



Institute of Actuaries of Australia

# XIth Accident Compensation Seminar 2007

## **Comparison Across CTP Schemes in Australasia**

**Aaron Cutter**

## Agenda

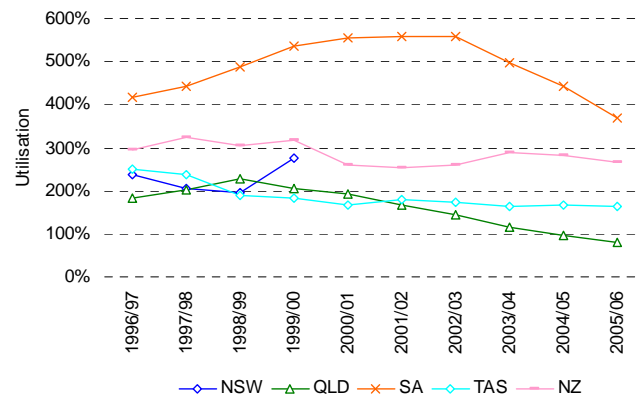
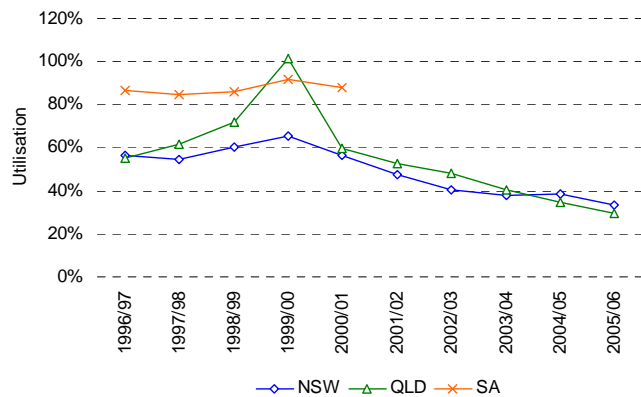
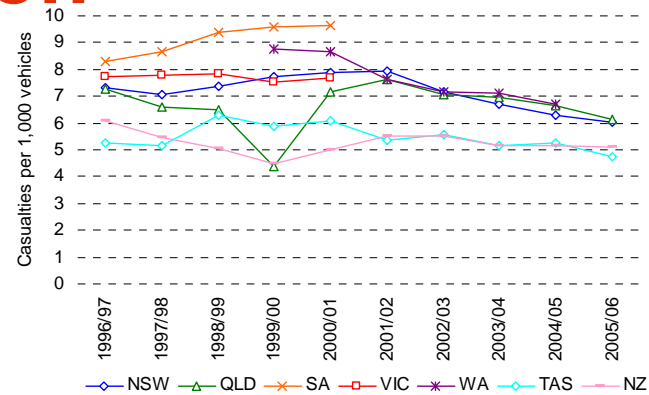
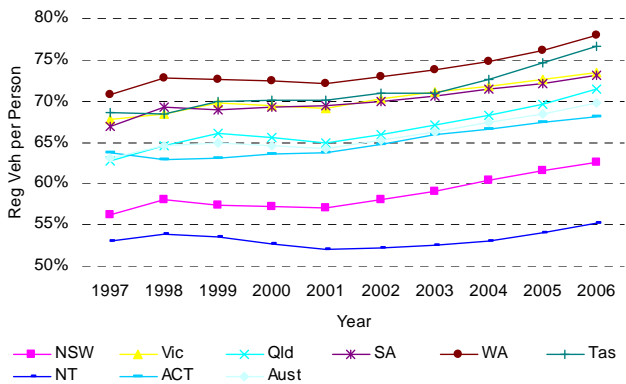
- Option A: My new daughter
- Option B: CTP
  - Premiums
  - Claims
  - Expenses

## Baby

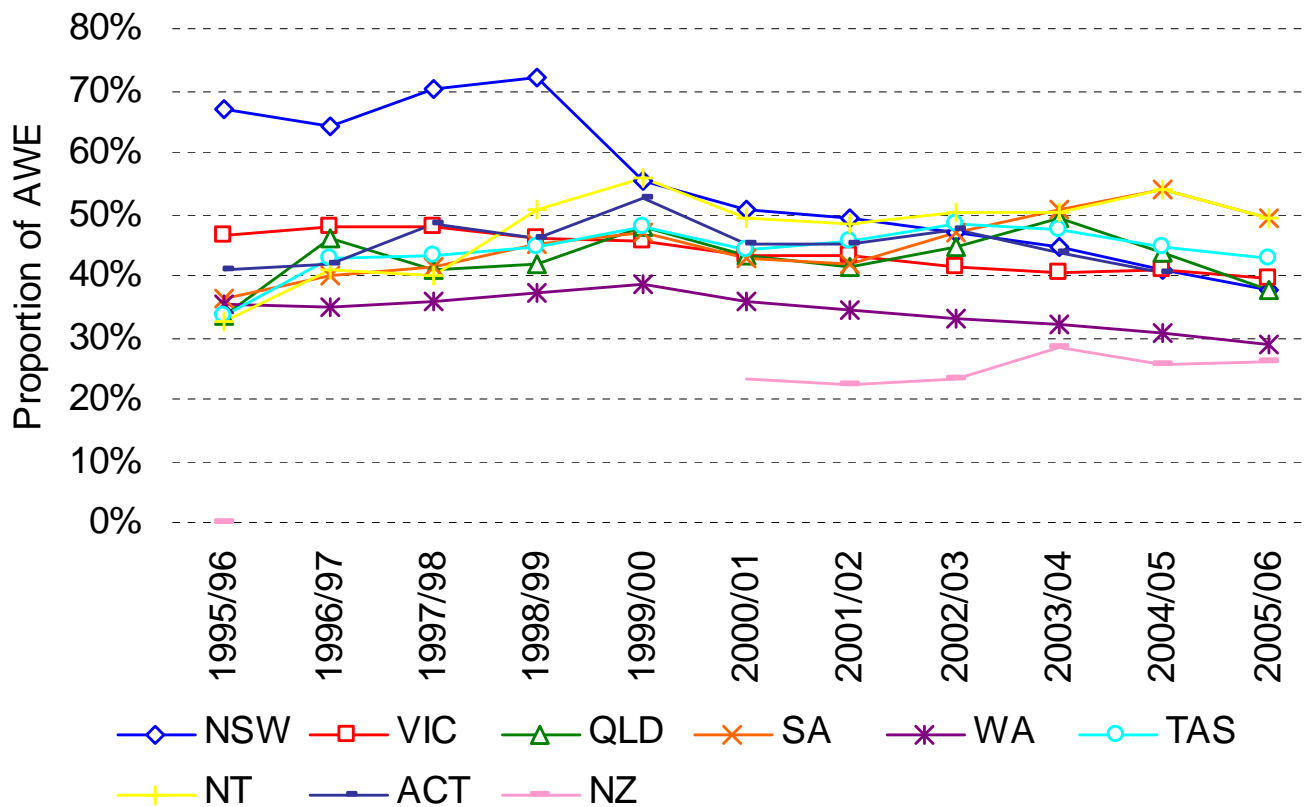


- 3690g
- 52cm long
- 34cm head circumference (35 a day later)

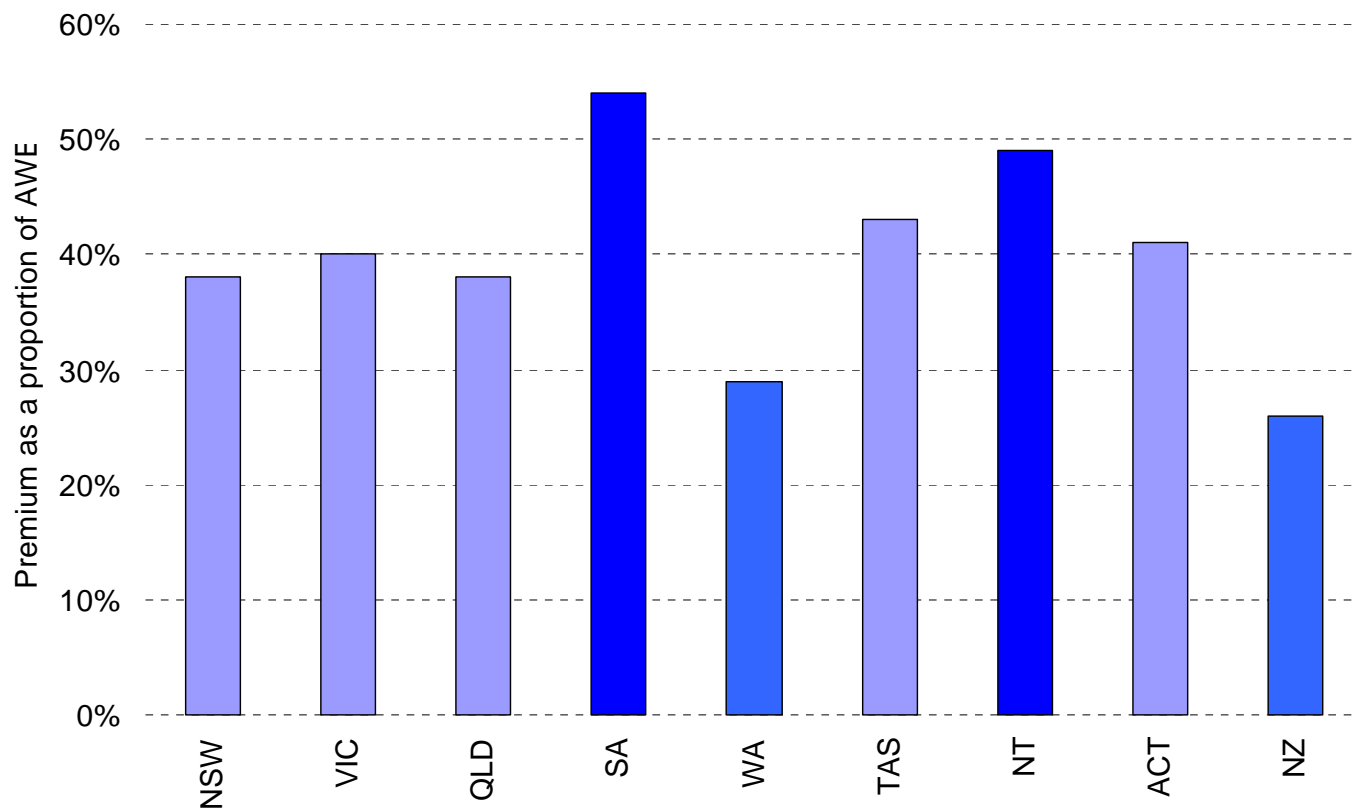
# Premiums - Ownership, Casualties & Utilisation



# History of Premiums



# Recent Premiums



## Premiums

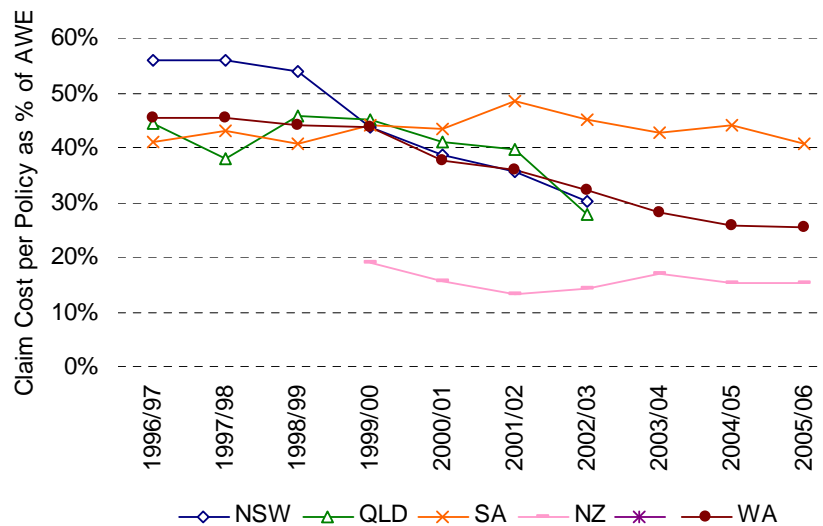
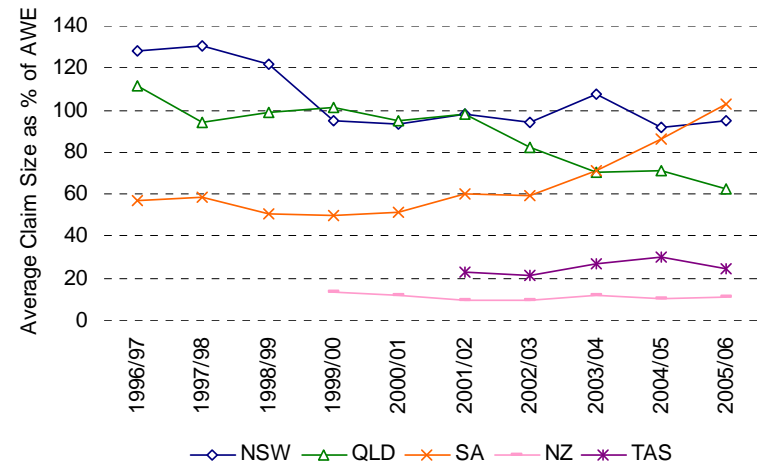
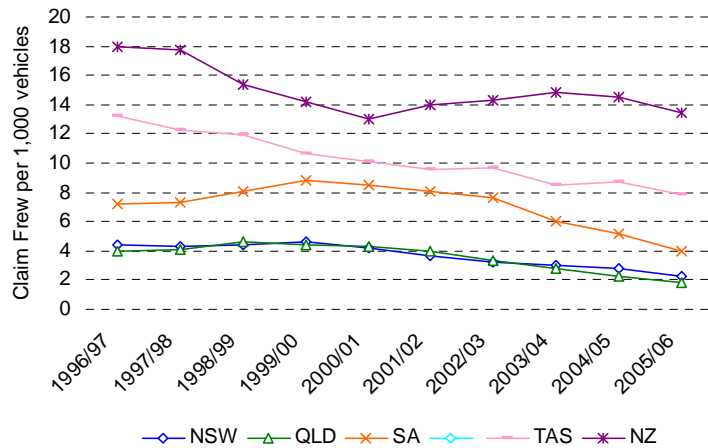
- External forces are helping maintain premium rates
- Focus on Road Safety
- Legislative interventions
- Tendency for premiums to cluster (in real terms)

## Claims

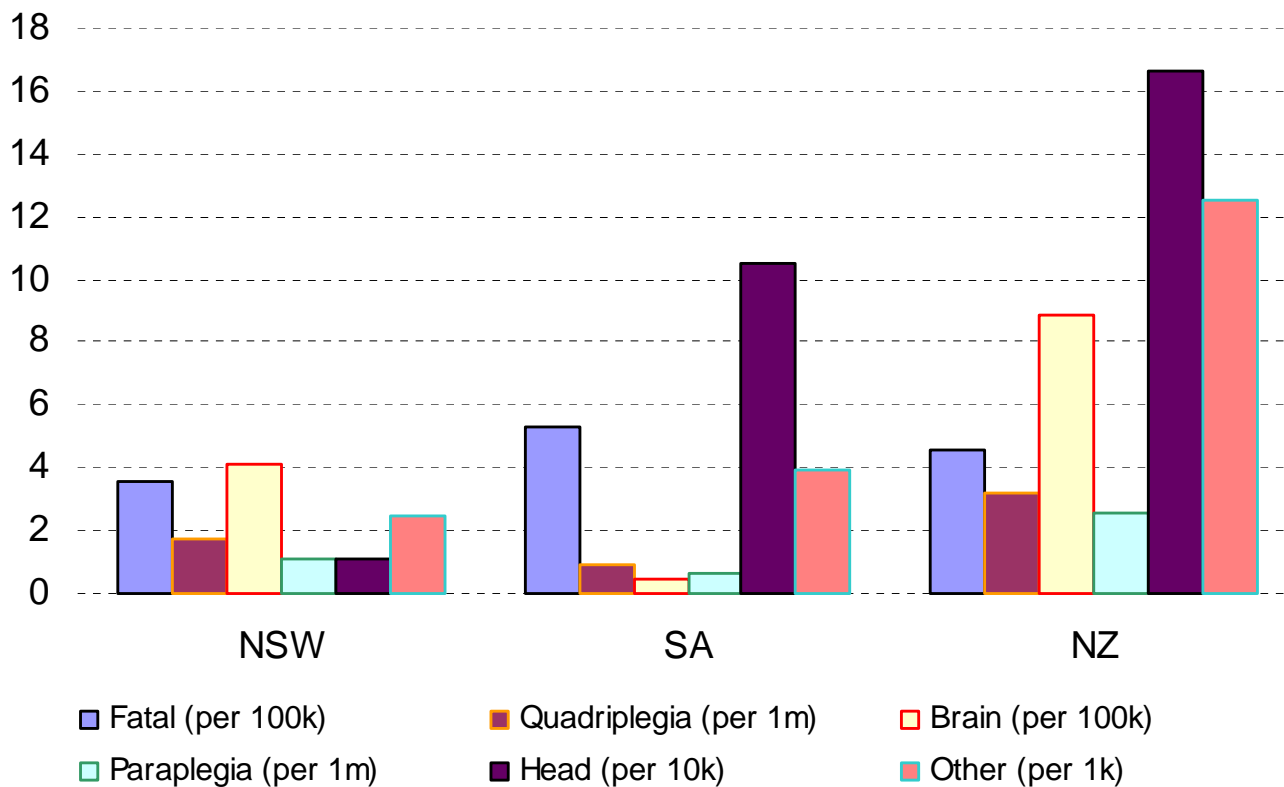
- Overall
- By Injury Types
- By Heads of Damage



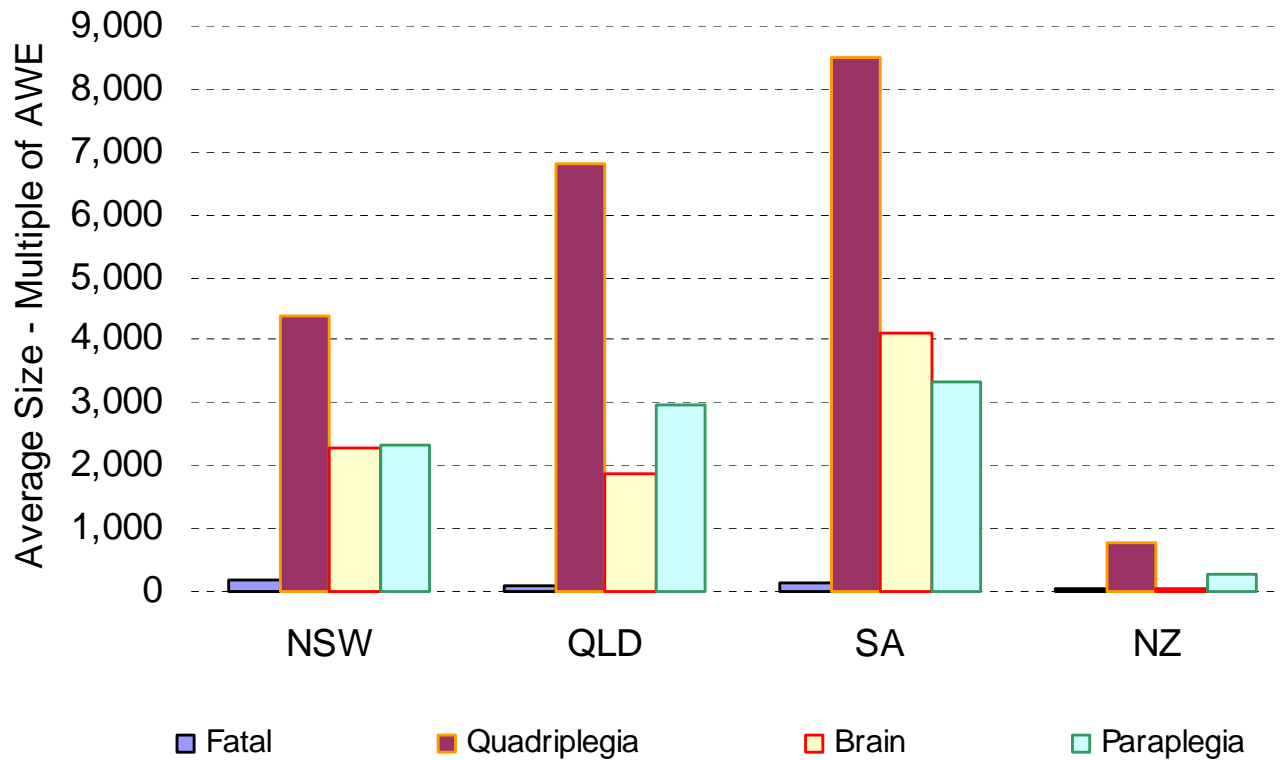
# Claim Frequency, Size & CPP in Total



# Claim Frequency by Injury

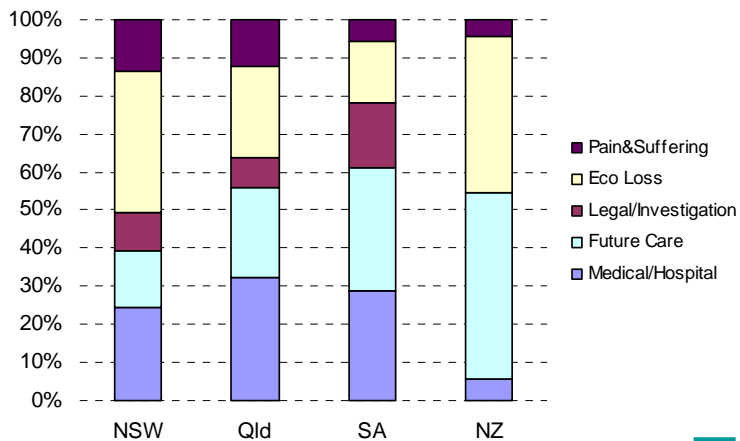


## Claim Size by Injury

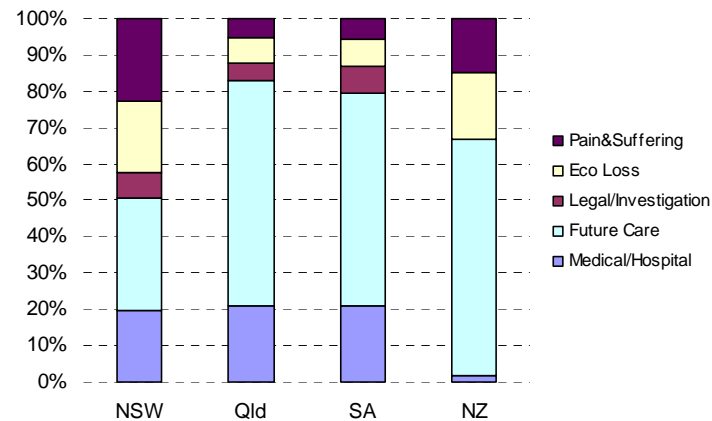


# Claim Cost by Heads of Damage

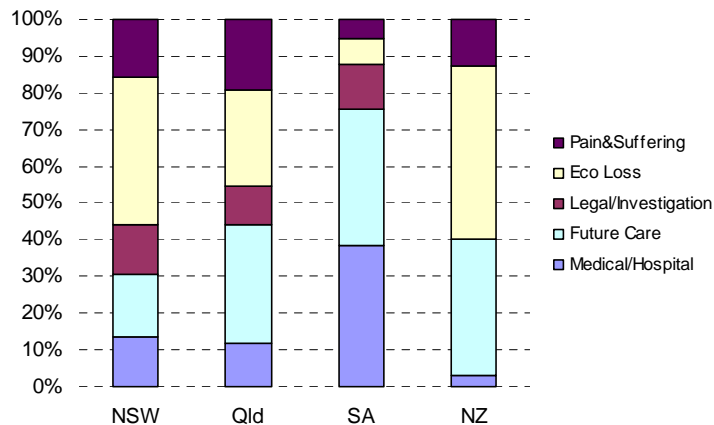
## Paraplegia



## Quadriplegia



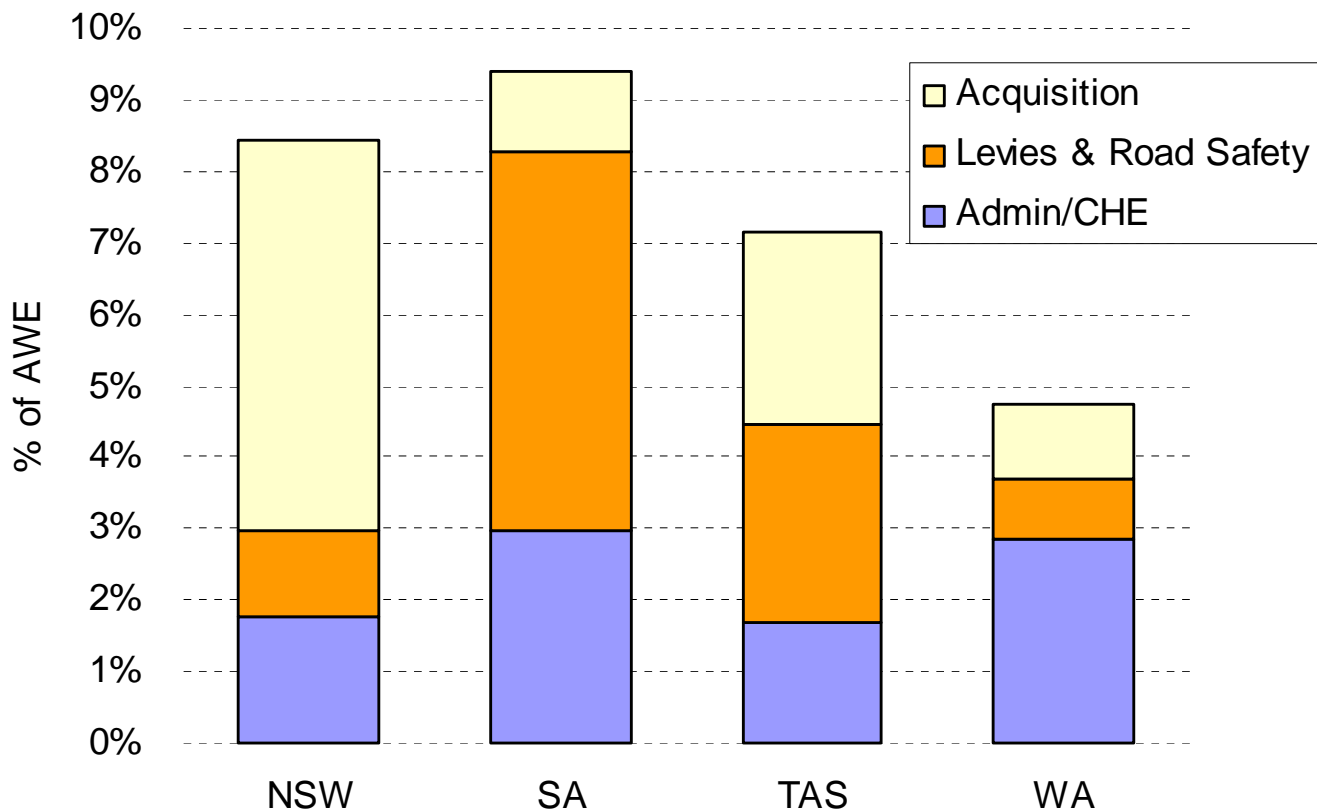
## TBI



## Claims

- There are differences in overall claim frequency and average size
  - Cost per policy differences are not as big
- However, the more severe injuries receive similar compensation on average
  - Note difficulties with using injury descriptions
- In particular the split between medical/care and other compensation is similar

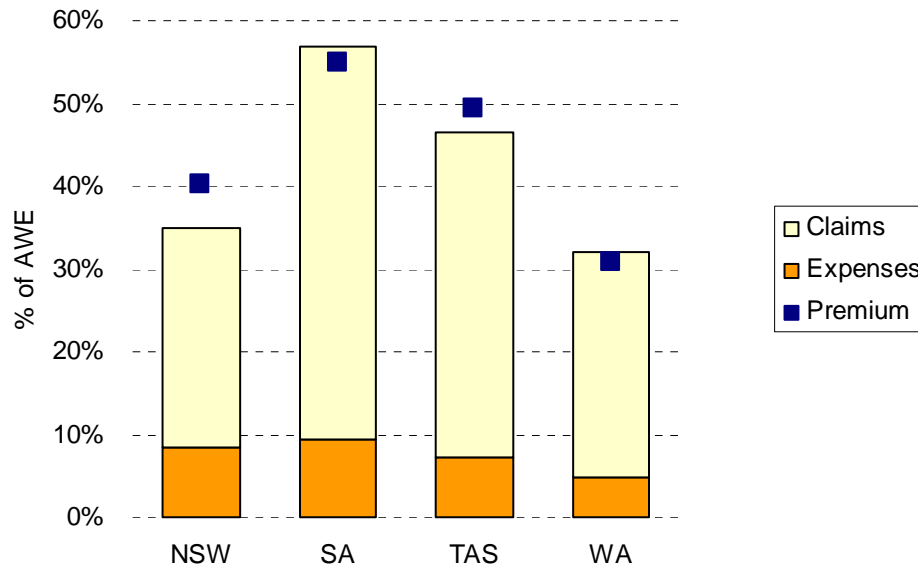
## Expenses



## Expenses

- The components of expenses differ quite a lot
- General administration costs are more closely aligned
- Total expenses do vary but within a reasonably tight range

## Wrap Up



- Through various mechanisms premiums mostly 40% to 50% of AWE
- Claims expense is similar by injury
- Other expenses not dissimilar



## Fine Print

- I am not in any way supporting one CTP model over any other
- Not advocating the status quo
- No two injuries, social circumstances etc. are exactly the same even within a scheme let alone across jurisdictions
- There are obvious data issues when constructing cross jurisdiction comparatives
- Plenty of focus should be given to internal measures and these may be more useful for finding the right balance between the communities willingness to pay and the distribution of available funds
- Thanks to all the schemes and to those that helped put this presentation together. I take full responsibility for all errors.