



ACT
Government

**CITIZENS' JURY ON
COMPULSORY
THIRD PARTY (CTP)
INSURANCE
FREQUENTLY ASKED
QUESTIONS**

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WHAT IS CTP INSURANCE AND WHY IS IT IMPORTANT?

If you own a motor vehicle, you are required by law to buy compulsory third party (CTP) insurance every year as part of the vehicle registration process.

CTP insurance covers other people (including pedestrians, passengers, pillion riders, and cyclists) injured in an accident with a motor vehicle that is found to be your fault.

Without CTP insurance, if you are found to be at fault in a motor vehicle accident and other people were injured, you are personally responsible for the compensation costs arising from those injuries. These costs could amount to many thousands, and sometimes hundreds of thousands, of dollars. This is why CTP insurance is compulsory in every state and territory in Australia.

WHO DOES CTP INSURANCE COVER IN THE ACT?

CTP insurance in the ACT will only cover a person who is injured in a motor vehicle accident *if someone else is found to be at fault*.

Fault must be investigated and proven in every case. The CTP insurance you are required to buy as part of your vehicle registration covers other people who are injured (the 'third party') because of an accident that is found to be your fault.

If you are in an accident that is found to be your fault, you cannot claim compensation for your own injuries under the scheme. If you are in an accident that wasn't anyone's fault (a 'blameless accident'), such as a collision with wildlife, you cannot claim compensation under the scheme.

WHAT CTP BENEFITS ARE PAYABLE IN ACT?

The amount of CTP compensation an injured person receives, and the length of time taken to receive this compensation, depends on the individual circumstances of the injured person. Final amounts are negotiated between insurers and injured persons.

If a person is injured in a motor vehicle accident and makes a claim against the at-fault person's CTP insurer, the compensation they get will depend on their injuries; the treatment they require; the circumstances of the accident; and the impact of their injuries (i.e. whether they have to take time off work). If they were partly at fault for the accident or their injuries (i.e. if they were not wearing a seatbelt), this will be taken into account and is likely to reduce the amount they will be paid for the claim.

Injured people can claim for the following kinds of loss:

- **Treatment and care costs** – this compensates for past and estimated future costs of treatment and care needed as a result of the injuries, such as medical costs.
- **Economic loss** – compensates for financial loss, which can include lost wages if the injured person can't work.
- **Non-economic loss** – compensates for things like pain and suffering.

The cost of treatment and care for catastrophic injuries is covered by the *Lifetime Care and Support Scheme* introduced in 2014. This scheme is separate from the CTP scheme, is funded by a separate levy and covers everyone who suffers a catastrophic injury in a motor vehicle accident in the ACT, regardless of fault.

HOW LONG DOES IT TAKE AFTER AN ACCIDENT TO RECEIVE CTP BENEFITS?

This depends on the circumstances of the accident and the severity of the injuries. Investigation into fault and injury severity can take time. People may have to wait until their injury stabilises before a severity assessment can be made and compensation determined.

The ACT's scheme relies on negotiation between insurers and injured parties. If an agreement cannot be reached, it is often necessary to go to court to have the claim resolved.

A full payout of benefits is not made until a claim is finalised. On average, large claims take around 48 months and small claims take 18 months to finalise.

WHY DO I HAVE TO PAY FOR CTP IF I HAVE COMPREHENSIVE INSURANCE COVER?

Your CTP insurance will provide benefits to any person who suffers an **injury** in a motor vehicle accident that is found to be your fault. It is compulsory to have CTP insurance to cover injuries you may cause to someone else. You pay your CTP insurance premium when you pay your vehicle registration.

Your comprehensive insurance will only cover damage to someone else's **property** (for example, their car) if you are at fault for an accident. Comprehensive insurance will also cover damage to your vehicle if you were at fault for the accident, but it will not cover you or anyone else for injury. Third-party property insurance only covers damage to someone else's property.

If you choose not to purchase comprehensive or third-party property insurance, you will have to pay the cost of any damage you cause to someone else's vehicle or any other property (for example, a fence or building).

HOW IS THE CTP SCHEME IN THE ACT DIFFERENT FROM OTHER CTP SCHEMES IN AUSTRALIA?

CTP insurance schemes exist in every state and territory but they are different in design and offer different levels of coverage, benefits and premiums.

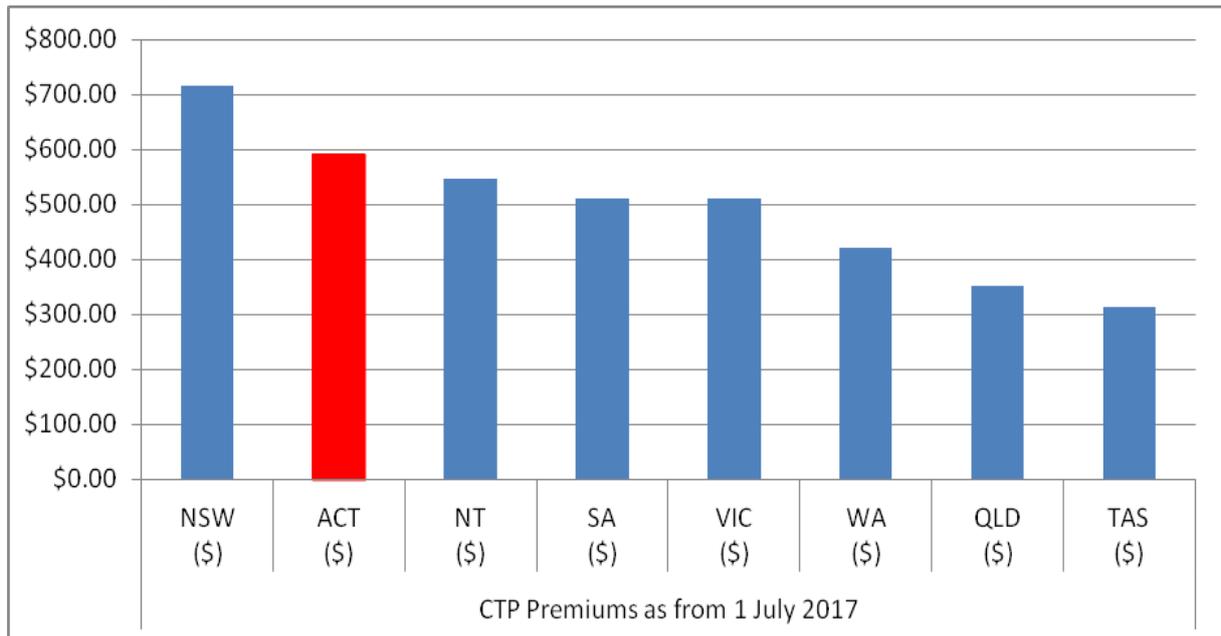
The ACT has an at-fault common law scheme, which means that an injured person can sue another person for negligence and seek compensation. Some other states, like NSW, also have common law schemes but they are different from the ACT scheme because they define or have limits on the benefits that are payable for different types of injury, which can make premiums cheaper.

Other states operate their schemes on a no-fault basis, in some cases with limited common law access. A no-fault scheme provides some benefits regardless of who was at fault for the accident, without the need to sue and go to court.

HOW DO CTP PREMIUM COSTS COMPARE WITH THOSE AROUND AUSTRALIA?

Average premiums for passenger vehicles in the ACT have shrunk by around \$35 or 5.8 per cent since the introduction of new insurers to the ACT market in 2013. But the ACT's average passenger class premium is still the second-highest in Australia.

COMPARISON OF CTP PREMIUMS ACROSS AUSTRALIA (PASSENGER VEHICLES)



The reason ACT residents pay different premiums from other jurisdictions is largely because of the benefits structure, and court-based model of resolving claims. The benefits structure in each jurisdiction has a significant impact on the premiums needed to fund the scheme. For example, some other jurisdictions allow only people with severe injuries to take court action and claim damages for non-economic loss such as pain and suffering.

WHAT DOES MY CTP PREMIUM PAY FOR?

Your CTP premiums are used to pay out compensation for injury claims against the CTP scheme. More than \$108 million was paid out as benefits for 819 claims finalised in 2016-17.

The majority of CTP claims in the ACT are for minor injuries. Of the claims finalised in 2016-17:

- 77% were for minor injuries, such as whiplash;
- 16% were for moderate injuries; and
- 7% were for injuries classified as serious, severe, critical or maximum.

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The main type of motor accident injury in the ACT is whiplash. In 2016–17, whiplash claims represented 53 per cent of all finalised claims. The average whiplash claim cost just under \$90,000 in that year, amounting to more than \$39 million of the total \$108 million in claims payments.

The single largest component of CTP premium dollars payments is paid for non-economic loss, commonly known as 'pain and suffering' damages. These payments don't cover bills, but rather provide compensation for intangible losses like the experience of pain over time, or lost enjoyment of a person's time.

In 2016-17, 27 per cent of finalised scheme payments went to treatment and care costs, with almost the same share going to legal and investigation costs. In 2014-15 and 2015-16, legal and investigation costs for finalised claims amounted to **more** than treatment and care costs. Of the claims finalised in 2016-17, nearly three quarters of claimants chose to be legally represented by a lawyer.

WHY USE A CITIZENS' JURY FOR CTP?

CTP in the ACT doesn't cover everyone injured in a motor vehicle accident and it can take two years or more to get your full payout, but we still pay some of the highest premiums in the country. The Government believes our CTP scheme could be improved to better protect Canberrans.

The government has chosen to pilot a citizens' jury so we can consider with the community and other key stakeholders how to improve the scheme so it reflects the priorities of Canberrans.

There is no one right answer to what a CTP scheme should look like. The Government wants to understand what the community's priorities are for the scheme.

A recent quiz found that many ACT motorists don't understand our CTP scheme. Without good information, it is difficult for people to think about how the scheme could be improved. The citizens' jury process gives a group of Canberrans, representative of the community, the opportunity to look at CTP in depth, hear from experts and ask questions. The jury will think critically about all the perspectives and then determine what is most important to them as diverse members of the community coming together to find common ground.

During September 2017, the community was invited to provide feedback on the CTP scheme. More than 100 pieces of written feedback were received, in addition to 725 online survey responses and 515 phone survey responses. A further 328 people had their say on priorities for the CTP scheme through the Your Say website. All of this information will be given to the jury to consider.

People who are not on the jury will also have the opportunity to find out more about CTP and provide their views on the [Your Say website](#), and may also be contacted as part of a phone survey. This information will be given to the jury to consider.

The process that has been designed for CTP will see the jury develop priorities for an improved scheme. These will then be handed to a Stakeholder Reference Group that will undertake the technical task of designing and developing workable models. These models will be taken back to the jury for a final determination on which one best meets the needs of the Canberra community based on the priorities.

ARE THERE ANY LIMITS ON WHAT THE JURY CAN CONSIDER?

The Government will ask the citizens' jury to recommend priorities for an improved CTP scheme. Some limits have been established for the jury's deliberations, including:

- a) **The CTP scheme must remain compulsory for all motorists.**
The jury will not be able to recommend an optional scheme.
- b) **The scheme must continue to be privately underwritten and the overall scheme design cannot raise the cost of premiums.**
The CTP scheme in the ACT is underwritten by private insurers, and that will not change through this process. Insurers set the premiums taking into account a number of risk factors, including their potential liabilities which are influenced by the way the scheme is designed. While other factors may lead to a change in premiums over time, improvements to the CTP scheme coming out of the process cannot result in an increase in premiums.
- c) **The CTP scheme in the ACT must remain community-rated.**
In some states, people pay different amounts for their CTP depending on risk factors such as age. For example, NSW allows for risk rating of premiums, with insurers able to charge higher premiums for motorists they consider to be high-risk, such as young drivers up to 25 years old. In the ACT, motorists pay the same CTP insurance premium, which is a community-rated premium that applies to each vehicle class. The Government believes this is a central aspect of the CTP scheme and this will be maintained through the citizens' jury process.
- d) **The types of vehicles for which CTP must be purchased and the way premiums are calculated between vehicle types cannot change as part of this process.**
The types of vehicles that are included in the CTP scheme and the way different premiums are calculated for different types of vehicles are complex and technical issues. These issues are not the focus of this citizens' jury.
- e) **The scheme must be workable and fit within other legal and regulatory frameworks.**
The Government has committed to pursuing the model recommended by the citizens' jury at the end of this process. Therefore, the recommended model will need to meet legal requirements – such as human rights and privacy – and be workable in practice.
- f) **The deliberations will not examine the established *Lifetime Care and Support Scheme*.**
The treatment and care of people who are catastrophically injured in a motor vehicle accident is managed under the *Lifetime Care and Support Scheme* which is funded by a separate levy. Changes to this scheme are not within the scope of the deliberations.

HOW WILL THE CTP CITIZENS' JURY WORK?

In the deliberative democracy process developed for CTP, a group of 50 Canberrans, representative of the community, will be selected to participate in a two-part citizens' jury. Their deliberations will be supported by a Stakeholder Reference Group and other experts.

The community was asked to provide their views on CTP during September 2017. The survey results (both from Your Say and a phone survey) and feedback will be provided to the jury for their consideration.

In October 2017, the jury will meet to consider the question:

What should the objectives of an improved CTP scheme be to best balance the interests of all road users? The jury will hear from a range of experts and consider evidence, including the community

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feedback and survey results, to help the members come up with a set of priorities for improving the CTP scheme.

The Stakeholder Reference Group will then develop a number of workable models that are consistent with the jury's priorities, for an actuary to cost. Government, legal groups, insurers, health consumers, and rehabilitation providers will all be represented on the Stakeholder Reference Group. After the models are costed, the jury will consider the options and determine which model best meets the priorities they came up with in the first stage.

Following this process, the Government has committed to pursuing the jury's preferred model on the basis it meets the identified priorities.

WHAT WILL THE JURY NEED TO CONSIDER?

In considering improvements to the ACT's CTP scheme, it will be important that the jury explore the right balance between the interests of injured people and motor vehicle owners.

As part of this process, the jury will consider what level of coverage and benefits are desirable, balanced against the costs of the scheme. This will involve considering a range of issues and trade-offs on issues, such as:

- who is covered;
- timeliness of access to benefits;
- how to best support injured people return to health;
- certain and equitable outcomes for injured people;
- efficiency of the scheme (how much of the total payments are provided to support the injured person); and
- affordability of premiums – noting that premiums cannot rise as a result of this process.

HOW IS THE JURY SELECTED?

The members of the citizens' jury have been randomly selected using Australia Post's database of households in the ACT and the Vote Compass online panel. Australia Post randomly selected 6,000 households to receive invitations. A further 1,500 individuals were randomly selected from the Vote Compass database to receive online invites.

A group of 56 jurors have been chosen from those who responded, with the selection and stratification managed by the jury facilitators, democracyCo. This process has ensured the jury is made up a mix of people according to criteria such as age, gender and location that broadly corresponds with the demographics of the ACT population. The selection process has also sought to involve a diversity of types of road users and people with a diversity of knowledge of the CTP system.

ARE THERE ANY RESTRICTIONS ON WHO CAN SIT ON THE JURY?

It is important that the jury's deliberations are balanced and not unfairly influenced in any direction by people with a particularly stake in the CTP scheme. For this reason, people who receive an income from the CTP system, such as a personal injury lawyer, a CTP insurance company employee or a person who works for government in personal injury compensation, or anyone in their households, will not be eligible to be on the jury. These professions will be represented within the Stakeholder Reference Group.

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People who are currently in the process of having a CTP claim considered and their household members will also be unable to participate on the jury.

DO JURORS GET PAID?

Participating in the citizens' jury is voluntary but jurors will be paid an honorarium for their time. For this project, each jury participant will be paid a total of \$450.

HOW DOES THE JURY REACH A DECISION?

The jury facilitators will use techniques to search for common ground or consensus among jury members to reach an agreed outcome. If consensus cannot be achieved, then the model recommended will be the model that has the most support. The jury may choose to include in their recommendations reasons for recommending a particular model and any dissenting views.

HOW WILL A JURY OF 50 PEOPLE MAKE RECOMMENDATIONS FOR ALL CANBERRANS?

The jury will be given the time and information to fully understand the complexities of the system so they can make informed decisions.

The Government has chosen to pilot a citizens' jury so we can consider the CTP issue with the community and other key stakeholders to improve the scheme so it reflects the priorities of Canberrans.

The broader community will also be able to get involved and provide input into this process through the [Your Say website](#) and a phone survey. This information will be given to the jury.

A key element of this process will be giving the jury detailed information about CTP that most Canberrans don't have the time to consider. Experts and people who have experience with the CTP scheme or motor accident injuries will come and talk to the jury. The jury will be able to ask questions and test their ideas with each other. The experts won't all have the same views. The jury will need to think critically about all the perspectives and then decide what is most important to them as diverse members of the community coming together to find common ground.

The number of 50 jurors is large enough to reflect a diversity of views but small enough for the group to easily work together. The Government believes that this process, combining an informed community voice with the expertise and experience of interested stakeholders, can deliver an improved CTP scheme that best meets the needs of all road users in Canberra.

ISN'T THIS ISSUE TOO TECHNICAL TO ASK A CITIZENS' JURY TO DO?

This citizens' jury process is designed to give ordinary citizens the time and information they need to think about CTP issues in an informed way. The group will be facilitated by experts in deliberative democracy. The jury will hear from people who work in insurance, the legal system and the health system. There will be highly qualified and experienced actuarial and scheme design professionals available to assist. The facilitators will use a variety of tried and tested methods to help the jury get across the issues and discuss

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them in a way that respects a diversity of views. The jury will be helped to consider issues one at a time before bringing them back together to consider as a whole and make recommendations.

A key part of this process is the inclusion of the Stakeholder Reference Group. The jury is not being asked to undertake any technical work. The jury is being asked to consider the trade-offs available in a CTP scheme and develop priorities for the ACT's scheme that reflect their views as members of the community. The technical work will be undertaken by the experts.

The Government believes that with time, information and expert assistance, an engaged group of Canberrans can weigh up competing priorities and make considered recommendations.

WHO IS ON THE STAKEHOLDER REFERENCE GROUP?

The Stakeholder Reference Group is made up of people from organisations with expertise or special interest in CTP. The group consists of two government representatives, two representatives of the legal profession, two insurer representatives, a rehabilitation researcher, a health consumer advocate, an actuary and a scheme design expert. A complete list of members and their organisations is below.

- Lisa Holmes, representative for the CTP Regulator
- Richard Glenn, Deputy Director General, Justice – Justice and Community Safety Directorate
- Mark Blumer, Solicitor – Law Society of the ACT
- Jamie Ronald, Barrister – ACT Bar Association
- Madeleine Hibberd, Manager, Regulatory Policy – Insurance Australia Group (IAG)
- Surayez Rahman, Executive Manager, ACT CTP – Suncorp
- Fiona Tito Wheatland, consumer representative – Health Care Consumers Association
- Professor Ian Cameron, Professor of Rehabilitation Medicine – John Walsh Centre for Rehabilitation Research, University of Sydney
- Geoff Atkins, Principal – Finity (contracted as insurance scheme design expert)
- Peter McCarthy, Executive Director – EY (contracted as actuary)

HOW CAN I BE INVOLVED IN THE PROCESS? CAN I BE AN OBSERVER?

The jury's deliberations are open to the general public but places will be limited. You can register your interest to attend an observer tour [here](#) from the beginning of October. There will be a limited number of observer tours and participants will be randomly selected by the independent facilitators.

You can also [subscribe](#) to email updates about this process via Your Say so that we can let you know when there's new information available.

WHAT WILL HAPPEN TO MY WRITTEN FEEDBACK IF I PROVIDE IT?

Your feedback will be included in the material provided to the citizens' jury to assist their deliberations. All feedback received will be published on the website. You should read the information collection statement before providing your feedback. You should not include personal information you do not wish to be published and you should never include the personal information of someone else.

WHEN WILL THIS PROCESS HAPPEN?

Consultation with the community was open from the end of August and throughout September. Submissions and surveys closed on 29 September 2017. The jury was selected during September.

In stage one the jury will meet over two weekends in October.

The Stakeholder Reference Group will then develop models that will be costed by the actuary from November 2017 to March 2018.

The jury will then meet again in March 2018 to consider the models and make a final recommendation.

HOW WILL I KNOW WHAT IS HAPPENING WITH THE PROCESS?

The Government has committed to an open, transparent and accountable process. Updates will be provided on the [Your Say website](#) to keep the community informed on progress and next steps. Sign up for project updates so we can let you know when there's new information available.

WHAT WILL HAPPEN AT THE END OF THIS PROCESS?

The Government has committed to pursuing the model preferred by the jury on the basis that it meets the priorities developed to reflect those of the Canberra community.

The Government will take the practical steps needed to deliver this model, including changing legislation if necessary. The Government will inform Canberrans on the next steps after the process.

WILL THE GOVERNMENT BE USING CITIZENS' JURIES FOR CONSULTATION ON OTHER ISSUES?

A jury is just one of a range of deliberative democracy processes we will be exploring as part of our expanded community engagement. We will seek to match the right deliberative processes to each of the issues we engage on in the future.



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