDGE: You will explain that missing \$120 million one way or another?

Ms DONNELLY: Certainly.

ANSWER:

The below table provides a detailed breakdown of the expected future distribution of premiums collected. The additional approximately \$100 million is associated primarily with claims investigations, claims handling and reinsurance expenses. The reason this was not included in the initial question on notice answer was because that question specifically requested the amount of money in the scheme allocated to: Claimants; Medical and Allied Health; Lawyers and Insurers in terms of acquisition and profit. As the additional funding was allocated to investigations, handling expenses and reinsurance expenses it was not included.

Detailed Breakdown	\$M
Paid to Claimants	\$604
Paid to Medical Allied Health	\$219
Paid to Lawyers	\$260
Paid to Insurer Profits	\$118
Paid for Acquisition Costs	\$181
Paid for Claim Investigations	\$10
Paid for Claim Handling Expenses	\$82
Paid for Reinsurance Expenses	\$5
Total (excl GST, Levies, BBA)	\$1,480

QUESTION 17

Mr DAVID SHOEBRIDGE: But the other issue is this: We asked at the last Committee hearing what your projections were when you set up the scheme for the payments up to that point, which was the end of August. I have looked through all your answers and I still do not have the answer to that. What were you projecting would be the payments made out of the scheme up until 31 August 2018? What were you projecting? We know what was paid out—\$21 million. What are your projections? We asked this repeatedly over the last inquiry. You have given us two sets of answers, and you still have not answered it.

Ms DONNELLY: I am going to see if Ms Maini can find that answer. I believe in the presentation that we shared with you from the legal forum there was some information about expected payments. I am sorry: There is quite a lot of information there. In addition to the answer to that question on notice that we were just discussing, which gives you a projection of payments albeit not with the payments beyond five years, I am sorry, Chair, I may—

The CHAIR: Do you want clarification of the question?

Ms DONNELLY: I may need some clarification.

The CHAIR: Could you repeat the question?

Ms DONNELLY: You are seeking?

Mr DAVID SHOEBRIDGE: I do not know how much clearer I can be. You tell us that \$21 million was paid to claimants as at 31 August. You gave us a similar figure at the last hearing. We asked you repeatedly: What were the projections? Is it tracking against the projections? What were you expecting would be paid out? You said you would give it on notice. I have checked through both the answers you have given us on notice and the answers you have given us at the pre-hearing questions, and I cannot find it: So I am asking for it now.

Ms DONNELLY: I can certainly tell you that the amounts of payments compared to the projections are still slightly below the projections largely because of low amounts of payments in the first two months of the scheme—December and January. They are now tracking much closer to the expected amount. I apologise if that question was not in the questions on notice and the answer is not there. I am certainly very—

Mr DAVID SHOEBRIDGE: Ms Donnelly, you still have not answered. The very first line of the questions on notice given to you has the Hon. Trevor Khan saying, "You would have done some form of projection, I assume, that would have identified these lags in times", et cetera. That is just one part of it. The repeated questions you had at the last Committee hearing were about what the projections were, and you come to is today without the projections. I do not understand. Please explain.

Ms DONNELLY: Mr Shoebridge, we provided you a lot of information. I believe that those projections are in the pack somewhere. I am just having a bit of trouble finding them at the moment. I am certainly very happy to, as quickly as possible, draw those out and provide you with an answer. We could come—

The CHAIR: You will provide that information to the Committee when you are able to locate it, either within the hearing today, preferably, or on notice if you are not able to. But it is a very specific question.

ANSWER:

Assumptions and projections on scheme costings and patterns developed prior to the commencement of the 2017 scheme were based on an ultimate (or finalised) expected cost per policy. To forecast expected payments over time, quarterly payment patterns were used from other injury schemes (e.g. Victorian Transport Accident Commission TAC) that pay statutory benefits. While there are observed delays in anticipated claims and payments to date, the total payments expected to be made when all claims for the current period are finalised remain the same.

Statutory benefits payments as at 30 September 2018

	Forecast*	Actual	Remaining Payments for first Premium Year
Statutory Benefit Payments	\$ 129.5 million	\$ 49.9 million	\$ 320.1 million

* Forecast set in October 2017. A revised forecast is expected by in November 2018 allowing for emerging claim and payment experience.

While some initial delays in payments were allowed for, early actual payment patterns may differ from the forecast for the following possible reasons:

In deriving monthly patterns from quarterly data, payments in the earlier months of each quarter are overestimated compared with the later months;

- Claims in the 2017 scheme are not yet being reported as quickly as in other more mature schemes (i.e. TAC), so delays in the earliest months of the scheme are materially impacting results;
- The 2017 scheme started in December 2017 and may have been affected by seasonality which was not allowed for.

These delays mainly affect the timing of payments rather than their amount. If payments for loss of income are not made initially due to a delay in lodging a claim, these benefits can still be claimed as part of a damages claim later. In this situation, costs are likely to be higher than if paid as a statutory benefit, due to the uncertainty of the award of damages process and costs.

Most scheme cost will emerge over several years. In particular, expected future damages payments are a material scheme cost, which will only emerge over the next few years. As expected, no damages have been paid in the 2017 scheme yet, so using the experience to date to gauge future trends in payment timing and quantity is likely to be misleading.

The following table shows the effect on expected statutory benefit payments if the assumed payment pattern is delayed and compares it with the actual payments as at 30 September 2018.

30-Sep-18 (\$ millions)	Expected	Actual
Original Payment Pattern	\$129.5	\$49.9
Pattern delayed by 1 month	\$110.4	\$49.9
Pattern delayed by 2 months	\$90.8	\$49.9
Pattern delayed by 3 months	\$72.0	\$49.9
Pattern delayed by 4 months	\$54.1	\$49.9

This table shows the sensitivity of the assumed payment pattern to delays. While the payments to date are less than expected according to the actuarial model it is quite possible that this is temporary, as the various parties become accustomed to the new scheme. Such an effect has occurred in the past when significant changes in the scheme have been made.

Over time, as the processes and procedures of the 2017 Scheme develop and mature, it is expected that the payments to injured people will continue to speed up.

With SIRA's increased reporting capabilities, SIRA's scheme actuary is able to improve the forecasts by better reflecting the claims experience in the new CTP scheme.

The following table shows that for a comparable 9 month period (Jan-Sept), the 2017 scheme has paid a larger amount of benefits compared to the 1999 scheme.

Scheme	Benefits Paid 9 month Period (\$M)
1999 Scheme*^	\$21.3
2017 Scheme#	\$42.8

*For payments in relation to accidents occurring between 1 January 2017 and 30 September 2017.

#For payments in relation to accidents occurring between 1 January 2018 and 30 September 2018.

^Inflated to 30 September 2018 values

QUESTION 18

Mr DAVID SHOEBRIDGE: What mandatory directions have you issued to licensed insurers in the CTP scheme about surveillance?

Ms DONNELLY: I may not be entirely clear about what you are asking, but what I can say is that there is a very clear direction—

Mr DAVID SHOEBRIDGE: If there is any ambiguity in my question, I am happy to clarify it.

Ms DONNELLY: There is very clear direction about surveillance in the motor accidents guidelines and there has been long term in the CTP scheme about the use of surveillance. Ms Maini has some information she may like to add.

Ms MAINI: Within the motor accident guidelines, clause 4.1 to clause 4.137, it captures all the requirements around or the expectations around insurers' conduct on surveillance. That has been in place since the commencement of the new scheme. The guidelines state that surveillance should be undertaken only when there is evidence to indicate that someone is exaggerating or the claim is misleading. There are rules around where surveillance can be undertaken, whether that is in a public place or not. The investigator must not interfere with a claimant's activities in any way.

The investigator also will not engage in any acts of inducement, entrapment or trespass in relation to surveillance. The insurer must be sensitive to the privacy rights of children and take reasonable steps to avoid video surveillance and, if that occurs, ensure that they are pixelated. The insurer will take reasonable steps to ensure that a necessary video, again of surveillance for children and those under 18 years, is avoided. Where the insurer sends surveillance material it will inform the party about the confidentiality. They are all the clauses.

Mr DAVID SHOEBRIDGE: That sounds good. Are you reporting on the data? Do you require insurers to report, as we have the numbers for workers compensation? Have you got the numbers for surveillance in the CTP scheme? Are you looking at discrepancies between insurers?

Ms MAINI: We are. At this point in time there are 14 matters that have been extracted from our data where surveillance has been obtained.

Mr DAVID SHOEBRIDGE: Can you give a breakdown of that by insurer?

Ms MAINI: I can.

The Hon. DANIEL MOOKHEY: Over what period of time?

Ms MAINI: This is from 1 December. I can provide that by insurer. For Allianz, it is seven; GIO-Suncorp, one; NRMA is six.

Mr DAVID SHOEBRIDGE: Again we see Allianz at the top of the pack in terms of the number of surveillance.

The Hon. TREVOR KHAN: Which may or may not be an issue, depending upon exposure.

Ms MAINI: And how many matters they have.

Mr DAVID SHOEBRIDGE: Perhaps you might take this on notice to show what, if anything, you are doing about that. But could I also make this observation: The clear guidelines that have been put in place in this regard seem to be having an impact.

Ms DONNELLY: Yes.

ANSWER:

The Motor Accident Guidelines clause 4.137 to clause 4.143 outline Insurer responsibilities concerning the use of claimant surveillance. The scheme has been effective in minimising complaints associated with surveillance, with 14 instances of surveillance reported since 1 December 2017.

QUESTION 19

The Hon. DANIEL MOOKHEY: I do. If you have the data to hand it would be good to get this orally today or at least on notice. Since the new scheme last year, December 2017, how many complaints have been received about insurer conduct by insurer?

How many active investigations are completed investigations and have been completed, ideally by insurer? How many enforcement actions have you

undertaken? The data itself I am happy for you to take on notice. If you would like to tell us now in general: Have you undertaken any enforcement actions?

Ms DONNELLY: I am sorry, so there were four questions there. I know that Ms Maini will have the answer to some of those. It was: How many complaints?

The Hon. DANIEL MOOKHEY: The general question is—the data-based question is the number of complaints by insurer, the number of active investigations by insurer, and the completed investigations by insurer, and then the number of enforcement actions by insurer. That would be very useful to have, but if you have not got that data now—and given that we have a minute left—if you are able to tell us about the enforcement action strategies in general in the past 12 months that SIRA has undertaken or adopts, it would be very useful. Have you got any major investigations and enforcement actions that you can tell us anything about today?

The CHAIR: You can take that on notice.

Ms MAINI: What we do have is—I will start with complaints in general.

The Hon. DANIEL MOOKHEY: Yes.

Ms MAINI: From January to August—and this includes old scheme and new scheme—we have 400 complaints. When I was here last we said that we were introducing a new complaints model from 11 June, which has a front-line complaint resolution and an escalation model.

The Hon. DANIEL MOOKHEY: Yes.

Ms MAINI: With those we have, in terms of front-line complaints, we have received for claims 173. From premium and green slip—I can break all of this down and provide this to you in more detail.

The CHAIR: Perhaps on notice.

Ms MAINI: That is 130. Escalated complaints were 88. From those, we have also got several matters that are currently under review with our compliance and enforcement team. I can provide that in more detail. But in relation to the new scheme, we have one matter that was the subject of a compliance investigation, and that has since been closed. I hope I have given enough information. But from those, if I can say, front-line complaints what we are also doing is looking at what the nature of the complaint is and also breaking it down by insurer. We will be in a position to provide you—

The Hon. DANIEL MOOKHEY: Can you tell us about Allianz specifically?

Ms MAINI: I do not have that level of detail at the moment, but I can provide a summary. We are looking at providing that and including that in our quarterly report—more detail on complaints and compliments.

ANSWER:

SIRA implemented a new front line complaints process in June 2018. This increases SIRA's ability to interrogate data by insurer and identify complaints relating to conduct.

The table below shows the number of escalated complaints across both schemes concerning insurer conduct received through this new process during June, July and August 2018, by insurer.

Insurer	Complaints
Allianz	6
Suncorp	5
NRMA	21
QBE	13
Total	45

There are currently 4 active investigations of insurers. These include 3 for NRMA and 1 for Allianz.

There have been 76 investigations completed from 1 December 2017 to 31 August 2018. These include 41 for NRMA, 15 for Allianz, 3 for QBE and 17 for GIO.

SIRA has undertaken 35 enforcement actions from 1 December 2017 to 31 August 2018, predominantly involving cautions issued to resolve a complaint, as well as one audit of an insurer remedial action plan.

SIRA has undertaken 5 enforcement actions against Allianz in relation to specific issues.

As part of its overall management of all insurers, SIRA conducts a range of supervisory and monitoring activities. Actions focusing on claim management include:

- Monthly meetings with individual insurers and claims managers

- Regular review and updating the Claims Handling Guidelines to ensure best practice claims and injury management is reflected in the guidelines (it is a condition of the licenced insurer that they comply with the Guidelines).
- Implementation of a self-assessment claims quality assurance tool for insurers to monitor and report against the principles, objectives and obligations under the MACA and MAIA scheme. Insurers have until 5 November 2018 to submit their completed reports.
- SIRA is carrying out claim file reviews to assess and report on insurer claims management to ensure claims management and internal processes are in line with the Legislation and Guidelines and focused on customer recovery.
- Exception reporting
- Biannual review of insurer correspondence
- Monitoring of complaints, compliments, feedback
- Quarterly reviews with Insurer Senior Executives to discuss claims customer satisfaction results, complaints, compliments, trends in relation to claims and injury management, provider behaviour, internal review and dispute outcomes (which will include litigated matters). These reviews monitor insurer performance against the rest of the industry
- Annual review of insurer's business plans (which include the insurer's claims philosophy, insurer resourcing, training plans, initiatives to improve customer outcomes)