The Vanishing – where did the NSW CTP claims go?

Estelle Pearson, Tony Mobbs, Francis Beens and John Jeaitani

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## MACA to MAIA: Key changes

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Minor Injury</th>
<th>Non-Minor Injury</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MACA</td>
<td>MAIA</td>
</tr>
<tr>
<td>Past loss of earnings</td>
<td>Yes</td>
<td>Up to 6 months</td>
</tr>
<tr>
<td>Future economic loss</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Non-economic loss</td>
<td>If &gt; 10% WPI</td>
<td>No</td>
</tr>
<tr>
<td>Past treatment</td>
<td>Yes</td>
<td>Up to 6 months</td>
</tr>
<tr>
<td>Future treatment</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Past care</td>
<td>Yes</td>
<td>Up to 6 months</td>
</tr>
<tr>
<td>Future care</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Gratuitous care (GvK)</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

The MAIA scheme also:

- Restricted lawyer remuneration
- Required faster claim lodgement to receive statutory benefits
‘Vanishing’ claims under MAIA

- Claim escalation under MACA occurred while road causalities were flat/reducing.
- Large minor claim frequency reduction under MAIA (consistent with reform objectives).
- Surprising reduction for non-minor claims.

Minor claims: 43% lower than 2015-17 and 13% lower than 2010-11.

Non-Minor claims: 29% lower than 2015-17 and 25% lower than 2010-11.

Excluding interstate, fatality and workers compensation recovery claims.
Source: MACA 30 June 2019 PIR and MAIA 31 August 2019 UCD
Who is not claiming? (non-minor claims)

- Claimants requiring an interpreter
- Claimants under 55 (incl. children) living in lower socioeconomic areas
- These segments experienced the largest increases in minor claim frequency under MACA.

Machine learning segmentation on the change in non-minor claim frequency from MACA 2010-11 to MAIA 2018
Why are people not claiming?

Our hypotheses were informed by:

1) the change in the profile of claimants
2) interviews with stakeholders

Awareness  Complexity
Perception of Value  Incentives
Conclusions

• Large part of Not At Fault claim frequency reduction consistent with scheme reform objectives (three quarters due to minor claims).

• MAIA reduced frictional costs for minor claims resulting in a $200m p.a. reduction in legal costs.

• Reduction in non-minor claims suggests (at this stage) that there are some unintended barriers to claiming for some claim segments.

• Our analysis provides an indication of the areas where increasing awareness and assistance on navigating the scheme needs to be focussed.

It is likely that any MAIA ‘honeymoon’ effect will attenuate leading to an increase in claim frequency over time.

We have not yet seen common law claiming activity. This may impact both the overall frequency reduction and claim profile.