

MEDIA RELEASE

NEW CTP SCHEME WILL DELIVER MASSIVE PROFITS TO INSURERS

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NEW SOUTH WALES
BAR ASSOCIATION

The NSW CTP Scheme is meant to deliver most of the premiums paid by motorists to injured people.

The Minister for Finance, Victor Dominello has previously stated that 55% of benefits payable under the new CTP Scheme will be delivered in the first 12 months.

The Scheme has been operating for over 8 months. Approximately \$30 million has been paid to injured people. That is 4% of the approximately \$800 million which has been collected by CTP Insurers in that time.

It is a matter of serious concern that CTP Insurers are in a powerful position under the Scheme. These insurers decide whether, and if so, how much they will pay an injured person. They are not obliged to fully inform injured people of their rights, and it is the CTP Insurer who first decides whether an injured person is entitled to continue to receive support, and whether they can be compensated for their future loss of earnings, and damages for pain and suffering.

A central feature of the new Scheme is the unfairly broad definition of minor injury which is likely to result in the vast majority of those injured in motor accidents being ejected from the Scheme after 6 months.

The NSW Bar Association is of the view that the “minor injury” test will unfairly exclude the genuinely and permanently injured from the Scheme.

The President of the NSW Bar Association, Arthur Moses SC, said:

The early indications are that the new CTP Scheme will deliver massive profits to insurance companies, with a 3 year honeymoon period before any consideration will be given to a return of profits.

The focus of the CTP Scheme should always be on ensuring that members of the public are properly compensated, not to deliver increased profits to insurance companies.

It must be remembered that if members of the public who are genuinely and permanently injured do not receive proper compensation from the CTP Scheme, the community will carry the burden of this vacuum through those persons having to receive social security payments. This is quite apart from the fact that injured members of the public, through no fault of their own, will be subject to a real detriment in the quality of life of their families and themselves.

The NSW Upper House Standing Committee on Law and Justice is conducting a hearing into the operation of the Motor Accidents Scheme. The NSW Bar Association looks forward to appearing at the hearing to ventilate these concerns as to the fairness of the new system.

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