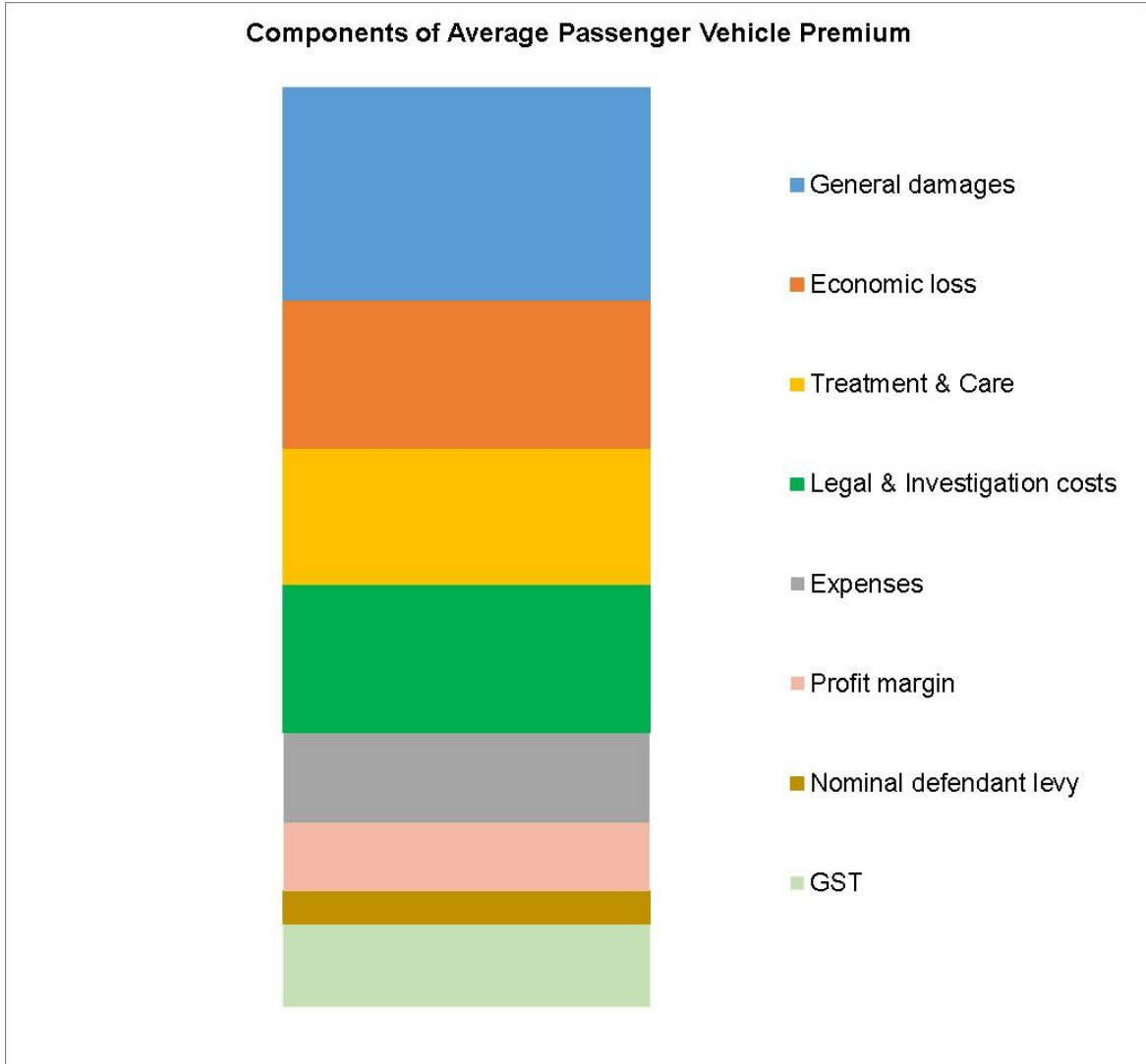


Additional Information on the ACT CTP Scheme Data

The following information has been compiled to respond to a number of questions about premiums and claims data raised by the jury.



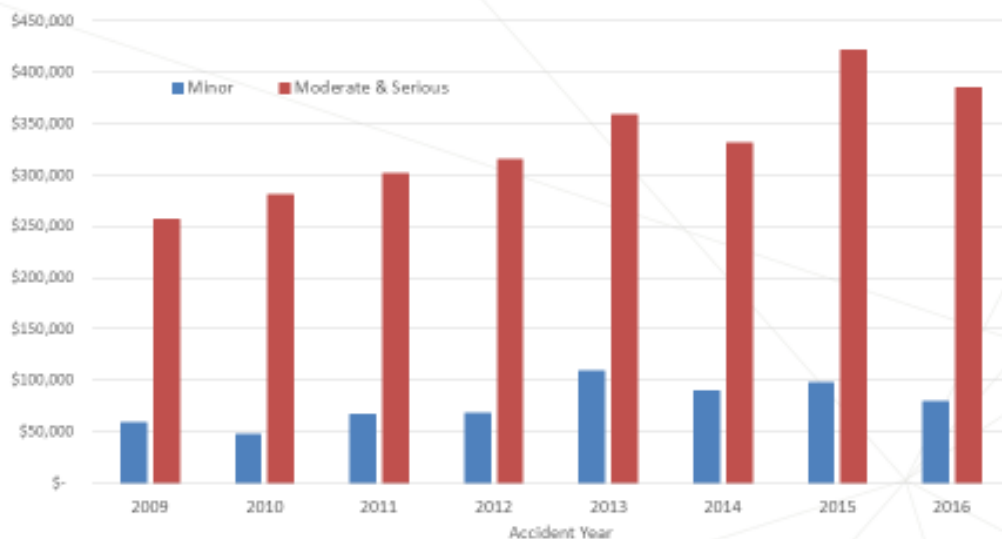
This graph was included in the CTP Regulator's presentation on Day 1. As explained in the presentation:

- The top 4 segments of the bar graph represent claims amounts to injured persons (general damages, economic loss, treatment & care and legal & investigative costs).
- Expenses are the expenses of the insurers for claims handling as well as acquisition costs (costs incurred in writing new CTP insurance). Expense estimates are included in the insurer's documentation (filings) when requesting approval to charge CTP premiums and their reasonableness are assessed by the scheme actuary in determining that the proposed premiums meet the requirements of the CTP Act.¹

¹ The CTP scheme actuary assesses the 'reasonableness' of expenses in terms of ensuring the premiums 'fully fund the insurer's current and expected future liabilities' and that the premiums 'are not excessive'.

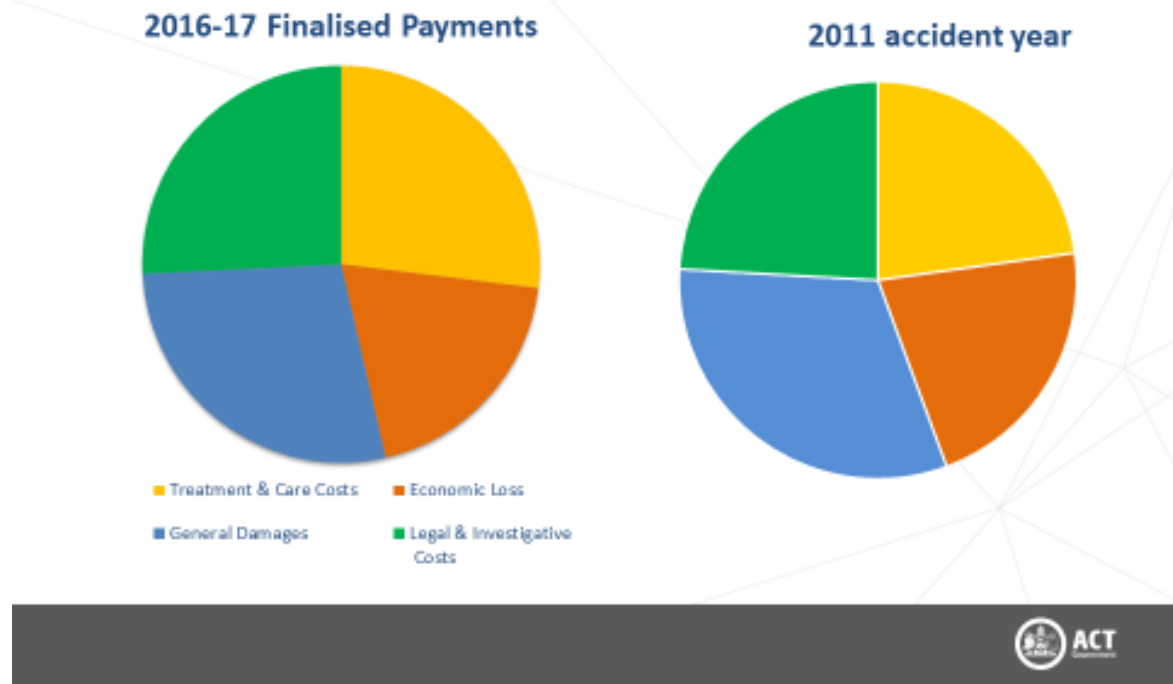
- Profit margin represents the return to the insurers for underwriting policies and accepting the associated risk. The CTP Act requires the CTP Regulator to assess the profit margin included in the CTP premium and the actuarial basis on which the profit is calculated. As reported in the CTP Regulator’s Annual Report 2016-17 (page 264), all insurer’s profit margins were assessed as being in a reasonable range. These profits are expected profits at the time the premiums are filed. The range for the industry as assessed by the scheme actuary in 2016-17 was 8 per cent to 11 per cent (in 2015-16 the range was 8 per cent to 12 per cent).
- Insurers are charged a ‘Nominal Defendant Levy’ to fund CTP claims paid by a Government insurance entity called the Nominal Defendant, when a person is injured by an uninsured or unidentified vehicle. This levy is assessed yearly by the scheme actuary. Insurers include this expense in their CTP premiums.
- GST is applicable to CTP premiums (except the portion relating to the Nominal Defendant Levy).

Average Claims Size by Injury Severity



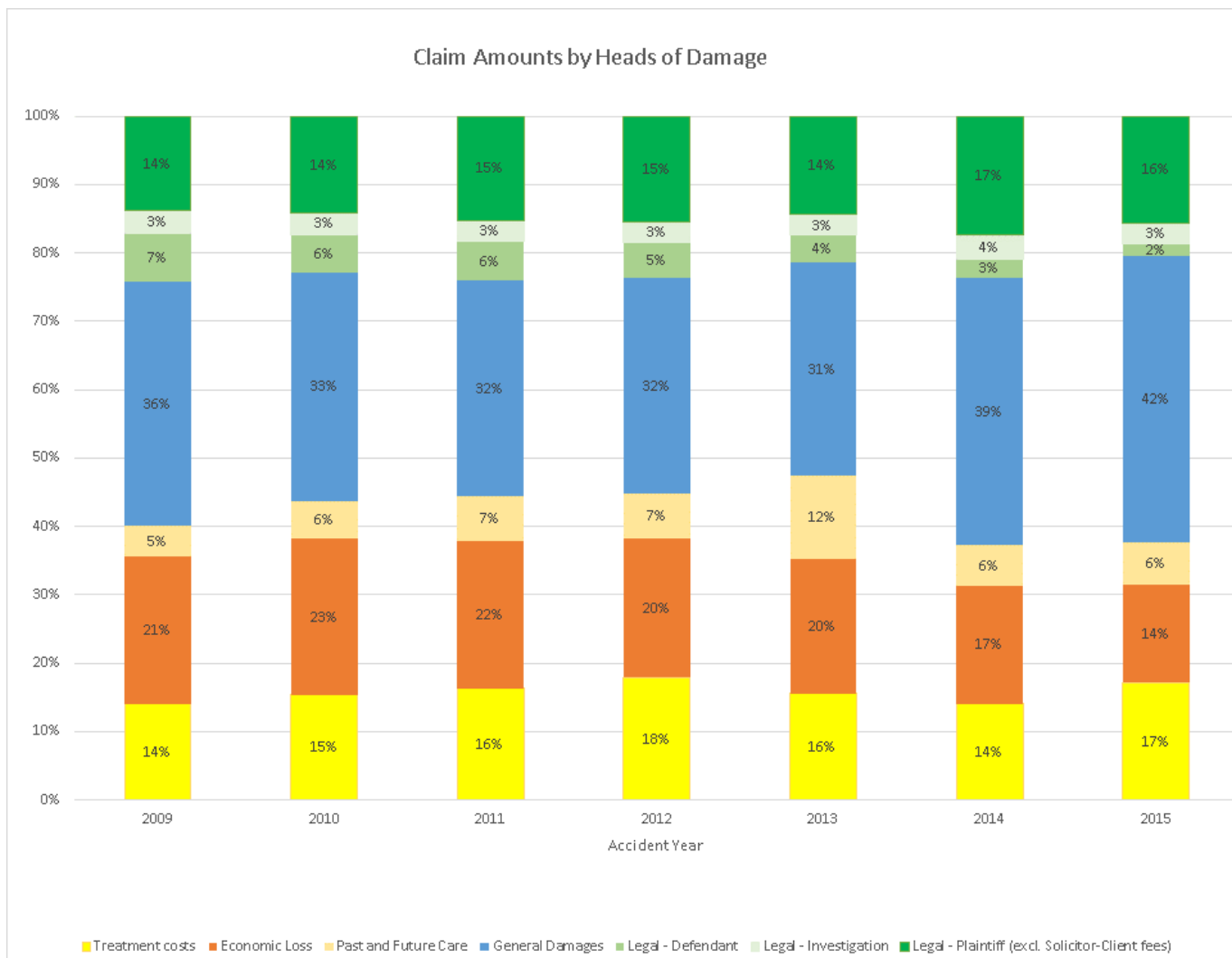
This slide that was included in the CTP Regulator’s presentation to the jury on Day 1 shows the average claims size by accident year. It reflects both finalised claims figures and estimates of claims amounts for those claims relating to the accident year that are still in progress. Changes in average claims size across years will depend largely on the number and circumstances of the claims made in that year, including the severity of injuries suffered by the claimants. The graph shows average claims sizes for injuries classified as minor as well as for those injuries classified as moderate and serious. See the separate guidance, “*Injury Coding and minor injuries– briefing note*” prepared by NRMA for information on how injuries are classified.

Claim Amounts by Heads of Damage



This slide from the CTP Regulator's presentation to the jury on Day 1 shows the distribution of costs by heads of damage. The two graphs demonstrate the proportions are not significantly different whether you use finalised claim data or accident year data that includes estimates for claims not yet finalised.

The same 'claims amounts by heads of damage' information as reflected in the above right-hand pie chart for the 2011 accident year, has been expanded in the next chart for the accident years 2009 to 2015.

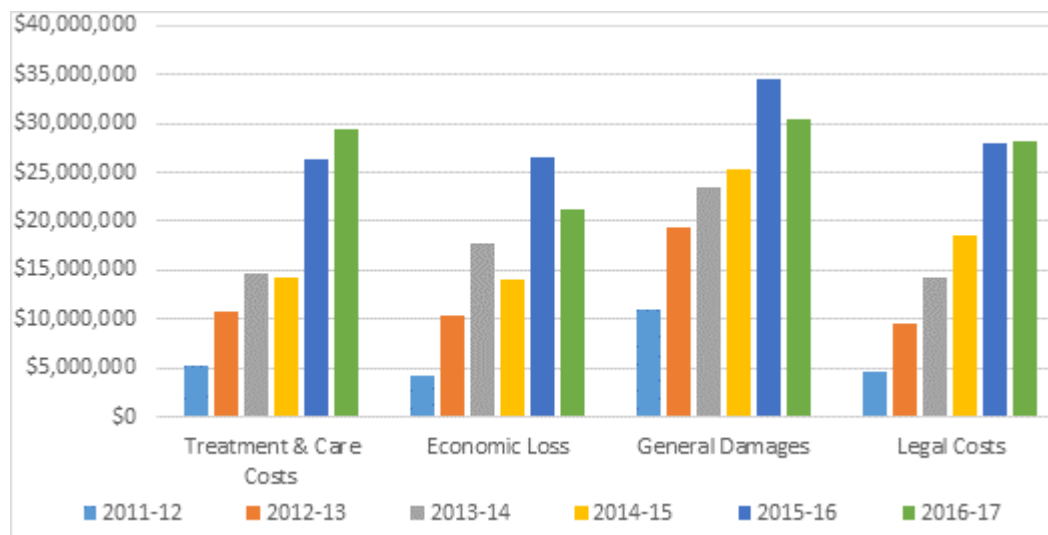


As explained in the CTP Regulator’s presentation on Day 1, the earlier accident years have a high proportion of claims that are finalised compared to the more recent accident years that include more estimates for those claims still in progress. For this reason the proportions for the more recent accident years will change over time as claim payments are made in future years. That said, the split of claims amounts is relatively stable by accident year.

The graph provides additional splits of some of the heads of damage to provide further information to the jury:

- Treatment and Care has been separated into ‘Treatment Costs’ and ‘Past and Future Care’.
- Legal and Investigative Costs has been separated into ‘Legal-Defendant’, Legal-Investigation’ and ‘Legal-Plaintiff (excluding Solicitor-Client fees which are fees paid by a claimant to their own solicitor)’. Investigation costs include the insurer looking into the circumstances of the accident (as fault needs to be established), the nature of the injuries and determining whether injuries are connected to the motor accident. These may include costs such as police, ambulance and hospital reports and the costs of examinations by medical practitioners and their reports. Needing to establish fault may increase investigation costs.

Distribution of Finalised Claim Payments by Financial Year



* Graph reflects updated September 2015 figures

This updated version of the graph in Figure 7 on page 8 of “Understanding CTP Insurance in the ACT” provides information (as titled in the graph) about the quantum of scheme finalised claim payments by financial year. This graph reflects claim data from a different perspective from the above 3 sets of claim graphs. Specifically, the payments reflect the full amount of settlement against the year the claim was finalised. Therefore the figures will vary year on year depending on the number of claims finalised in each financial year and the quantum of each of those finalised claims.

The data relates to claims that have been finalised in relation to accidents that have occurred since the commencement of the *Road Transport (Third-Party Insurance) Act 2008* and hence differs from the previous three sets of claim graphs in that it does not include estimates for claims in progress. It can take a number of years after the accident occurs for a claim to be finalised. The CTP Regulator’s Annual Report for 2015-16 (page 229) explained that the increase in finalised claims payments in 2015-16 was due to several multi-million dollar claims being finalised in that year. The 2016-17 finalised claims payment figures also included several multi-million dollar settlements (the CTP Regulator’s 2016-17 Annual Report pages 261 and 263).

As explained in the note under the graph in the publication, legal costs include Defendant legal costs, Investigation costs and Plaintiff Legal costs but does not include Solicitor-Client Fees.

Prepared by the Office of the CTP Regulator