



Institute of Actuaries of Australia

# XIth Accident Compensation Seminar 2007

## **CTP Scheme Comparison**

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## Data received from ...

- NSW (MAA)
- QLD (MAIC)
- VIC (TAC)
- SA (MAC)
- TAS (MAIB)
- NZ (ACC)
- NT (TIO)
- WA (ICWA)

## Method

- Used data template information received
- Index approach to show trends in data over recent times
- Supplement with other publicly available information

## Caution

- Not all Schemes are the same!
- Purpose of the presentation is not to say 'good scheme / bad scheme' but to highlight differences and context
- Schemes' own updates may provide more context for the outcomes seen

## Scheme Summary

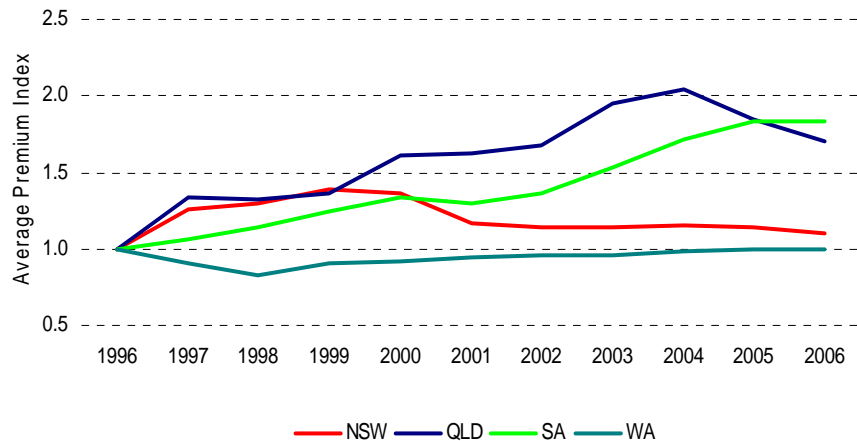
	Private	Public
No Fault		NZ, VIC, TAS, NT
Fault	NSW, QLD	SA, WA

– No data for ACT

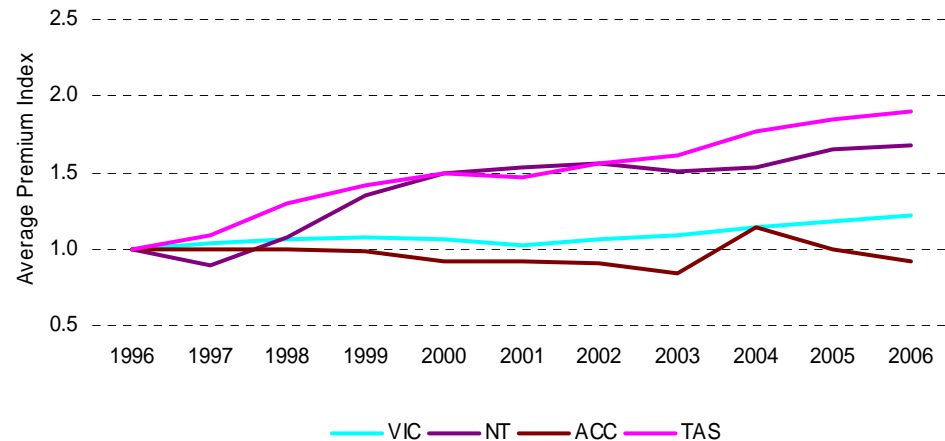
## Average Premium

- Recent upwards trends in most schemes
  - Reductions in NSW, QLD and NZ
  - NSW – MACA and QLD – CL Act – Legislative reform impact discussed later

Average Premium - Fault Based Schemes

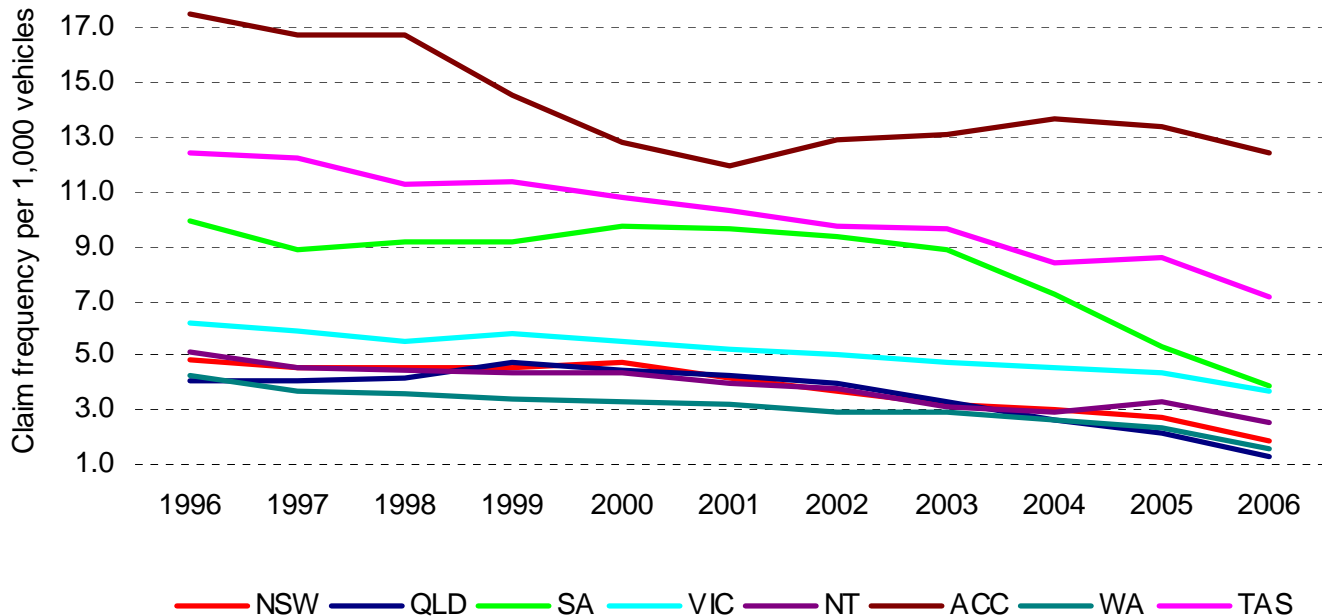


Average Premium - No Fault Schemes



## Reported Claim Frequency

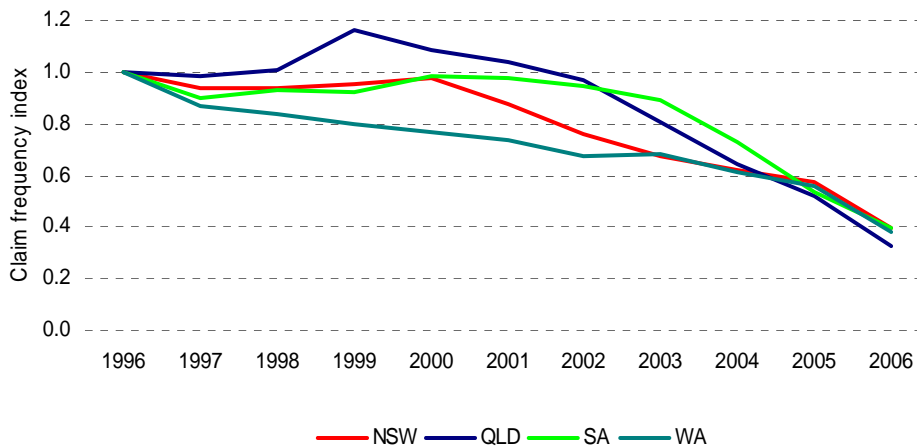
- Continued claim frequency reductions across most jurisdictions
  - Highest frequencies generally seen in NF



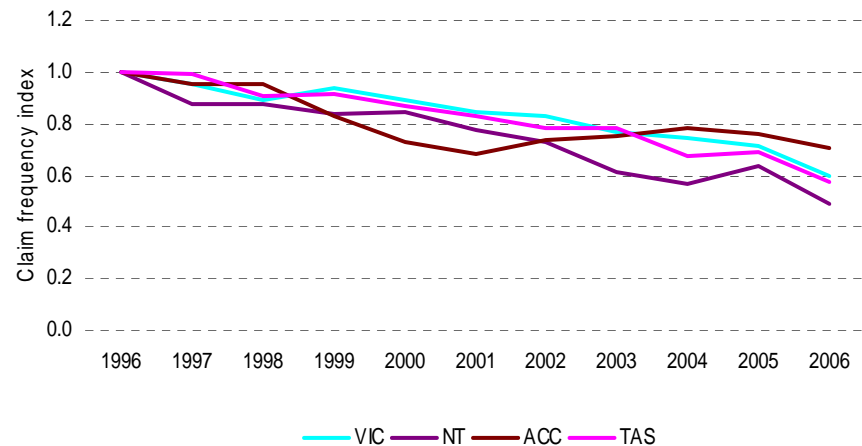
# Reported Claim Frequency

- Greater reductions in fault based schemes
  - Changes more so due to utilisation rather than casualties

Reported Claim Frequency - At Fault



Reported Claim Frequency - No Fault

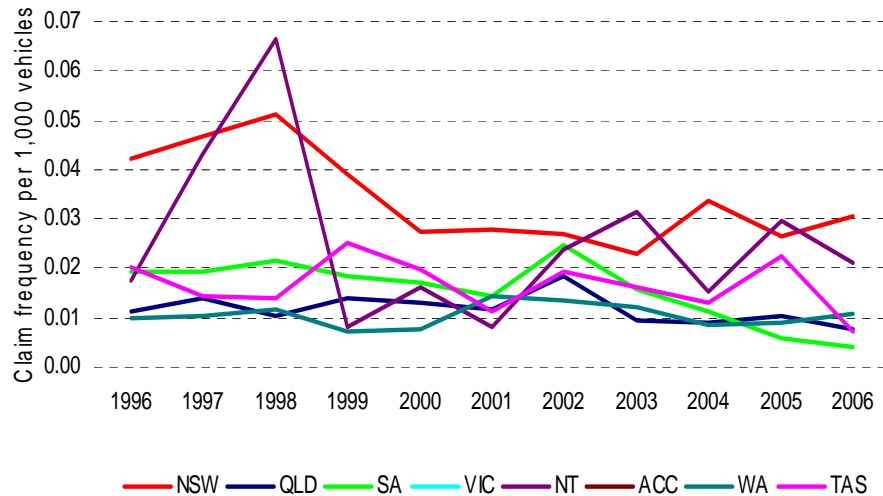




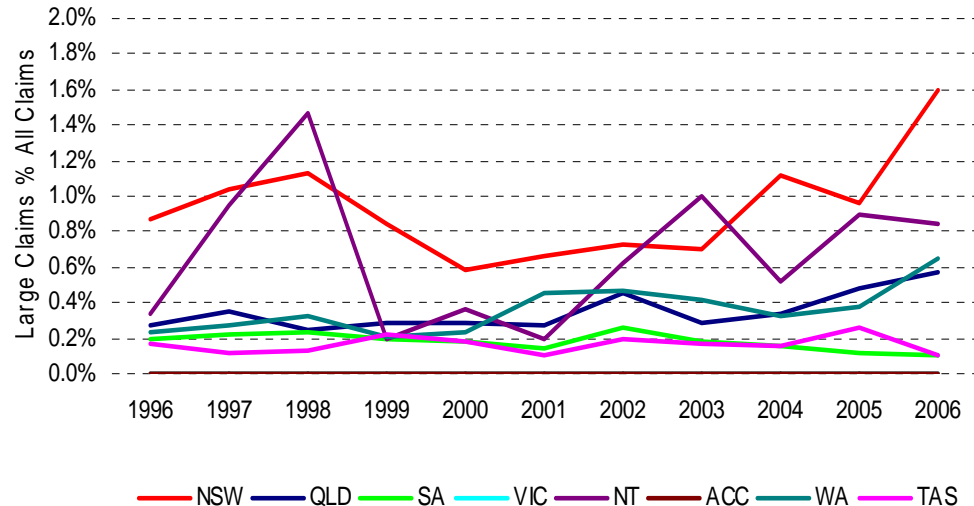
## Large Claims

- Large claims frequencies roughly constant
  - Large claims % all claims increasing
  - Overall frequency reductions from “small” claims

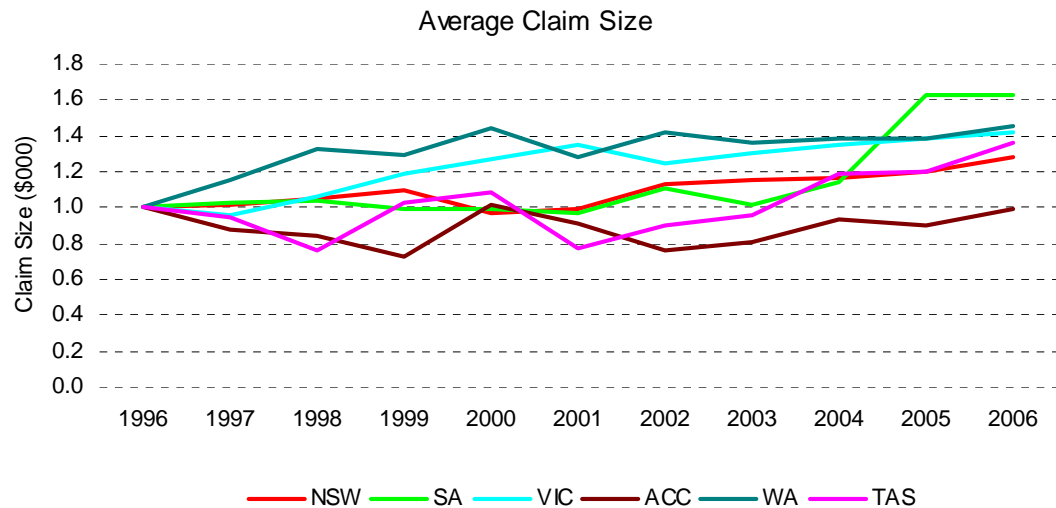
Large Claim Frequency



Large Claims % All Claims

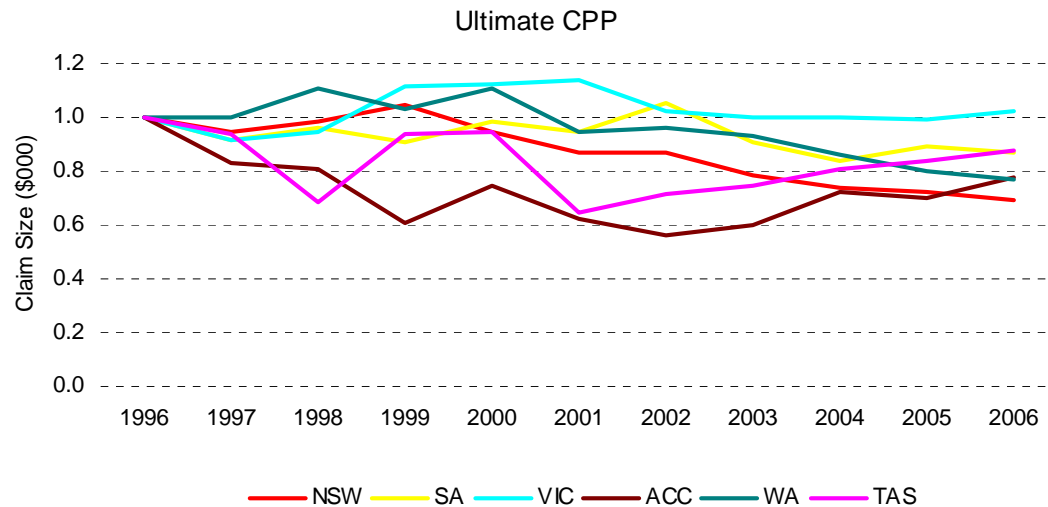


## Average Size



- A general upwards trend over past 3 years
- Variable across schemes – and changes for different reasons ...
  - No ultimates for QLD, NT

## Cost Per Policy (CPP)

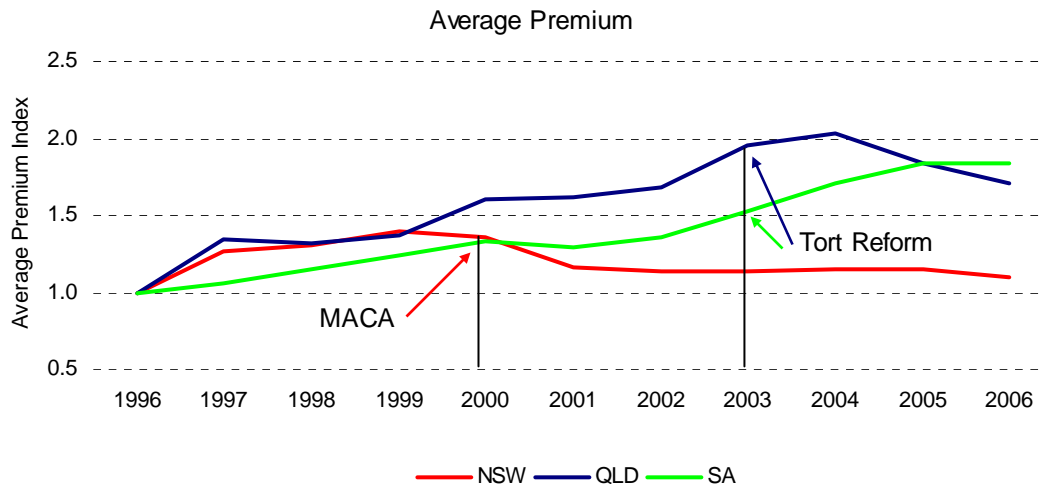


- Recent reductions in most at fault schemes
- Some rises in no-fault states
  - No ultimates for QLD, NT

## Impact of Legislative Reforms

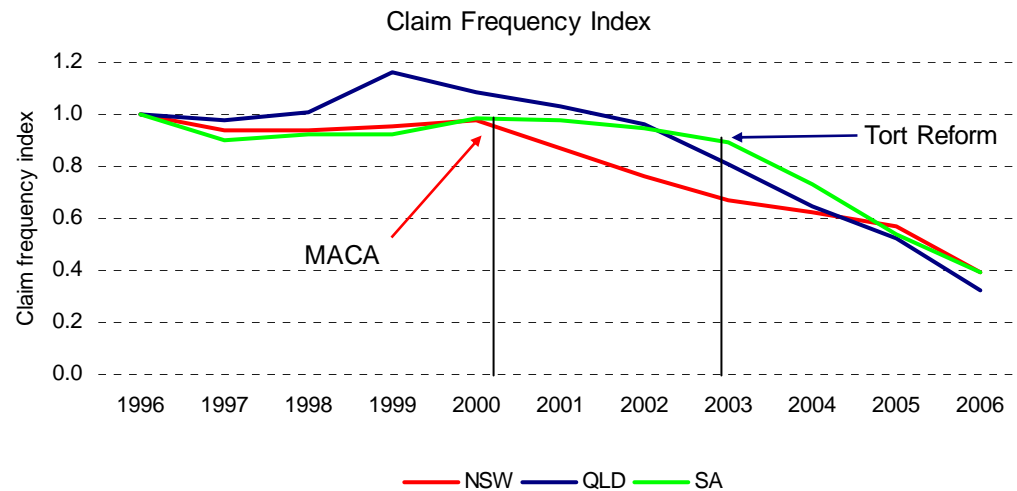
- Direct impacts seen in –
  - NSW (MACA - 1999)
    - GD threshold
    - Limitations on legal costs
    - ADR mechanisms
  - QLD (CL Act - 2002)
    - Included scale of GDs
    - Limitations on legal costs
  - SA (Wrongs Amendment Act - 2002)
    - Included scale of GDs

# Legislative Reforms – Average Premium



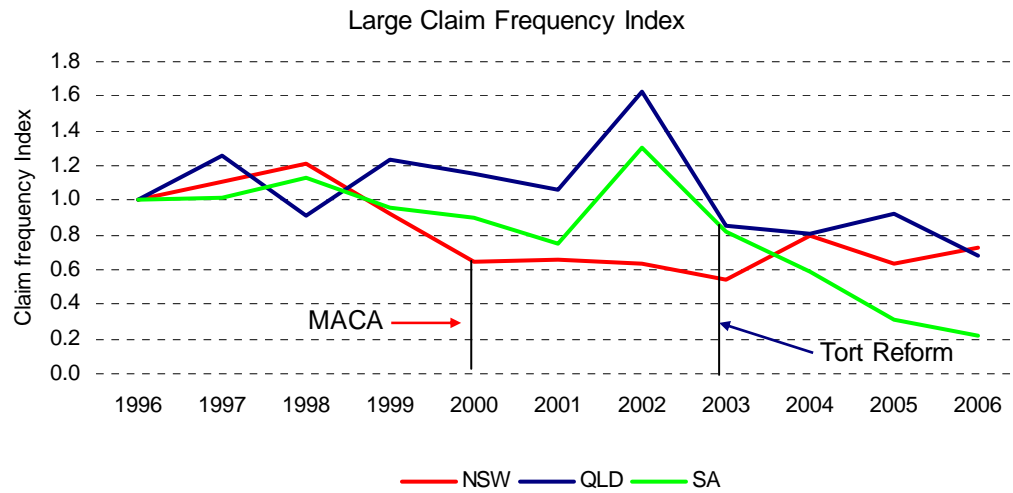
- NSW and QLD premiums fell immediately or soon after
- SA premiums continued to increase (were in deficit at the time)

# Legislative Reforms – Claim Frequency



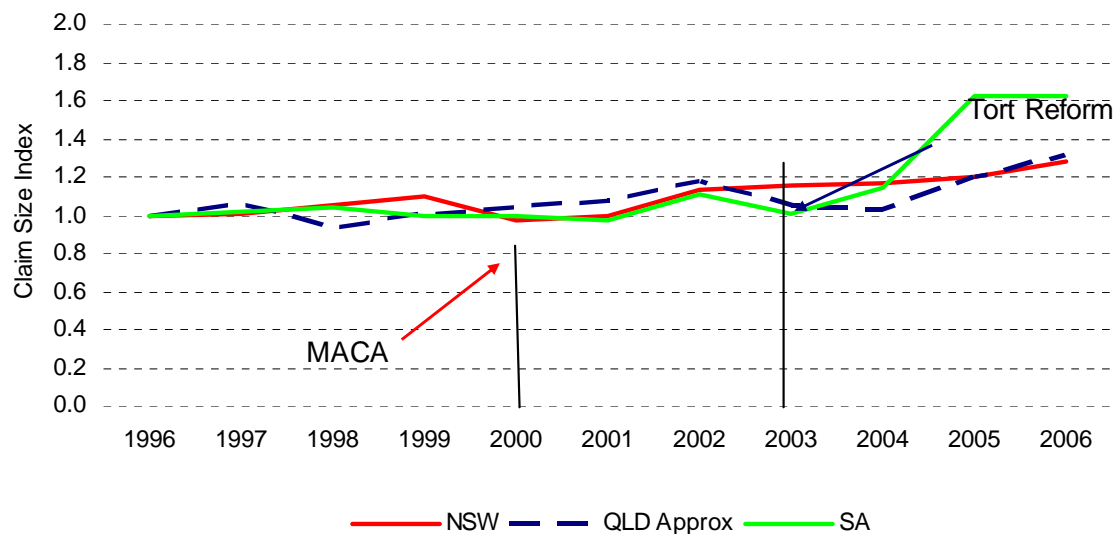
- Claim Frequency fell markedly in all 3 states
  - Primarily a utilisation effect (some subsequent falls in casualty rates)

# Legislative Reforms – Claim Frequency



- Large claim frequencies 'flattish' for NSW, QLD post reforms
- Large reductions for SA
  - Frequency reduction in both large and small claims (but small dominates)

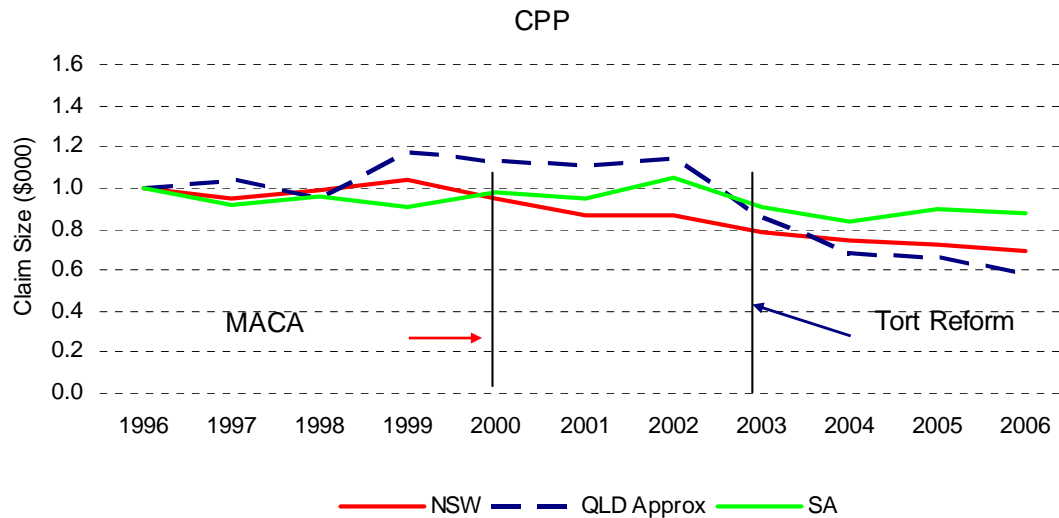
## Legislative Reforms – Claim Size



- Claim Size increased in all 3 states
  - Claim frequency reductions mainly in ‘small claims’



## Legislative Reforms – CPP



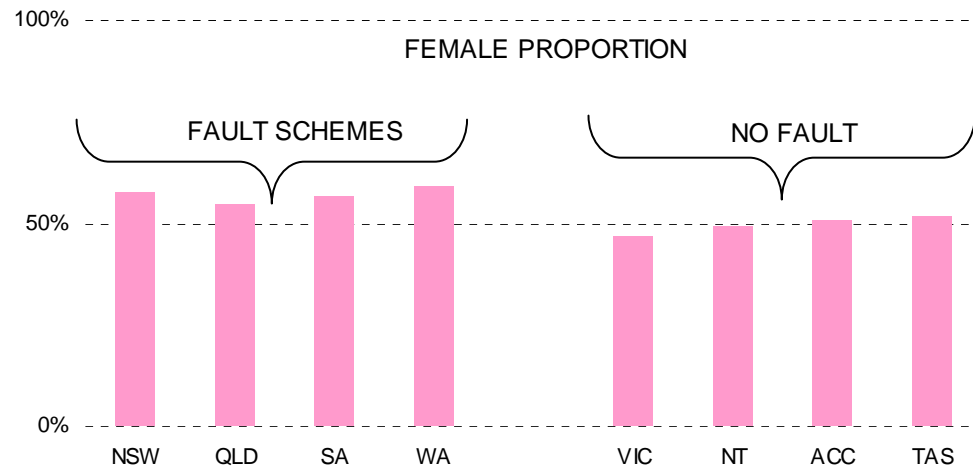
- Frequency reductions greater than claim size increases in all instances – ‘real reductions’

## Currently ...

- NSW
  - Recent ‘real’ premium reductions in NSW
- QLD
  - Continued reductions
- SA
  - Increased premiums, combined with lower claims costs in SA has lead to a better funding position
  - Recent reductions in premiums for the first time in 15+ years

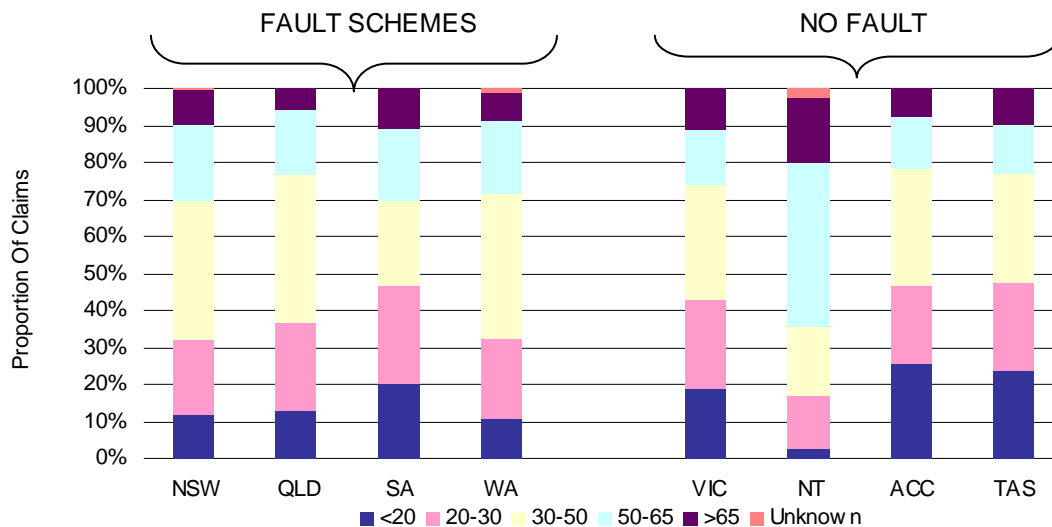
## Random Interesting Bits – Gender

- No Fault schemes have a 50/50 split in terms of claimant gender
- At Fault schemes have a higher proportion of female claimants – about 60/40
- More males at fault?



## Random Interesting Bits – Age

- Age mix variable
- NF more ‘younger’ drivers (generally)
  - Younger males at fault?



## Random Interesting Bits – Age

- Decreasing proportion of claimants under 30 years old
  - Both Fault and NF

