

**18/399 Compulsory Third Party (CTP) Insurance Scheme – implementing the Citizen’s Jury’s chosen model – policy approval (refers to 18/492 Motor Accident Injuries Bill 2019 and government response to Standing Committee on Justice and Community Safety on the Inquiry into Motor Accident Injuries Bill 2018)**

<b>Summary of Impacts</b>
<p>The Submission seeks to draft legislation to implement the CTP Citizens’ Jury’s chosen model for an improved CTP scheme. The model chosen by the Citizens’ Jury will expand benefits to everyone injured in a motor vehicle accident regardless of fault.</p> <p>Overall, this would have a significant positive social impact. There would be more equitable and broader coverage for injured motorists, which would impact particularly on the disadvantaged and vulnerable who have less access to other sources of support; there would be a positive (more timely) impact on an individual’s and the community’s health; and opportunities to participate in the community are more likely to be retained.</p> <p>The economic impact is likely to be positive. From an ACT whole-of-economy perspective, there could be a positive economic impact flowing from improved productivity due to injured people returning to work earlier.</p> <p>There are no expected environmental impacts.</p>

*Key to impacts: Red – negative, Blue - neutral and Green - positive.*

**Social**

<b>Community and individual health</b>	<ul style="list-style-type: none"> <li>• Under the chosen scheme, everyone injured in a motor vehicle accident will receive up to five years treatment, care and income benefits, regardless of who was at fault (except those excluded for committing a serious criminal offence).</li> <li>• Approximately 40 per cent of injured people who currently cannot make a CTP claim (except for reimbursement up to \$5,000 for medical expenses) will be covered.</li> <li>• Everyone will have earlier access to benefits after an accident.</li> <li>• The chosen scheme provides paid care services to the injured person and to substitute for care where the injured person can no longer provide to others. To support the family dynamic, gratuitous care is not payable.</li> </ul>
<b>Access to services</b>	<ul style="list-style-type: none"> <li>• All people injured in a motor vehicle accident will be able to access approved reasonable and necessary services (except those excluded for committing a serious criminal offence).</li> <li>• Defined benefits for treatment and care are provided on an on-going basis, unlike a common law settlement where a claim is finalised with a lump sum payment.</li> <li>• An additional 600 people per annum injured in a motor vehicle accident will be covered by the scheme – bringing the total cover by the scheme to 1,500 people per annum.</li> <li>• It is estimated that seven not-at-fault claimants per accident year who currently receive treatment benefits for more than five years in the current scheme, will have an injury with less than 10 per cent Whole Person Impairment (WPI) and not be able to access common law in the chosen scheme and will have their defined benefits cease after five years.</li> <li>• It is estimated that four not-at-fault claimants per accident year who access income replacement benefits for more than five years in the current scheme, will have an injury with less than 10 per cent WPI and not be able to access common law in the chosen scheme and will have their defined benefits cease after five years.</li> </ul>
<b>Access to social networks and community activities</b>	<ul style="list-style-type: none"> <li>• The proposal is likely to result in better social inclusion and treatment and care for all people injured as a result of a motor vehicle accident, regardless of fault.</li> </ul>

<b>Human Rights</b>	<ul style="list-style-type: none"> <li>Restricting access to common law will impact those with relatively minor injuries, measured by a whole person impairment (WPI) scale that will apply equally to everyone. Everyone will have access to defined benefits. More seriously injured people (those with a WPI of 10 per cent and above) will still be able to access common law, if they are not-at-fault. The amount of general damages that can be awarded at common law will be based on whole person impairment.</li> <li>It is proposed that the change to the CTP scheme will apply prospectively, i.e. apply to accidents that occur on or after the commencement date of the new scheme (not retrospectively).</li> </ul>
<b>Disability</b>	<ul style="list-style-type: none"> <li>There is expected to be greater certainty and security for people living with disability as a result of their injury (as a result of motor vehicle accident) with up to five years of defined benefits for treatment, care and income replacement.</li> </ul>
<b>Justice and crime</b>	<ul style="list-style-type: none"> <li>There is estimated to be a reduction in the number of common law claims per annum from 580 under the current scheme to 100 in the chosen scheme.</li> <li>The introduction of defined benefits in the chosen scheme will result in a new category of disputes.</li> <li>It is proposed that the disputes in the new scheme will be dealt with primarily under the jurisdiction of the Magistrates Court.</li> </ul>

#### Economic

<b>ACT Government Budget</b>	<ul style="list-style-type: none"> <li>Funding for the expected permanent increase in the ongoing role of the CTP Regulator as a result of the implementation of a new CTP Scheme (including ongoing ICT costs) will be met by the CTP Levy. Some dispute resolution costs may be borne by the Budget.</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>The ability for competition in the ACT CTP insurer market will continue with the new scheme being privately underwritten.</li> </ul>
<b>Cost of living</b>	<ul style="list-style-type: none"> <li>Actuarial modelling undertaken by Ernst and Young estimates that there will be an average reduction of \$130 for passenger vehicle premiums under the new scheme. Further costings will be undertaken once all the details of the new scheme are finalised.</li> </ul>

#### Environmental

Nil impact.