



7th January 2016

Inquiry into a suitable model for the implementation of the National Injury Insurance Scheme

Research Director
Communities, Disability Services and Domestic and Family Violence
Prevention Committee
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To the Research Director,

We thank you for the opportunity to provide a submission to the ***Inquiry into a suitable model for the implementation of the National Injury Insurance Scheme***. Insurance Australia Group (IAG) welcomes the introduction of a no-fault catastrophic injury insurance scheme in Queensland. We believe that no matter where you live in Australia, if you are catastrophically injured on the road or at work, you should be able to access timely and consistent levels of care and support to help aid and maximise your recovery.

As per the terms of reference for this inquiry, IAG supports a no-fault lifetime care scheme above that of a hybrid common law and no-fault care and support arrangement. We believe that this model provides a simpler, more consistent and fairer approach for those who are catastrophically injured in Queensland. This approach will also contribute to greater harmonisation across personal injury schemes in Australia providing alignment with lifetime care schemes in New South Wales (NSW), the Australian Capital Territory (ACT) and South Australia (SA). Alignment across personal injury schemes will assist in reducing inefficiencies and complications that arise from inconsistent cross border insurance approaches.

This submission draws upon our experience of working with the NSW Lifetime Care and Support Scheme and focuses primarily on the motor vehicle accident component of the National Injury Insurance Scheme (NIIS).

Insurance Australia Group

IAG is the parent company of a general insurance group with operations in Australia, New Zealand, Thailand and Vietnam, and general insurance joint ventures in Malaysia, India and China. IAG employs more than 15,000 people and underwrites over \$11 billion in premium each year under many leading brands. In Australia, IAG's businesses distribute a range of personal and

commercial insurance products, both directly to customers and indirectly through a network of intermediaries. IAG distributes general insurance products directly to customers throughout Australia under the SGIO, NRMA Insurance, SGIC, and RACV (through a distribution and underwriting relationship with RACV) brands and indirectly through intermediaries including financial institutions and affinity groups.

IAG also has a strong focus on motor accident prevention and mitigation with a view to assisting the broader Australian community. Through the IAG Research Centre, physical research is undertaken for the purposes of improving car and driver safety and reducing repair costs. NRMA Insurance is also a member of ANCAP, the organisation which provides consumers with safety and protection information about motor vehicles.

Experience with No-Fault Catastrophic Insurance Schemes

IAG, through its NRMA Insurance business has considerable experience in CTP schemes and presently manages CTP claims in NSW, ACT and Queensland. NSW and the ACT have no-fault Lifetime Care and Support (LTCS) schemes in place for people catastrophically injured in motor vehicle accidents. Whilst the experience of the ACT is relatively recent, with the scheme only commencing operation on 1 July 2014, the NSW experience is considerably more developed with the scheme having commenced in October 2006 for children and expanded in 2007 to include adults. As at 30 June 2015, the NSW LTCS scheme has a total of 1036 active participants in the scheme, comprising 681 lifetime participants and 355 interim participants¹.

Since the LTCS scheme has been in operation in NSW, a distinct increase in innovation and service development within the serious injury service sector has occurred. Specific examples of this include: the up-grading of sporting facilities to provide modern and safe facilities for wheelchair sports, the provision of purpose-built accommodation for scheme participants who would otherwise have had to reside in nursing homes and increased engagement of scheme participants in paid employment.

It is our experience that developments such as these are essential to facilitate inclusion and community participation for people who have been seriously injured in motor vehicle accidents.

Which Model for Queensland?

The Terms of Reference for this inquiry identify two models for implementing the NIIS in Queensland. These models include:

- (i) A no-fault lifetime care scheme;
- (ii) A hybrid common law and no fault care and support arrangement.

In NSW, all people who are catastrophically injured in motor vehicle accidents receive no-fault coverage within the NSW CTP scheme through the LTCS

¹ Lifetime Care and Support Authority of NSW Annual Report 2014/2015, Page 4 – retrieved on 30th December 2015 from: <https://www.opengov.nsw.gov.au/publications/15226>

Scheme. The LTCS provides treatment, rehabilitation and care for people with catastrophic injuries. This scheme removes common law rights for ongoing care and support and maintains the right to pursue other benefits under the existing CTP scheme (e.g. income loss).

The review in 2014 by the Standing Committee into Law and Justice assessed the NSW LTCS scheme performance as "working very well to provide support to people who are catastrophically injured in motor vehicle accidents"². IAG, through its brand NRMA Insurance which has approximately 35% market share in the NSW CTP insurance market, agrees with the Law and Justice Committee's assessment of the LTCS scheme. Additionally, it is worthwhile noting that in our experience the LTCS scheme is serving the purpose it was intended for, and has reasonably withstood legal challenges over time with only minor legislative amendments occurring since its introduction.

The no-fault lifetime care model is preferred over the hybrid model as the lifetime care model addresses issues of equity and certainty of lifetime care and support for all catastrophically injured motorists (including pedestrians and cyclists). A hybrid scheme, such as proposed in the Regulation Impact Statement³ (where those at fault could receive care and support from the NDIS) would not provide certainty. This is because the NDIS scheme does not provide services to those over 65 and does not fund acute and rehabilitation care. In addition, the receipt of a lump sum award for future care and support needs (as provided within the CTP hybrid, common law scheme) may not adequately fund a person's lifetime care needs. CTP awards are at best educated guesses on the duration and levels of care an injured person may need. This estimate is made at a single point in time and may underestimate or overestimate the extent of a person's care needs as they age. For these reasons the no-fault lifetime care scheme model is supported as the preferred model by IAG.

Cost to Queensland Taxpayers

A relevant consideration to the introduction of catastrophic injury cover for all motorists in Queensland is the affordability for Queensland taxpayers. In the public briefing, held on the 2nd December 2015 in Brisbane, representatives from the Queensland Treasury indicated that a levy of approximately \$60 per registered vehicle would be required to fully fund catastrophic cover for all motorists⁴. IAG believes that it is important for catastrophic injury schemes to

² The Standing Committee on Law and Justice Fifth review of the Exercise of the Functions of the Lifetime Care and Support Authority, Chairman's foreword page x - [http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/52daf6f87f7374d7ca257d0900812c02/\\$FILE/LTCSA%20-%20Final%20Report%20No%2052.pdf](http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/52daf6f87f7374d7ca257d0900812c02/$FILE/LTCSA%20-%20Final%20Report%20No%2052.pdf)

³ Price Waterhouse Coopers (2014). National Injury Insurance Scheme: Motor Vehicle Accident. Consultation Regulatory Impact Statement. Retrieved 18th Dec 2015 from: <http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2014/National-Injury-Insurance-Scheme-Motor-Vehicle-Accidents>

⁴ Public Briefing – Inquiry into a suitable model for the implementation of the National Injury Insurance Scheme (2nd December 2015). Retrieved on 30th Dec 2015 from: <https://www.parliament.qld.gov.au/documents/committees/CDSDFVPC/2015/09NIIS2015/09-Trns-02Dec2015.pdf>

be fully funded due to the long tail nature of their liabilities. Although this \$60 figure represents a significant increase in costs for Queensland motorists, IAG notes that similar increases were identified in the Western Australia Green Paper into no fault catastrophic injury cover and were supported by the vast majority of respondents to that inquiry.

IAG supports the introduction of a lifetime care scheme in Queensland which provides no-fault care and support to anyone catastrophically injured in a motor vehicle accident. Based upon our experience in NSW, we believe that the benefits of such a scheme to the motorists and the community of Queensland will outweigh its costs.

IAG would welcome the opportunity to discuss any aspect of this submission further. Please feel free to contact Meghan Isley, Senior Manager CTP Scheme Design, Policy and Injury Prevention [REDACTED].

Yours Sincerely

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