

“Ensuring the scheme remains contemporary, fair and affordable.”

INSURANCE COMMISSIONER'S REPORT

The Queensland CTP scheme continues to meet the needs of Queensland motorists and road users in a stable, fair and affordable manner.

MAIC continues to support initiatives that will improve scheme experience while on a broader scale there are a range of reforms and programs that will shape the future of the CTP scheme.

During a year of highlights two are notable.

Firstly the introduction of the National Injury Insurance Scheme Queensland (NIISQ) is a significant milestone and beneficial reform – something the MAIC team is proud to have been a part of. The NIISQ complements the existing CTP scheme and ensures that catastrophically injured people – those who most need lifetime care and support – will receive this regardless of fault and in ways that support personal choice and independence. MAIC will continue to support the establishment of the NIISQ and to work with the many committed stakeholders who are keen to ensure the successful implementation and delivery of the scheme.

Secondly as part of the NIISQ implementation, a review of the CTP Scheme was announced by the Treasurer. MAIC has been directed to find ways to continue improving the CTP scheme – ensuring it is affordable, efficient, fair and flexible to meet immediate needs while also being well positioned to support and benefit from future innovation and improvement. It has been six years since the last scheme review, so this is timely as well as good governance to ensure the scheme remains contemporary, fair and affordable.

In response to a recent increase in the number of CTP claims, (despite anecdotal evidence that crashes on Queensland roads are reducing), MAIC has proactively engaged with CTP insurers and the legal profession on specific aspects of this trend and to identify whether any response is required. This work is ongoing into 2016-17.

My particular thanks to Ms Fanny Lau, Scheme Performance Manager at MAIC, who amongst her many responsibilities has led ongoing MAIC representation in relation to the National Heavy Vehicle Regulator reforms, and collaboration with Department of Transport and Main Roads in relation to the Opportunity for Personalised Transport Review and the National Transport Commission policy paper on autonomous vehicles. MAIC is well positioned to respond appropriately to these various developments and reforms.

I greatly appreciate the ongoing support from stakeholders in the performance and delivery of the CTP scheme along with the professionalism and service focus of MAIC staff. This has ensured Queensland motorists and road users continue to benefit from a stable, fair and affordable CTP scheme that is well positioned to meet current needs and take advantage of future opportunities for improvement.



Neil Singleton
Insurance Commissioner

2015-16 YEAR IN REVIEW

PREMIUMS

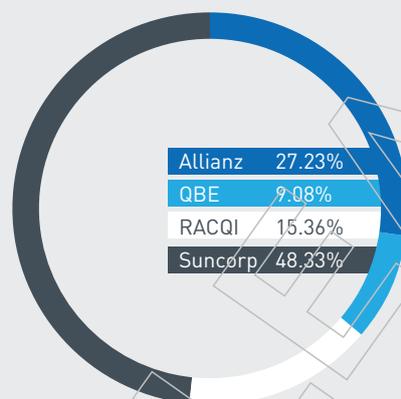
Lowest filed premium Class 1 (annual)

July			June	
Q1	Q2	Q3	Q4	
\$323.60	\$329.60	\$329.60	\$336.60	

\$1.41B

↓ 2.7%

Insurer market shares
as at 30 June 2016



Registered Vehicles in Queensland



4.06M

↑ 2.4%

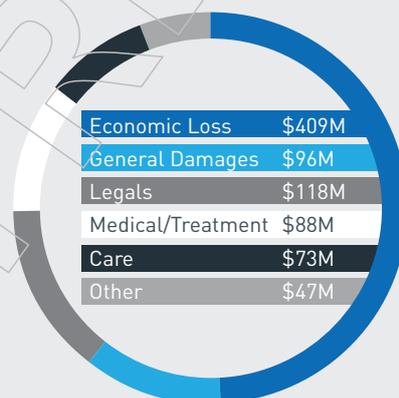
CLAIMS

New claims



7,038

Claim Payments



Claim highlights

- ✓ Duration reducing
- ✓ No super-imposed inflation
- ✓ Claim size stable

LEVIES remain at same level for 2016/17

MAIC levy



\$1.50

Per vehicle

ND levy



\$11

Per vehicle

DTMR fee



\$7.50

Per vehicle

Hospital and Emergency
Services levy



\$19.60

Per vehicle

Scheme highlights

- NIISQ commences 1 July 2016
- Significant investment in health service delivery and research programs to improve outcomes for Queenslanders
- Ongoing support for Queensland Road Safety Strategy to reduce incidence of road trauma

(class 1 vehicles)

REPORT CARD

Highlights	Performance indicators	Target	Outcome
Objective 1. Provide a viable and equitable personal injury motor accident insurance scheme.			
<ul style="list-style-type: none"> Delivered cost reductions through process improvements. 	Premium bands and levies set within legislated time-frames.	100%	100%
	Premium bands are set at a level to ensure scheme viability.	100%	100%
	Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings.	<45%	<45%
Objective 2. Continually improve the performance of the Nominal Defendant.			
<ul style="list-style-type: none"> Realised the benefits of the Nominal Defendant claims management system. Finalised 328 claims. Recovered \$359,271. Earned \$5,549,456 in investment income on Nominal Defendant fund. 	The percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year. ¹	50%	75.9%
	Percentage of Nominal Defendant claims settled within two years of compliance with the <i>Motor Accident Insurance Act 1994</i> . ²	50%	73.8%
	Percentage of Nominal Defendant claims paid within 60 days of the settlement date.	95%	95.8%
	Investment strategies align with the anticipated claims runoff.	100%	100%
Objective 3. Provide a corporate governance model that facilitates MAIC's vision and meets the State's financial and performance requirements.			
<ul style="list-style-type: none"> Completed internal restructuring to better align staff capabilities with service delivery requirements. 	Financial requirements outlined in the <i>Financial Accountability Act 2009</i> are met.	100%	100%
	Planning and reporting requirements outlined in the <i>Financial and Performance Management Standard 2009</i> are met.	100%	100%
	Staff capabilities align with strategic plan.	100%	100%

1. Favourable variance is due to higher than anticipated number of claims being finalised.

2. Claims can take two to three years to settle, consequently it is difficult to estimate the number of claims that will be finalised in any given period.

REDUCING THE INCIDENCE OF ROAD TRAUMA

MAIC works closely with the lead agencies for road safety in Queensland, the Department of Transport and Main Roads (DTMR) and Queensland Police Service (QPS), in identifying opportunities for collaboration and investment.

Reducing the incidence of road trauma means there will be fewer Queenslanders killed or injured on Queensland roads. This will reduce the social, economic and financial costs of road trauma which amongst the many benefits this will bring, leads to lower CTP scheme costs and a more affordable CTP scheme.

Aside from immediate investments in a range of road safety programs, MAIC will continue to strengthen its focus on a range of programs to help deliver improved road safety outcomes across Queensland, specifically involving young drivers and regional community groups.

THE COST OF ONE CRASH

HUMAN COSTS

- Workplace and household losses
- Disability-related costs
- Hospital, medical and related costs
- Legal costs
- Correctional services
- Recruitment and re-training
- Premature funeral cost
- Coronial costs
- Loss of quality of life, and pain, grief and suffering



VEHICLE COSTS

- Repair costs
- Vehicle unavailability costs

OTHER COSTS

- Travel delay and vehicle operating costs
- Health costs of crash-induced pollution
- Insurance administration
- Repairing road infrastructure
- Ambulance, police and other emergency services response

Queensland Road Safety Strategy

MAIC supports research and education activities that aim to reduce the number of crashes on Queensland roads generally, along with activities that have a specific focus on reducing the number of claims to the Queensland CTP scheme.

MAIC champions a number of initiatives under the Queensland Road Safety Strategy.

In 2015-16, the funding MAIC provided CARRS-Q, DTMR and QPS has helped progress these initiatives and also contributed to other initiatives outlined in the action plan.

Learner Driver Mentor Programs

With funding provided by MAIC, CARRS-Q undertook research and consultation to develop a best practice toolkit for Learner Driver Mentor Programs to assist practitioners and stakeholders in implementing evidence based programs that are sustainable in the long term. These guidelines have been released publicly and endorsed by DTMR.

MAIC also engaged CARRS-Q to undertake an evaluation of the Braking the Cycle program run by QPS through PCYC.

Learner Driver Mentor Programs provide a valuable and effective way of improving young and novice driver safety by providing disadvantaged young people with the opportunity to obtain the 100 on-road hours necessary to obtain their licence and as a means of reducing unlicensed driving.

Road Trauma Mitigation Fund

In 2015-16, MAIC established the Road Trauma Mitigation Fund to support DTMR and QPS led initiatives aimed at reducing the incidences and effects of motor vehicle crashes.

This financial year \$2.325 million was allocated primarily towards initiatives that are either pilot or proof of concept. These include evaluating the impact on road safety of additional enforcement by QPS during peak motoring periods and DTMR piloting the effectiveness of outdoor billboards highlighting the Fatal Five in targeted regional locations that have been historically overrepresented in crashes.

Taxi industry partnering

MAIC partnered with the Taxi Council of Queensland to identify opportunities to reduce the incidence of taxis in crashes.

The first project will pilot the effectiveness of combining the use of a smartphone app to monitor taxi driver performance with incentives for safe driving performance.

The second project involved a situational and data analysis of the taxi industry in Queensland to gain a greater understanding of the structure and operations of the industry and to identify potential opportunities for enhancement particularly in relation to safety.

Intelligent Transport System

Intelligent Transport Systems are transforming the way transport systems operate with an aim to:

- improve safety
- reduce traffic congestion
- reduce environmental impacts.

MAIC has partnered with DTMR to provide funding to two intelligent transport system pilots, the Cooperative Intelligent Transport System (C-ITS), and the Cooperative and Automated Vehicles (CAV) pilot.

The introduction of ITS and CAV to Queensland's roads has the potential to provide significant economic, social, and environmental benefits, including massive reductions in the number of road crashes and a corresponding decrease in CTP claims.

MAIC is committed to providing \$1 million in 2016-17 to the CAV pilot, which will include the testing of two highly automated vehicles in Queensland. MAIC has also given in-principle support to provide funding in future years, in conjunction with DTMR, to the C-ITS pilot project, which will run until 2020. The C-ITS pilot project will include development and trialling of interconnected safety applications in passenger vehicles and road infrastructure.

CARRS-Q funding agreement

CARRS-Q was established twenty years ago with funding from MAIC and Queensland University of Technology (QUT). It is now recognised internationally for its excellence as a road safety research centre. After undertaking an evaluation of current performance which included independent external advice and considering the future funding submission, MAIC was proud to confirm a further three years of funding to CARRS-Q to ensure the Centre continues its significant research activity which contributes to the evidence base for road safety policy in Queensland and continues to attract researchers and research funding to Queensland.

Young driver research

MAIC has provided over \$60,000 in funding to the Adolescent Risk and Research Unit of the University of the Sunshine Coast.

The funds will support a research program testing the effectiveness of introducing situational skills to novice drivers to reduce the incidence of road trauma involving young and inexperienced drivers.

Stay on Track Outback

Stay on Track Outback is a regionally focused initiative targeted at increasing awareness of road safety issues specific to regional areas.

In 2015-16, MAIC partnered with QPS to provide \$80,000 towards this important initiative, allowing QPS to expand this initiative to additional regional areas. MAIC has committed to providing \$80,000 per annum over 3 years.

www.stayontrackoutback.qld.gov.au



SUPPORT SERIOUSLY INJURED PEOPLE

Each year MAIC invests in activities that prevent road traffic injuries, and improve health and vocational outcomes of people who have been injured on the road.

Transitional Rehabilitation Service investment

MAIC has committed an investment of approximately \$14.7 million over five years to fund a Transitional Rehabilitation Service (TRS) for adults with Acquired Brain Injuries within the continuum of brain injury services of Metro South Hospital and Health Service. The TRS model is based on research findings over a number of years, extensive consultation and a benchmarking process.

This service aims to facilitate early community integration and improve health outcomes of adults with an acquired brain injury. An improved patient flow within the Brain Injury Rehabilitation Services is also expected which will deliver savings for Queensland Health.

Spinal injury support program

MAIC continues its support of the Spinal Education Awareness Team (SEAT) through Spinal Life Australia. The team provides education to Queensland school students about their life and the importance of not taking risks while on Queensland roads. MAIC and Spinal Life Australia are currently exploring opportunities to expand our partnerships.

Brain injury research program

MAIC commenced a new partnership with the Queensland Brain Institute (QBI). MAIC has approved a \$1.5 million funding boost to fund a Senior Research Fellowship in traumatic brain injury, which will focus on developing new methods for assessing damage and change overtime in traumatic injuries. The investment in QBI is building capabilities and fosters the delivery of world-class research within Queensland.

Paediatric rehabilitation focus

MAIC has partnered with Children's Health Queensland Hospital and Health Service and the University of Queensland Child Health Research Centre to establish the Paul Hopkins Chair in Paediatric Rehabilitation. The investment by MAIC of \$1 million over five years will support the Chair to build a high-standard research program focusing specifically on the area of paediatrics, particularly in relation to acquired brain injury and disability.

Housing and community support programs for catastrophically injured people

In 2015-16, MAIC finalised an agreement with Griffith University to be a partner funder for an Australian Research Council Linkage Grant to develop a tool for people with significant disabilities, and other stakeholders, to assist with decision-making about housing design and supply.

This project involves detailed investigations to better understand the housing needs and preferences of consumers with disabilities. Understanding consumers' preferences in this area is an important step towards the development of more suitable and sustainable housing for people with a disability.

Recover Injury Research Centre

The ongoing partnership between MAIC, University of Queensland and Griffith University in the Recover Research Centre provides access to world class researchers to inform policy and practice. During the year CONROD was rebranded as Recover Injury Research Centre and a new Director, world-renowned expert in the psychology of pain and disability Dr Michael Sullivan was appointed. This presents an opportunity to refresh the focus on research programs and funding.



National Injury Insurance Scheme Queensland

In 2015-16, MAIC worked closely with Treasury to draft the *National Injury Insurance Scheme (Queensland) Act 2016*, which was passed by Parliament on 26 May 2016.

The Act establishes the NIISQ, important social reform that ensures all eligible people who sustain serious personal injuries in motor vehicle crashes receive necessary and reasonable care and support for their lifetime, regardless of fault. The reform will significantly and directly assist injured people and will also bring tremendous peace of mind to their family and carers.

From 1 July 2016, the scheme will be administered by the National Injury Insurance Agency Queensland. MAIC will work closely with the agency and will monitor the operation of the scheme, providing recommendations to the Treasurer about the scheme and the NIISQ levy.

For the 2016-17 financial year, MAIC will report on significant aspects of the operation of the scheme, and information on the cost of administering the scheme in its annual report.



INNOVATE AND IMPROVE

To deliver a contemporary CTP scheme for Queensland, MAIC remains future focused and embraces technological innovations and business improvements.

MAIC has fostered strong relationships with industry leaders and academic experts to enable opportunities of knowledge sharing and research partnerships. Through these partnerships MAIC is able to ensure current business processes are adopted. MAIC has delivered savings for Queenslanders through innovation as seen in the implementation of the Nominal Defendant 'best practice'.

MAIC continues its commitment to remain efficient and adaptable through its Data Management and Insight programs, and reviews in claims mining and the future effects of the digital economy on the CTP scheme.

CTP Scheme Insights Framework

MAIC has commissioned its consulting actuary, in conjunction with State Actuary Office and MAIC Business Intelligence Unit personnel, to develop a monitoring framework to provide deep analysis and insight into CTP scheme experience and identify priority areas for investment and improvement.

The framework will inform and guide MAIC investment in research and pilot programs to help reduce the incidence and effects of road trauma, as well as develop a deeper understanding of scheme dynamics and performance. This may, for example, help inform MAIC about emerging cost pressures or changes in scheme experience relating to claims cost, emergence of vehicle safety features or changes due to various road safety programs, and also assist in quantifying the appropriate nature and level of any response.

Claim process mining

In 2015-16 MAIC partnered with information systems researchers from QUT to review impediments to CTP claim processing. With the involvement of the Nominal Defendant and one licensed insurer, QUT has completed two case studies and provided initial feedback and insight to the insurers.

Over the next 12 months QUT will continue to review target demographics of both insurers and design tools that can automatically extract impacts on CTP claims processing.

Strategic review – CTP in a digital world

The potential of digital technologies to enable competitiveness, entrepreneurship and innovation has led to a rapidly developing digital economy worldwide. MAIC is aware that this growing economy stands to reshape Queensland's CTP insurance scheme over the next decade and has collaborated with the QUT PwC Chair in Digital Economy to explore a range of scenarios likely to develop.

The QUT PwC Chair in Digital Economy's report 'The future of Compulsory Third Party insurance in the Digital Economy' was released on 17 July 2016 and highlights many of the issues facing Queensland's CTP scheme as a consequence of digital disruption and digital transformation in the next 20 years. The impact of trends such as motor vehicle technology, digital technologies, driver behaviour, motor vehicle ownership trends, and medical advances and costs are likely to fuel significant adjustments to the CTP scheme.

MAIC will use this report to deliver an innovative CTP scheme for Queensland ensuring it remains contemporary and delivers improved outcomes for motorists and people injured in motor vehicles crashes.