

First Party CTP insurance in the ACT

The selection of Model D by the citizens' jury provides an ideal opportunity to implement a first party CTP scheme, which will promote competition, early treatment and deliver significant benefits to customers and the scheme. It will mean the high levels of insurer accountability and service currently enjoyed by Motor (property) insurance customers will be extended to those injured on ACT roads.

What is first party?

The insurer of each vehicle involved manages the claims of all the people injured in that particular vehicle.

For example, if car A hits car B and the driver of car A is at fault, the driver and passengers of car B have their personal injury claims managed by the insurer of car B. Under a third party scheme, the insurer of car A (the at-fault vehicle) manages *all* claims, including the people injured in car B.

Customer benefit – choice of insurer linked to choice of claims manager

A key benefit of a first party scheme is that customer choice has consequences when it matters – when there's an accident and insurance claim. If a motorist chooses a particular CTP (bodily injury) insurer, they are guaranteed their chosen insurer will manage the claims of everyone in their vehicle, regardless of how the accident happened. The insurer is directly accountable to their policy holder.

Insurers are therefore incentivised to compete and market their product based on the quality of their personal injury claims management and customer service – something that does not occur in a third party scheme.

Customer and scheme benefit – early lodgement and treatment.

In the ACT, CTP claims are lodged on average 59 days after the accident. By comparison, Motor (property) claims are lodged on average 3.6 days after the accident, with 46% lodged on the same day and 73% within two days. Over 90% of Motor claims are accepted immediately. CTP insurers have six months to determine liability.¹

First party would provide the opportunity for insurers to integrate Motor and CTP (bodily injury) claims lodgement, meaning a CTP claim could be created when a Motor claim is lodged (assuming the vehicle's Motor and CTP insurance were with the same insurer). Treatment could then be *proactively* provided by the insurer, reducing delays and hastening recovery, which reduces claim costs.

Customer benefit – liability delays removed

In a third party scheme, an insurer's priority is to establish which driver was at fault, and thus which insurer should be managing the claim. This can take time. In a first party scheme an insurer can immediately accept their customer's claim (as occurs routinely for Motor insurance) and begin treatment without delay.

Early treatment for injured people was a key priority of the jury. A first party scheme provides customer choice, promotes competition and facilitates prompt treatment, which is to the benefit of injured people and the scheme.

¹ Motor data based on Suncorp national statistics. CTP data based on Suncorp ACT CTP claims statistics.



Andrew Barr MLA

Date	Meeting
15/05/2018	MEETING: Director & Marketing Director, Canberra Comedy Festival
15/05/2018	MEETING: Federal Shadow Finance Minister
16/05/2018	MEETING: Cabinet
16/05/2018	MEETING: Chief Executive, Pedal Power
16/05/2018	MEETING: Executive General Manager, Suncorp
16/05/2018	MEETING: Treasury
17/05/2018	MEETING: Vice Chancellor, University of Canberra
17/05/2018	CABINET: Subcommittee
17/05/2018	EVENT: 2018 Digital Canberra ACT iAwards
18/05/2018	EVENT: ACT Honour Walk Award Presentation
18/05/2018	BRIEFING: Chief Minister's Directorate
18/05/2018	BRIEFING: Chief Minister's Directorate
20/05/2018	EVENT: 35th International AIDS Candlelight Memorial
21/05/2018	BRIEFING: Chief Minister's Directorate
21/05/2018	BRIEFING: Treasury
21/05/2018	MEETING: Director, Strut & Fret Production House
21/05/2018	CABINET: Subcommittee
21/05/2018	MEETING: Minister Stephen-Smith
22/05/2018	MEETING: Cabinet
22/05/2018	CABINET: Subcommittee
22/05/2018	EVENT: 2018 Volunteering Awards, Canberra Region
23/05/2018	EVENT: Chief Minister's Anzac Spirit Prize 2018
23/05/2018	Meeting: Icon Water
23/05/2018	MEETING: CEO, Australia Football League
24/05/2018	MEETING: Telstra
24/05/2018	MEETING: CEO and Executive Manager Government Relations and International Affairs, Jetstar Airways
24/05/2018	MEETING: Infrastructure Partnerships Australia
24/05/2018	EVENT: 2018 Annual Infrastructure Oration & National Infrastructure Awards