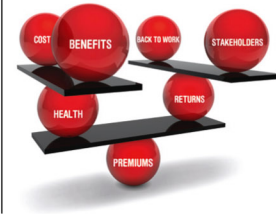


# Injury Schemes Seminar

Balancing Outcomes

10–12 November 2013  
Sheraton Mirage Gold Coast



# WA CTP SCHEME UPDATE

**Lew Watts**

**Deputy Chief Executive  
Insurance Commission of WA**

*This presentation has been prepared for the Actuaries Institute 2013 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 responsible for those opinions.*



# Agenda

- Organisational Overview
- Key Financial Features
- Claims Experience
- CTP Premiums
- Legislative Changes
- Future Directions
- Questions



# Organisational Overview

- Government owned, self funded trading enterprise
- Motor Vehicle (Third Party Insurance) Act 1943 is the governing legislation
- Sole underwriter of the WA's CTP scheme (Common Law)
- 2.6 million registered vehicles (500,000 caravans and trailers)



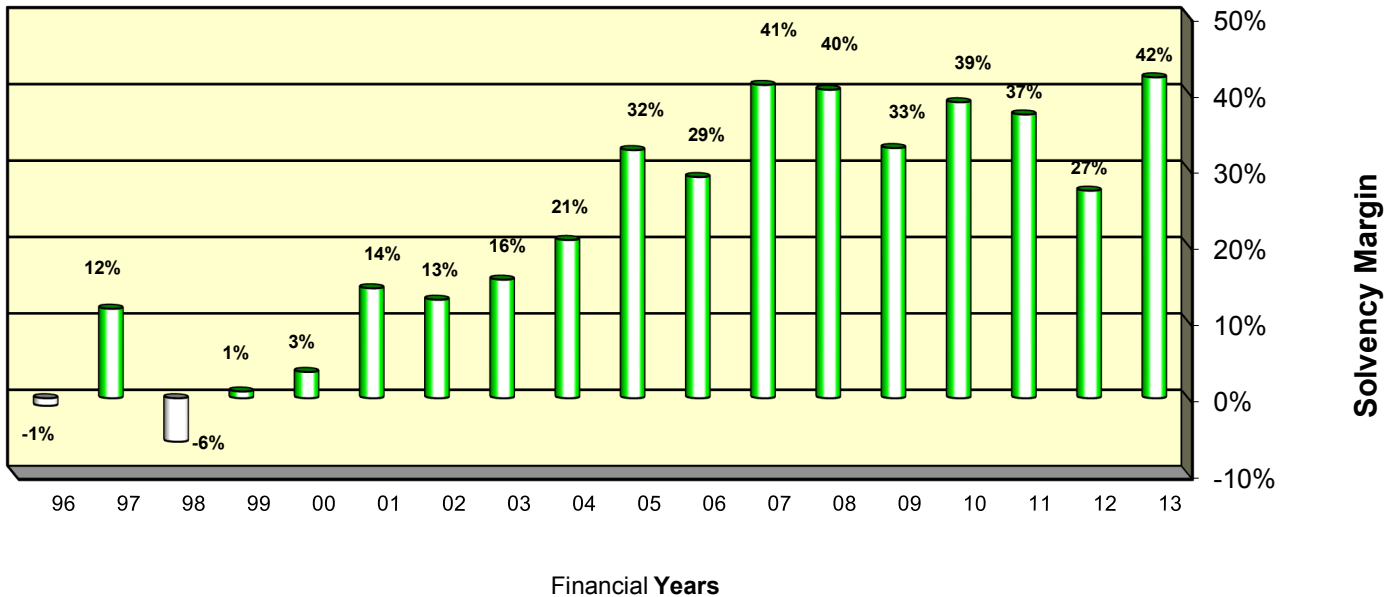
# Key Financial Features

Year 30 June	Liabilities	Assets	Surplus/ Deficit	Funding	Provisions for Outstanding Claims (Net )
	\$M	\$M	\$M	%	\$M
<b>2009</b>	1,584.30	2,103.10	518.8	133%	1,307.80
<b>2010</b>	1,649.30	2,288.30	639.1	139%	1,342.00
<b>2011</b>	1,811.30	2,484.10	672.7	137%	1,473.70
<b>2012</b>	2,018.50	2,566.90	548.4	127%	1,655.90
<b>2013</b>	2,083.50	2,954.90	871.4	142%	1,609.70



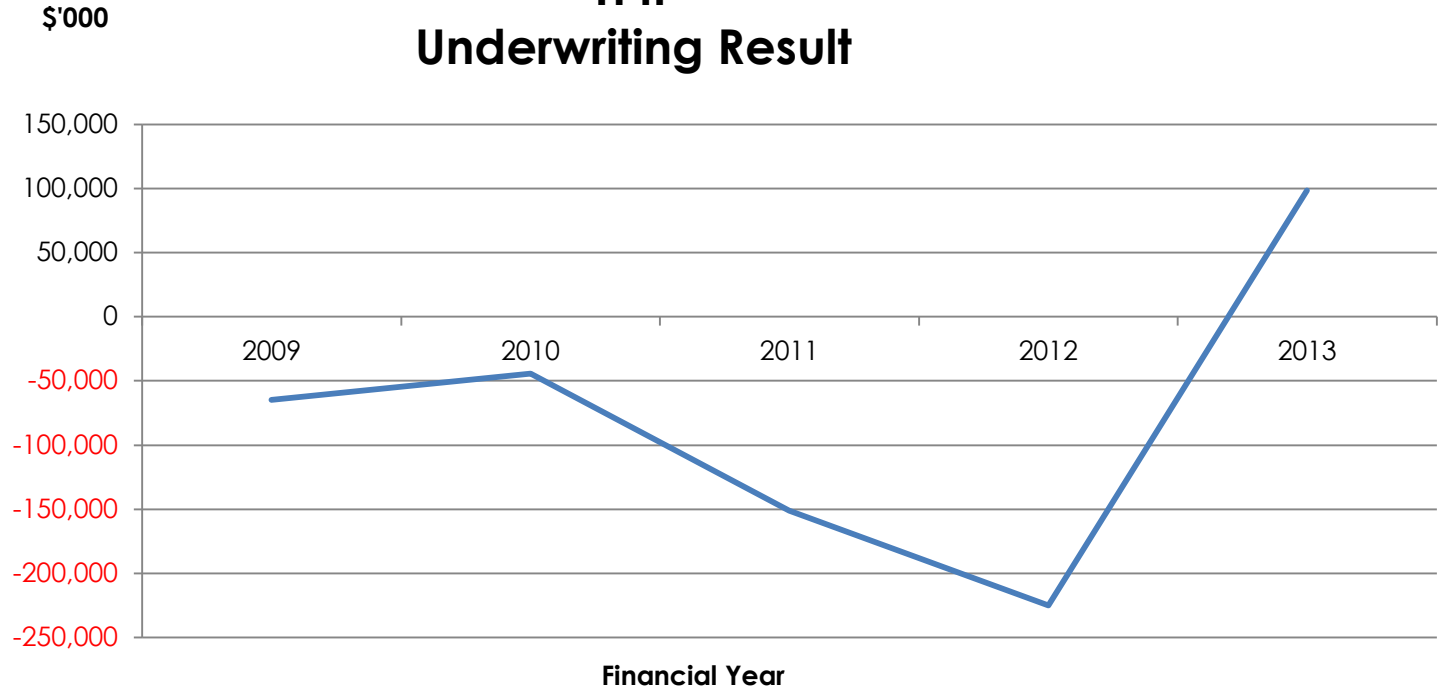
- Scheme Remains fully funded

TPIF Solvency Margin



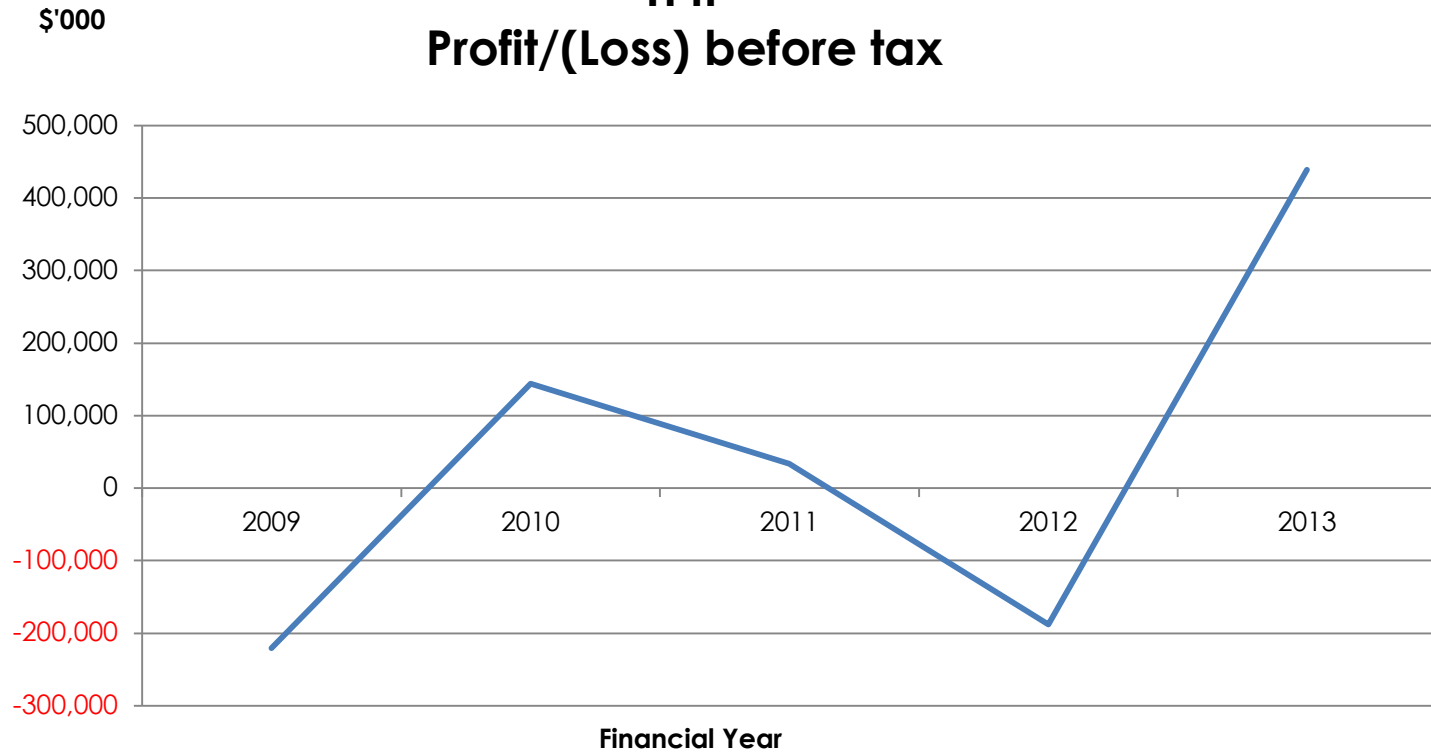


# TPIF Underwriting Result





# TPIF Profit/(Loss) before tax



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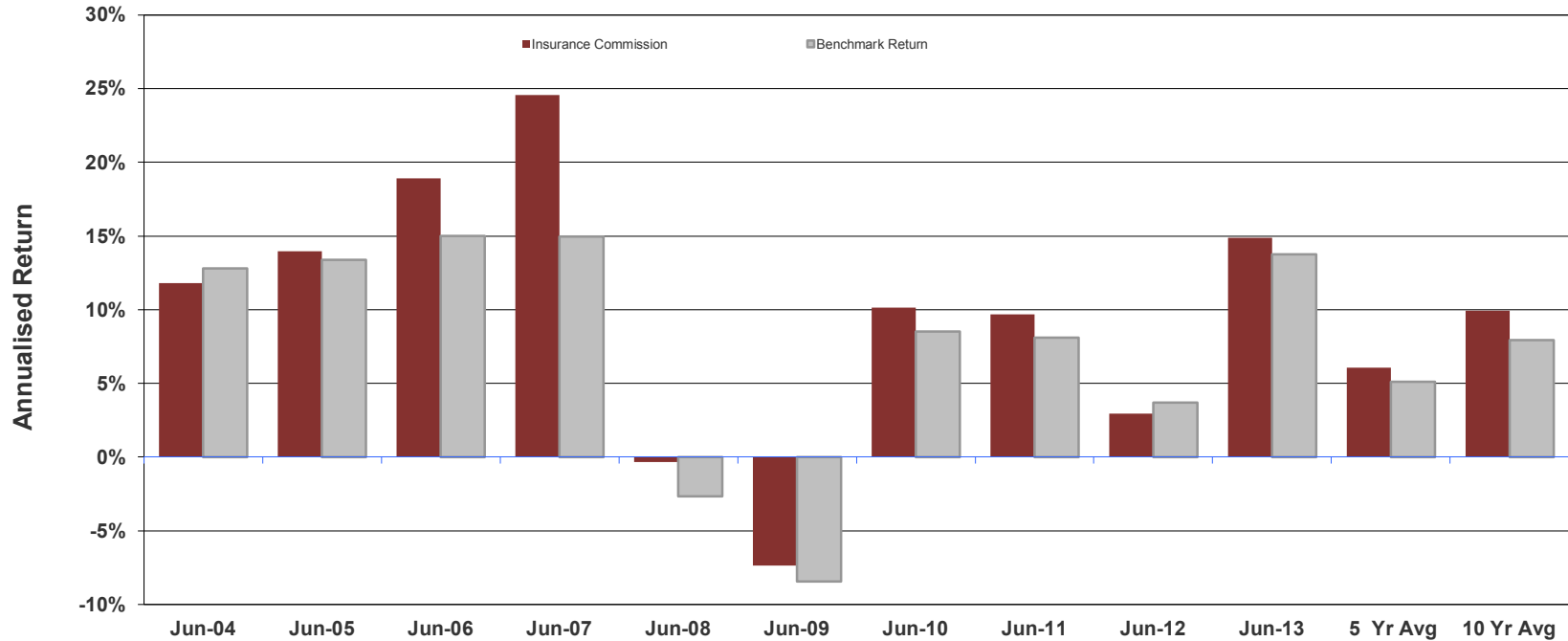
## Third Party Insurance Fund

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Underwriting Result	-64,632	-44,173	-151,041	-225,076	98,419
Investment & Other Income	-155,912	187,751	184,682	36,799	340,591
Profit/(Loss) before tax	-220,544	143,578	33,641	-188,277	439,010



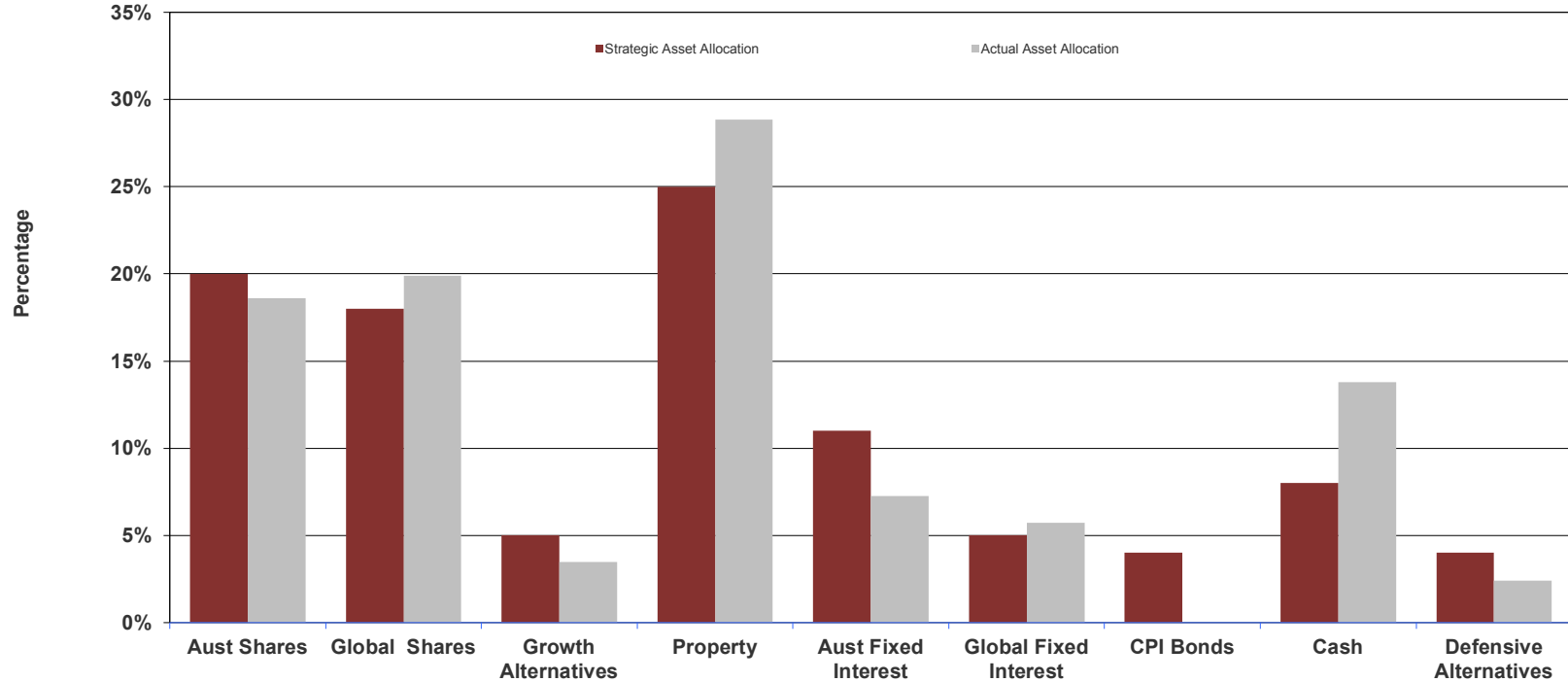


## Investment Returns for 10 Years to 30 June 2013





## Asset Allocation as at 30 June 2013



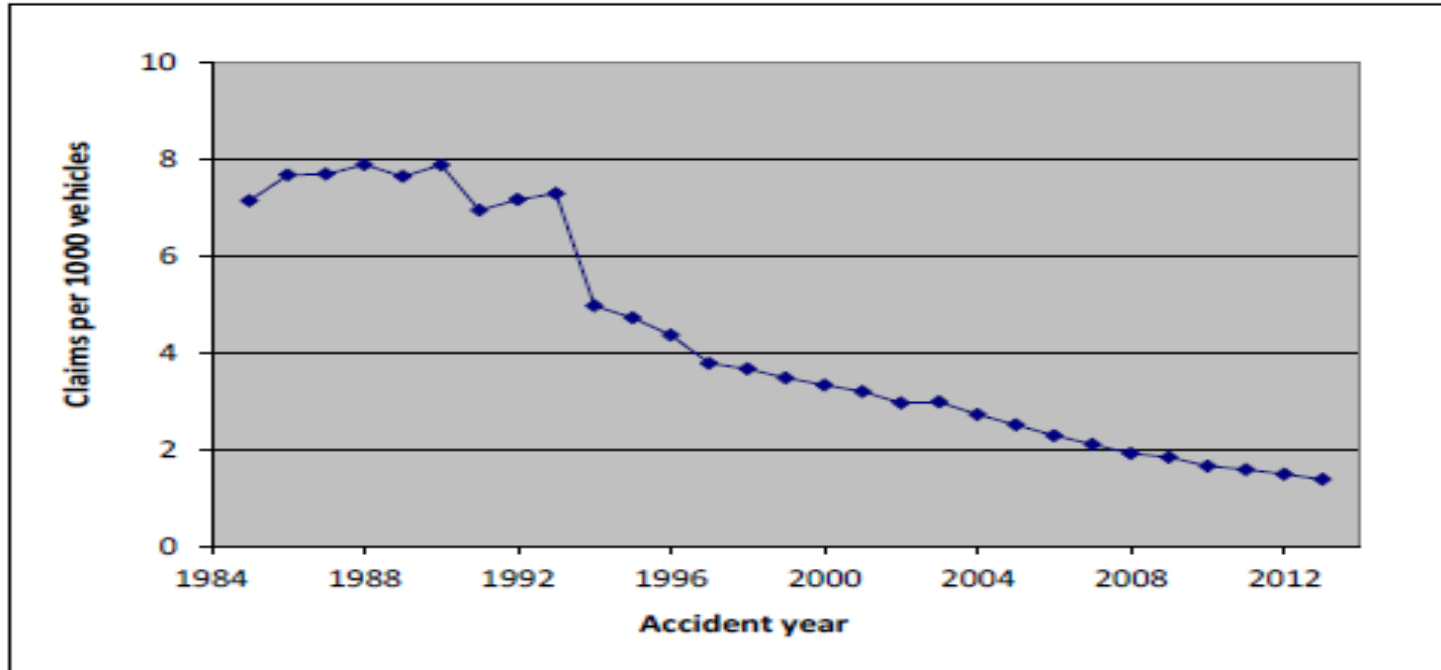


# Claims Experience

	2008/09	2009/10	2010/11	2011/12	2012/13	Forecast 2013/14
<b>Claims Received</b>	4,078	4,036	3,885	3,632	3509	3,458
<b>Gross Claims Payments</b>	\$325M	\$362M	\$381M	\$420M	\$374M	\$441M
<b>Claims Closures</b>	4,409	4,299	4,081	3,999	3,822	3,683
<b>Number of outstanding Claims</b>	7,300	7,037	6,841	6,474	6,161	5,936



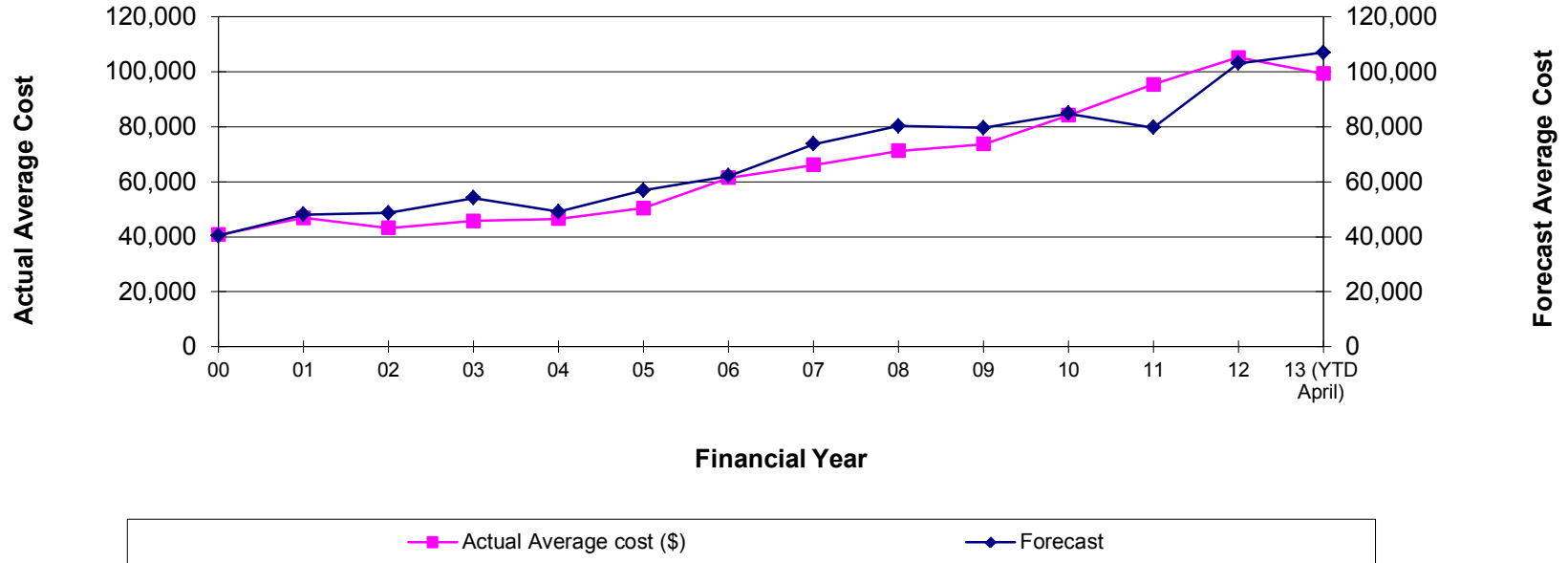
# Claims Frequency

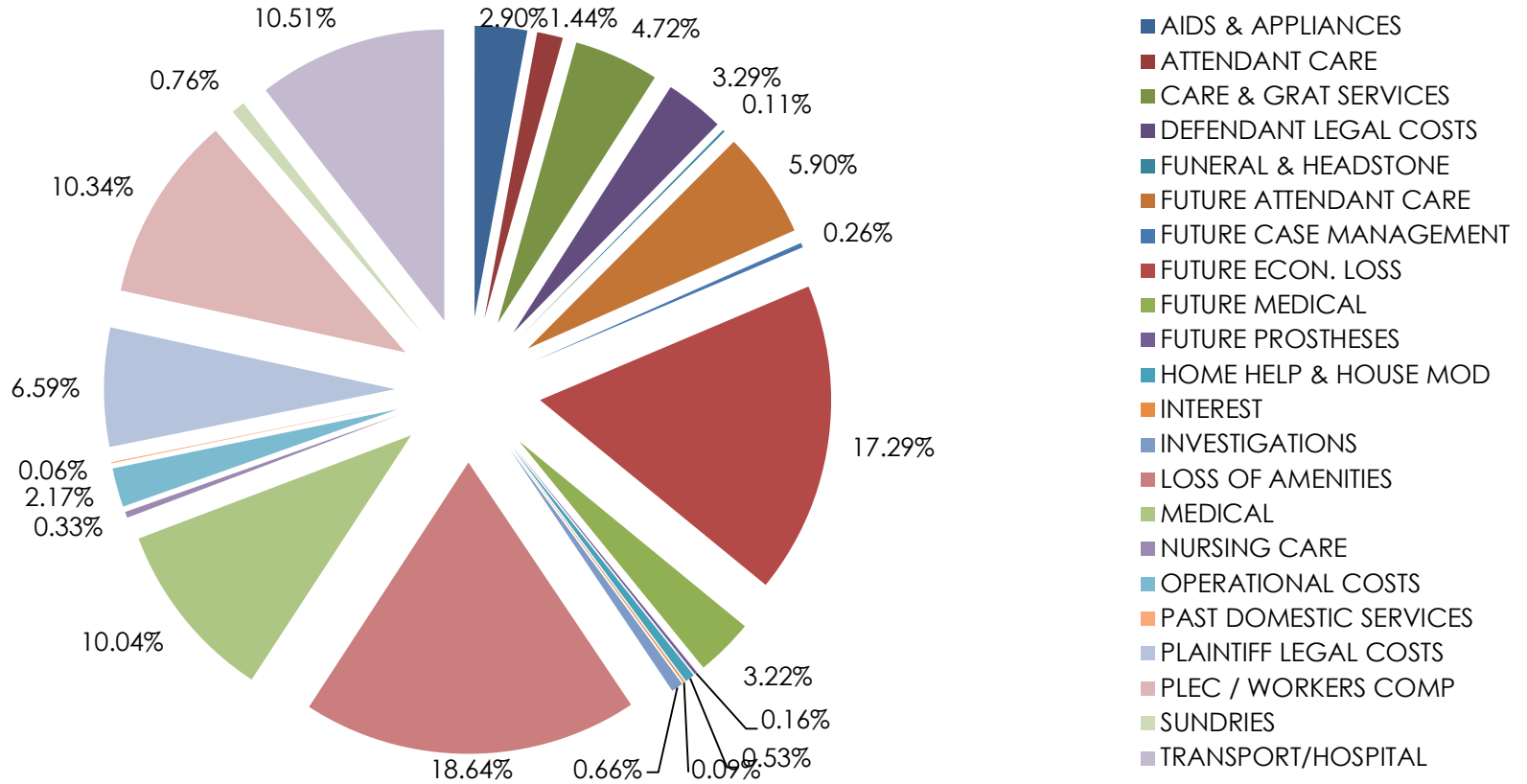




# Claims Costs

## Actual v Forecast Average Claim Costs

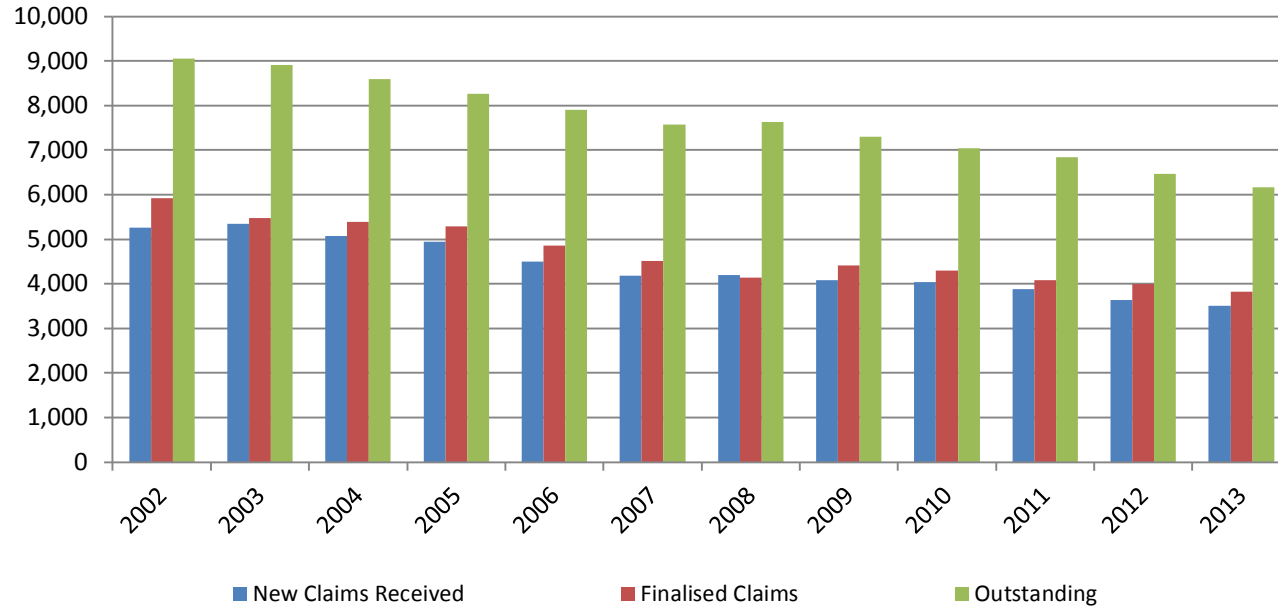




**88.52% IS THE PROPORTION OF CLAIMS COSTS PAID FOR THE DIRECT BENEFIT OF CLAIMANTS IN 2013**



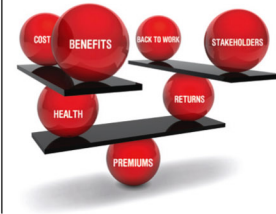
## Number of New, Finalised and Outstanding Claims Year Ended 30 June



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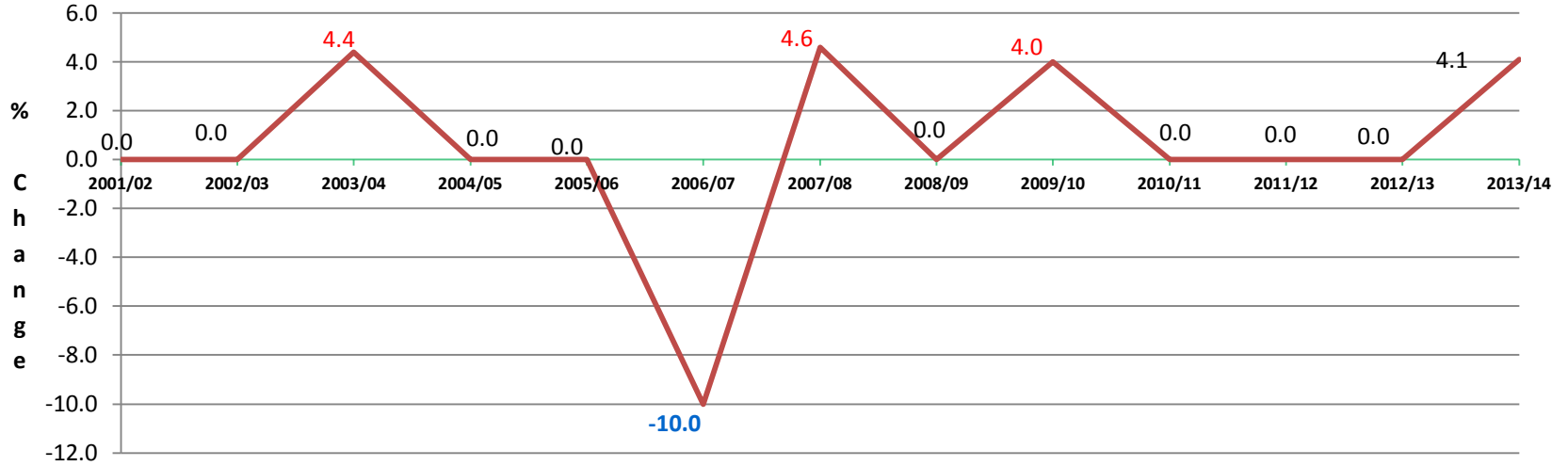
## WA CTP Premiums

- CTP premium increased by 4.1% from 1.7.2013
- WA Premiums remain the lowest in Australia
- Premium for family sedan is \$231.87 (excluding GST)
- Current premium, in net present value terms, is the lowest it has been at any time in the past 36 years
- Registered Vehicles growth averaging approximately 3.9% pa over the past 2 years





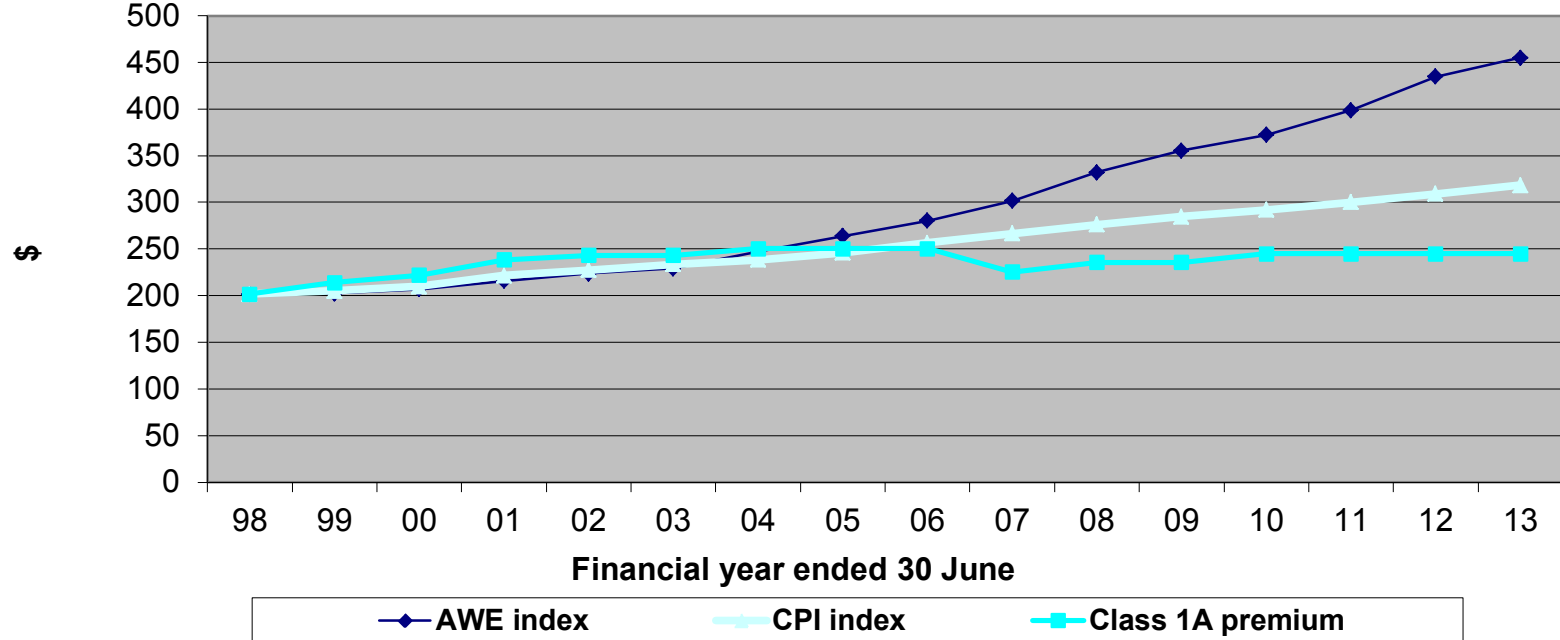
## WA CTP Premiums



1 July



**Comparison of inflation and WA CTP premium rate (class 1A)**





# Legislative Amendments

- ICWA Amendment Act 2013 came into effect in August 2013
- Sole purpose being to introduce requirement for ICWA to consider whether a dividend should be paid to the State Government and if so what amount
- Treasurer can accept or reject ICWA's recommendations
- \$46.8M Dividend was paid to the State Government for 2012/2013 out of the TPIF



# Future Directions

- Continue to focus on improving claims management systems and processes and increase efficiencies, in particular:
  - e-commerce and internet functionalities that enhance scheme accessibility and utilisation
  - Evaluate the risks and costs of implementing a “no fault” long term care scheme for catastrophically injured MV personal injury claimants in WA
  - Maintain focus on road safety initiatives and work with the Road Safety Council to maximise use of additional funding



# QUESTIONS PPT