

MEDIA RELEASE

ACCIDENT VICTIMS SHORT-CHANGED UNDER GOVERNMENT'S CTP SCHEME



NEW SOUTH WALES
BAR ASSOCIATION

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Motor accident victims are being short-changed while insurers reap super profits under the current NSW motor accidents scheme, the President of the New South Wales Bar Association Tim Game SC said today. Since the commencement of the scheme, motorists have paid billions of dollars in green slip premiums to insurers, but the most recent figures from the State Insurance Regulatory Authority (SIRA) indicate that only an estimated 5% of premium collected is actually being paid to people injured on our roads.

In a submission to SIRA's much-needed review of the minor injury definition, the New South Wales Bar Association has highlighted the fact that there have been far fewer claims lodged under the 2017 motor accidents scheme than foreseen by the Government's actuaries. As at 30 July, there have been 17,403 claims in total, as opposed to the 30,000 maximum that should have been the case if the assumptions underlying the scheme design were accurate. Furthermore, although claims number are substantially down on the Government's own estimates, the proportion of people excluded from compensation by the "minor injury" test, which excludes an injured person's right to proper compensation, is far higher than estimated.

"An average of 363 claims assessed each month under the new scheme have been categorised as "minor injuries", yet the scheme was designed and costed on an assumption that only 188 claims a month would involve minor injuries, thereby being confined to statutory benefits. The reality is that almost twice as many claims are being assessed as minor injuries than was foreshadowed by the Government's actuaries" Mr Game said.

"The disparity between the actual estimates for the scheme and the reality makes for stark reading. The broad definition of "minor injury" excludes many genuinely injured people from adequate compensation. Victims suffering 'minor injuries' receive statutory benefits under the scheme for a strictly limited period, yet the definition of 'minor injury' is so expansive it can capture injured people who may never return to work" said Mr Game.

"At this point in the scheme's life, the vast majority of green slip premiums paid is ending up in the pockets of insurers. It is apparent that the original actuarial assumptions upon which the scheme is premised are deeply flawed" Mr Game said.

The Association's submission also notes that insurers have complete control of the claims process. "Insurers are spending over \$1million per month defending these claims while all injured claimants across NSW are only spending around \$66,406 per month on legal assistance to pursue their claims" said Mr Game.

“This indicates that only very small numbers of claimants are able to access legal advice and that in most cases individual injured claimants are pitted against the might and resources of insurance companies without proper access to legal representation. This is a graphic illustration of the imbalance which exists and which has a chilling effect on individual rights” Mr Game said.

“The New South Wales Bar Association is calling on SIRA to consult with all injured claimants under the scheme in order to understand the barriers which exist in the scheme to fair and reasonable compensation.

After 21 months, the new scheme is showing no signs of addressing the power imbalance that exists between insurers and claimants, nor the massive profits being pocketed by insurers while injured people are denied their legal rights” said Mr Game.

MEDIA CONTACT: Alastair McConnachie 0420314462