



Speech by

DESLEY BOYLE

MEMBER FOR CAIRNS

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MOTOR ACCIDENT INSURANCE AMENDMENT BILL

Ms BOYLE (Cairns—ALP) (12.26 p.m.): I support some of the latter comments made by the member for Hervey Bay. I have, in my previous position as a psychologist involved in assessing victims of road accidents, seen insurance companies play such dreadful games with the lives of people who have been genuinely injured in accidents. I have seen them draw out the claims so that people's lives are made the more terrible and the more uncertain by waiting year in, year out for the claims to eventually be brought to either court or some negotiated resolution.

At the same time, I am aware of solicitors in Cairns who really do tout for business. In fact, honourable members of this House heard this morning about solicitors touting for business, looking for cases where people may wish to sue in an inappropriate fashion. I have certainly seen that in Cairns with motor accident claims where the injury was minor. Yes, there was some shock and there was probably a night's sleep disrupted, but there was no serious or continuing disruption to a person's life, let alone to their general healthy functioning. But some solicitor gets hold of them and says, "But you're entitled to something for that. Let me have a go for you. I guarantee we will get an answer within six months." That builds up hopes of some kind of financial recompense and causes, in effect, a kind of preoccupation with the level of shock or disruption that did occur and, maybe even accidentally then, as the months pass, an exaggeration of the amount of shock or disruption that was actually experienced. So it is a matter of balance for us in our role in Government.

Today I am also reminded of concerned people in Cairns who contacted me when we announced that we would be reviewing the CTP scheme. A number of them were pensioners who were concerned that the premiums were already too high for them to manage and that skyrocketing premiums were not reasonable, particularly when many of them drive in limited circumstances and for limited numbers of kilometres per week. Many of them are very cautious drivers and have a very fine history of not having been involved in accidents. It seemed to them that their paying a premium the same as those who drive long distances, often and maybe not so carefully and with not such fine records, was not quite equitable.

I particularly compliment the Minister for the inclusion of the affordability index in the Motor Accident Insurance Amendment Bill 2000. Through the affordability index we are aiming to maintain affordability that is acceptable to the general motoring public. This is critical to the long-term viability of the scheme.

Affordable premiums are also essential to maintaining a high proportion of registered and insured vehicles, without which the scheme itself would falter. The CTP review committee gave a good deal of consideration to this aspect and judged that premium levels were approaching the limits of affordability as a result of the 1999-2000 premium rise, and I have no doubt that they were correct in this conclusion. The committee proposed an affordability index based on the proportion that the Class 1 premium is of Queensland average weekly earnings. Whether or not this is a correct measure of affordability, I do not know. Affordability is not a precise concept. We do not have any guidance from other areas of Government activity on exactly how one can calculate what really is affordability, and so it is the committee's best recommendation as to the approach to take in this first instance.

As an outcome of the committee's deliberations, the Bill makes provision for an affordability index of 45% of average weekly earnings, that is, the Class 1 premium will be no more than 45% of the

gross average earnings over a week. The Bill deems that this affordability index must not be exceeded, but when it is—when the highest filed Class 1 premium filed by an insurer becomes greater than 45%—it will automatically result in a report that must be made by the commission to the Minister on the effect of current trends on the affordability of the scheme. This means that we have not only a limit that we believe represents affordability but that any attempt to move beyond affordability will immediately trigger a close review by the commission and a report to the Minister. At that point the commission may also recommend changes if it considers changes to the scheme are necessary to counter any undesirable trends. The Minister is required to lay a copy of the commission's report before Parliament as soon as practicable after receiving it.

The premium exceeding the affordability index is a trigger for review of the scheme's operation and recommendations on future action. While I am sure other honourable members of this House would agree with me that we do not expect or hope that that will happen in the short term, nonetheless, when the time comes, for whatever reason, at least there are quick and immediate triggers for responsive action by the commission, by the Minister and by the Parliament.

I give recognition to the good sense spoken by the honourable member for Moggill. Nonetheless, we have to ensure the continued financial soundness of the scheme, and the Bill makes it clear that the index in that sense is not a cap on the ceiling set by the Motor Accident Insurance Commission, which should continue to rely on actuarial advice on the financial soundness of the scheme. This provision will come into play in any transitional period between the index being exceeded and action to amend the scheme which may result from the report from the commission to the Minister.

It is therefore a reasonable balance between that affordability index being mindful of the real costs of this to people on limited incomes, the importance of their being able to have insurance and to travel according to their needs in areas of the State that are often not well served by other transport choices, and at the same time maintaining the financial soundness of the scheme. There are clear roles in the Bill for the commission, the Minister and the Parliament in ensuring that the scheme functions effectively within the bounds of affordability and that these are provided for by the recommended process.

A further significance of the affordability index is its benefit in providing to lawyers and insurers involved with the scheme a clear signal of the need for its continued sustainability and their need to participate in measures to correct any future emerging imbalance. I am, to that extent, more optimistic than the member for Gladstone. I believe that insurance companies, and lawyers particularly, will recognise that a balance here is essential for their continued long-term benefit from being involved in this business, rather than be encouraged to push up prices, the cost of such schemes or legal claims unnecessarily.

I am pleased, therefore, on behalf of Cairns pensioners and others who are concerned about the affordability of insurance premiums to support the Bill.
