



QBE

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

January 2016

QBE Insurance Group (**QBE**) thanks the Queensland Parliament for the opportunity to respond to the Inquiry into a suitable model for the implementation of the National Injury Insurance Scheme (**NIIS**). Government engagement with industry is important in ensuring effective legislation is developed and introduced in this complex area. This submission will respond primarily on the motor vehicle accident element of the NIIS (Term of Reference 2(a)).

QBE has participated in and supports the submission made by the Insurance Council of Australia (**ICA**) to the Inquiry. QBE believes that a no-fault lifetime care model is the most effective and appropriate way to implement the NIIS. Under this proposal, non-catastrophic injuries would be underwritten by general insurers in a compulsory third-party (**CTP**) insurance arrangement. Catastrophic injuries would be managed on a first party basis through the statutory model, funded by a motorist levy or premium. This levy would be collected with the standard CTP premium.

For this model to be effectively constructed, QBE agrees the catastrophic injury scheme must be entirely separate from the CTP scheme, and have the ability to adequately fund its participants without reducing the funding pool from the CTP scheme.

This Lifetime Care scheme should be underwritten by an independent but Government backed authority, rather than by private insurers. This would ensure that the claims process remains a two way interaction primarily between the customer and the Government body. Private insurers then are able to deal with the customer and the Government separately as required in each case.

QBE believes a no-fault lifetime care model also preserves the clarity needed in a legislative scheme of this nature. For a motor personal injury insurance scheme to work effectively, clear and distinct divisions must be enshrined in legislation distinguishing the standard CTP non-catastrophic injury scheme from the catastrophic injury scheme.

QBE would like to emphasise the importance of having a structured, process-driven model in place when assessing claims in both schemes. Without this, inefficiencies may be caused by miscommunication and overlap between the administrators of both schemes. QBE is well placed to provide best practice advice in this regard based on its experience in other jurisdictions, including New South Wales.

Clarity must also be central to how the schemes interact. In particular, obvious distinctions should exist, establishing at what point lifetime care and support become claimable against the catastrophic injury scheme.

This model is also suitable as there will be alignment with statutory schemes operating in similar jurisdictions around Australia, including the New South Wales Lifetime Care and Support Scheme (**LTCS**), the Australian Capital Territory model and the model being introduced in South Australia from 1 July 2016.

A cost effective method of implementing the catastrophic injury scheme may be to adopt the approach taken by the Australian Capital Territory, which chose to participate in the already established New South Wales LTCS programme, rather than developing a new scheme, saving set-up and administration costs. The ACT currently reimburses the NSW scheme for accidents and claims made in the ACT.

In addition, the alternative model noted in the Inquiry's Terms of Reference, a hybrid common law and no-fault care and support arrangement, would give rise to a number of significant issues. Most significantly, there is potential to create inconsistencies in the level of support and compensation received by those affected by catastrophic injury in a motor accident. This is an inherent issue due to

the relatively unpredictable nature of common law compensation outcomes. A no-fault lifetime care scheme could ensure consistency of approach to those requiring care.

QBE stresses the importance of a structured transition process to the new model and appropriate lead time for implementation. The new model will necessitate staff retraining and internal system changes within major insurance companies like QBE, and several months will be needed to ensure that insurance companies are adequately prepared. As such, QBE stresses the need for the scheme to be formulated sufficiently prior to the 1 July 2016 introduction to allow industry adjustments.

QBE thanks the Queensland Parliament for the opportunity to respond to the Inquiry into a suitable model for the implementation of the National Injury Insurance Scheme (NIIS). If there is any further detail or information QBE could provide that would assist, please do not hesitate to contact Kate O'Loughlin, Head of Government Relations & Industry Affairs at [REDACTED]