

**STANDING COMMITTEE ON LAW AND JUSTICE  
2018 REVIEW OF THE COMPULSORY THIRD PARTY INSURANCE  
SCHEME**

**STATE INSURANCE REGULATORY AUTHORITY (SIRA)  
RESPONSES TO SUPPLEMENTARY QUESTIONS FOLLOWING  
PUBLIC HEARING ON 2 OCTOBER 2018**

**QUESTION 1**

How many whiplash injuries were claimed under CTP due to motor vehicle accidents for: Grade I, Grade II, Grade III, Grade IV, Grade V?

**ANSWER:**

We have assumed that these supplementary questions relate to the 2017 scheme.

Whiplash severity is classified using the Quebec Taskforce of Grades of Whiplash Associated Disorders (WAD). It ranges from grades 0 with no neck complaint or physical signs to grade IV which is a neck fracture or dislocation, there is no Grade V.

The data collected by SIRA does not include WAD grades. SIRA has provided data derived from injury codes reported by insurers using the *Abbreviated Injury Scale 2005/Update 08 (AIS)*. WAD grades I and II are reported together as it is not possible to accurately differentiate these clinical diagnoses based on coding classification. Almost all whiplash injuries in the 2017 scheme are Grades I and II (98%).

<b>Whiplash Grade</b>	<b>All claims 1 Dec 2017 to 31 August 2018 with multiple injuries reported, including whiplash 2017 Scheme</b>
WAD I/II	2646
WAD III	3
WAD IV	47
<b>TOTAL</b>	<b>2696</b>

The data has been provided for the 1999 scheme for the equivalent claims period, however claims reporting for this period is more mature than the 2017 scheme. The proportion of whiplash injuries in Grades I and II in the 2017 scheme is broadly consistent with that reported under the 1999 scheme.

Whiplash Grade		All claims 1 Dec 2016 to 31 August 2017 with multiple injuries reported, including whiplash. 1999 Scheme
WAD I/II		3649
WAD III		5
WAD IV		23
TOTAL		3677

## QUESTION 2

What was the average length of treatment for claims under CTP due to motor vehicle accidents for whiplash injuries for: Grade I, Grade II, Grade III, Grade IV, Grade V?

### ANSWER:

This average length of treatment calculation relates to finalised claims where whiplash Grades I-IV are the sole injury. For the 2017 scheme, the figures have been calculated using the difference between the service start date and the service end date for a finalised claim.

### 2017 Scheme

Whiplash Grade	Total number of finalised claims	Average length of treatment for finalised claims (weeks)	Median number of treatments for finalised claims
WAD I/II	171	9.1	6.6
WAD III			
WAD IV	1	7.4	7.4
Total	172		

To determine length of treatment, service start and end dates are required. This information was not collected in the 1999 scheme and as such the average length of treatment data is not provided for the 1999 scheme.

## QUESTION 3

Can you please provide details of who is undertaking the two reviews of the CTP scheme?

### ANSWER:

Review 1. Actuarial Review: The actuarial review focuses on scheme experience to date and a review of premium parameters. The review of premium parameters is being undertaken by the CTP scheme actuary, Ernst & Young and peer reviewed by the actuarial firm, Taylor Fry. Minister Dominello has additionally requested icare's Chief Actuary to review the Day One costs assumptions.

Review 2: Minor injury: The Minor Injury Review focuses on the definition of minor injury and the way it is applied by insurers. SIRA has engaged two independent research institutions to carry out a file review of claims determined as minor injury: the University of Sydney's John Walsh Centre for Rehabilitation Research and Macquarie University's Australian Institute of Health and Welfare.

#### QUESTION 4

What are the terms of reference of the reviews?

#### ANSWER:

The actuarial review being undertaken by Ernst & Young will consider and report on:

- Whether there is any evidence to change the Motor Accident Guidelines Schedule 1E parameters and assumptions based on the scheme experience from 1 December 2017 to 30 June 2018 inclusive, which may lead to a change in premiums
- Based on the above findings, advise of any emergent potential to alter benefit-related costs without altering premiums (including GST and levies), taking into account the need to assure financial stability of the scheme and a competitive market.

The minor injury review is looking at the scheme's first 1,000 claims, randomly allocated to the two research institutions that will collect directly from insurer files at five points over two years. They will focus on those deemed minor injury claims. This will provide insights into:

- injury management in the 2017 scheme
- how the minor injury threshold is applied
- opportunities for data collection to improve scheme monitoring.

#### QUESTION 5

What are the reporting dates?

#### ANSWER:

It is anticipated that reports will be received from the actuarial review in November 2018.

The reports from the minor injury reviews are expected to be with SIRA in early November.

#### QUESTION 6

What, if any, planning has been undertaken to harmonise the decision making for statutory benefits under the CTP scheme with that for statutory benefits under the workers compensation scheme?

**ANSWER:**

Decisions about alignment of statutory benefits that require legislative change are a matter for the Government of the day.

SIRA increasingly review claims and injury management practices by Insurers, Self-Insurers and Scheme Agents across the CTP and Workers Compensation schemes to identify evidence of how insurers can improve claims management to deliver better claimant experience and outcomes. Where SIRA has the power to update the guidelines to drive improvement SIRA will do so

**QUESTION 7**

What is the estimated annual cost for SIRA to run the statutory disputes element of the CTP scheme? Please provide a detailed breakdown of those costs.

**ANSWER:**

SIRA provides dispute resolution services for both the 1999 and 2017 CTP schemes, as well as providing dispute resolution services in the Lifetime Care and Support Schemes (NSW & ACT). For the period from the 1st December 2017 to the end of September 2018 there were 29 statutory disputes lodged in the 2017 scheme. Given the low number of statutory disputes lodged it is too early to estimate the cost of the statutory dispute element of the 2017 CTP Scheme. The average cost of operating the CTP Dispute Resolution service for the last three financial years was \$33.5M. Over that period an average of 9,749 disputes were lodged per year.

**QUESTION 8**

How much has been paid out in CTP refunds to date and how much remains unpaid?

**ANSWER:**

As at 30 October 2018, \$199.5 million in CTP refunds has been paid to eligible individuals, businesses and taxi owners out of a total refund pool of more than \$250 million. As at 30 October 2018, approximately \$54 million in refunds remains to be collected. The timeframe to claim a refund has been extended to mid-2019, to enable maximum uptake by eligible parties.

## QUESTION 9

Is there any breakdown on the age, gender or other characteristics of those persons who have not received their CTP refund? If so, what is it?

## ANSWER:

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