

Submission
No 7

**INQUIRY INTO THE EXERCISE OF THE FUNCTIONS OF
THE MOTOR ACCIDENTS AUTHORITY AND THE
MOTOR ACCIDENTS COUNCIL - ELEVENTH REVIEW**

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Position: Executive Director & CEO
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The Hon David Clarke MLC Committee Chair
Legislative Council Standing Committee on Law and Justice
Parliament House, Macquarie Street
Sydney NSW 2000

11 August 2011

Dear Mr Clarke

ELEVENTH REVIEW OF THE EXERCISE OF THE FUNCTIONS OF THE MOTOR ACCIDENTS AUTHORITY AND THE MOTOR ACCIDENTS COUNCIL
And
FOURTH REVIEW OF THE EXERCISE OF THE FUNCTIONS OF THE LIFETIME CARE & SUPPORT AUTHORITY AND THE LIFETIME CARE AND SUPPORT ADVISORY COUNCIL

The Insurance Council of Australia (ICA)¹ is pleased to contribute to the Standing Committee on Law and Justice's (Committee) Eleventh Review of the exercise of functions of the Motor Accidents Authority (MAA) and the Motor Accidents Council (MAC) in addition to the Committee's Fourth Review of the exercise of the Lifetime Care & Support Authority (LTCSA) and the Lifetime Care and Support Advisory Council (LTCSAC).

The ICA submits that the current operation of the CTP scheme in New South Wales is largely achieving the aims of the government's reforms in 1999. We submit that the CTP scheme is meeting public expectations to ensure that more of the compensation dollar is going to meet the needs of injured people, which has been estimated to be 66.5% of total premiums in the period commencing 1 July 2010.²

The MAA notes that the CTP insurance market remains competitive notwithstanding the advent of the global financial crisis³. The ICA submits that an open and competitive CTP insurance market continues to operate in New South Wales for the benefit of motor vehicle owners. Owners have a choice of insurer, each of which offers a range of prices depending on the insurer's assessment of the risk exposure.

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent more than 90 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. March 2011 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$34.3 billion per annum and has total assets of \$110.8 billion. The industry employs approx 60,000 people and on average pays out about \$91 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

² Motor Accidents Authority Annual Report 2009-2010, page 58

³ Motor Accidents Authority Annual Report 2009-2010, page 57

The ICA and its members value the strength of their ongoing relationship with the MAA. We continue to meet regularly with representatives of the MAA to discuss particular issues of interest concerning the smooth operation of the CTP scheme in NSW. We continue to work with the MAA to identify enhancements to the scheme design to ensure that more of the compensation dollar goes to those seriously injured in accordance with the objectives of the scheme.⁴

The ICA refers to its detailed submissions made to the Committee's Tenth Review of the MAA and Third Review of the LTCSA. Following the completion of those reviews in October 2010 the ICA and our members have been continuing to work collaboratively with the MAA on the range of issues highlighted in the review.

This process has not yet concluded and as such the ICA is not in a position to pre-empt the outcome of that process. However the ICA and its members are happy to respond to any particular matters raised by the Committee during the course of its current review.

The Insurance Council and its members look forward to working with all stakeholders to ensure the continual evolution of a successful CTP scheme. If you have any questions or comments, please do not hesitate to contact:

Yours sincerely

Robert Whelan
Executive Director & CEO

⁴ Section 5 *Motor Accidents Compensation Act 1999*