

The Secretary  
Standing Committee on Public Accounts  
Legislative Assembly for the ACT  
GPO Box 1020, CANBERRA ACT

Via email: [committees@parliament.act.gov.au](mailto:committees@parliament.act.gov.au)

29 August 2011

Dear Secretary

## **INQUIRY INTO THE ROAD TRANSPORT (THIRD-PARTY INSURANCE) AMENDMENT BILL 2011**

The Insurance Council of Australia (ICA) refers to the Standing Committee on Public Accounts' (Committee) Inquiry into the Road Transport (Third-Party Insurance) Amendment Bill 2011 (Bill) and welcomes the opportunity to provide feedback to the proposed changes to the ACT CTP Scheme.

The ICA supports the objective of reform in the key areas of early access to medical treatment, permanent impairment, discount rates, and independent impairment assessment. We also recognise the intention to achieve a reasonable balance between the early rehabilitation of people injured in motor vehicle accidents whilst ensuring affordability by way of CTP premium for motorists.

It is an important part of the Insurance Council's strategic blueprints to promote harmonisation of the benefits and scheme design for CTP insurance so that injury management and compensation systems operate on a stable, predictable, affordable and consistent basis, for the benefit of insurance customers, injured persons and their families.

### **Early Access to Medical Treatment**

The ICA submits that enshrining the principles of early intervention into the design of the scheme is likely to ensure that appropriate treatment and rehabilitation services are provided to the injured person when they will receive the most benefit. Our members also believe that the receipt of appropriate treatment at an early stage is likely to aid the functional capacity of the injured person and lead to an overall reduction in scheme costs.

### **Permanent Impairment Thresholds**

The ICA supports the intention of creating a balanced and affordable scheme while ensuring adequate compensation for people seriously injured in motor vehicle accidents. As such we submit that the Whole Person Impairment (WPI) thresholds of 15% for physical injuries and 15% for primary psychological injuries provide a reasonable balance between the accessibility of non economic loss damages for people seriously injured in motor vehicle accidents and the affordability of the ACT CTP scheme for motorists.

We submit that the assessment of impairment based on objective medical criteria for the purpose of accessing general damages ensures the fair and impartial access to general damages for those who have suffered more serious injuries. This accordingly achieves the Government's stated aim of improving the CTP scheme in the ACT.<sup>1</sup> The WPI assessment allows for consistency in the awarding for damages based on the level of objective impairment suffered by the injured person irrespective of their age or particular circumstance.

---

<sup>1</sup> Road Transport (Third-Party Insurance) Amendment Bill 2011 Explanatory Memorandum, Overview

These measures are consistent with provisions in other schemes and jurisdictions<sup>2</sup> and as such, in our submission, promote effective injury management and early rehabilitation for those people injured in motor vehicle accidents. Those people whose degree of WPI is less than the threshold will remain entitled to receive medical treatment, rehabilitation assistance, and economic loss should their injury and circumstance require it.

### **Assessment of Permanent Impairment**

The ICA supports the introduction of a robust framework for the assessment of permanent impairment and submits that the main benefits of the proposed Medical Assessor will be that the medical assessments will be independent and objective.

Introducing a Medical Assessor who is qualified and experienced together with a peer review should, we anticipate, ensure consistent whole person impairment (WPI) assessments. We submit however, that consideration be given to limiting the peer review process to those circumstances where either the injured person or insurer wishes to review the initial assessment.

We believe that this will minimise delays in the overall assessment process, particularly if there is a finite number of appropriately trained medical assessors in the particular medical field.

### **Discount Rates**

The ICA supports the move to a discount rate of 5% which is consistent with the discount rates applicable in other schemes and jurisdictions.<sup>3</sup>

The ICA and its members are keen to continue working with the ACT government to enhance the operation of the CTP scheme in the ACT, and to ensure the successful implementation and operation of the proposed legislative reforms.

If you have any questions or comments in relation to the submission please do not hesitate to contact Justine Hall, Senior Policy Advisor, Consumer Directorate on (02) 9253 5122 or [jhall@insurancecouncil.com.au](mailto:jhall@insurancecouncil.com.au).

Yours sincerely



Robert Whelan  
Executive Director & CEO

---

<sup>2</sup> For example, in NSW there is a 10% threshold for non economic loss under section 131 of the *Motor Accidents Compensation Act 1999*; in the Tasmanian workers compensation scheme there is a 20% threshold for common law damages under section 138AB *Workers Rehabilitation and Compensation Act 1988*; and in WA a 15% threshold for common law damages under section 93K of the *Workers' Compensation and Injury Management Act 1981*

<sup>3</sup> These include in NSW a 5% discount rate under section 151J of *Workers Compensation Act 1987*; in Qld a 5% discount rate applies to CTP and civil liability schemes under section 57 of *Civil Liability Act 2003*; and in WA a 6% discount rate under section 5 of *Law Reform (Miscellaneous Provisions) Act 1941*