

23 December 2014

CTP Green Paper
The Insurance Commission of Western Australia
C/O Commission Secretary
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OPTIONS FOR NO-FAULT CATASTROPHIC INJURY COVER IN WESTERN AUSTRALIA

Thank you for the opportunity to provide feedback on the WA Government's Green Paper looking at options for adding no-fault catastrophic injury cover to the compulsory third party (CTP) insurance scheme in WA.

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. Our members represent more than 90 percent of total premium income written by private sector general insurers, with products ranging from home and contents and motor vehicle property insurance to CTP and workers' compensation insurance.

We note the WA Government's in-principle support for the introduction of a no-fault catastrophic insurance State scheme, and the national minimum benchmarks for catastrophic injury schemes provided by the federated National Injury Insurance Scheme.

Our members who underwrite CTP in NSW and ACT currently interact with the lifetime care and support (LTCS) schemes in those states. Once the SA CTP scheme is privately underwritten, any insurers operating in that market will also interact with the no-fault catastrophic injury scheme there.

It is our members' experience that the interaction between a CTP scheme and a catastrophic injury scheme can operate smoothly, so long as the catastrophic injury scheme fully funds all reasonable and necessary treatment and care needs for its lifetime participants, in order to prevent recovery from the CTP scheme.

Option 2 contemplated by the Green Paper replicates the arrangements in NSW, ACT and SA and would therefore be consistent with the other jurisdictions that have established catastrophic injury schemes. For this reason, Option 2 has the support of the ICA.

Option 3 could potentially create some inconsistencies in support between not-at-fault catastrophically injured people (who would claim their care and support against the at-fault CTP policy), and at-fault catastrophically injured people (who would have to claim against the catastrophic injury scheme). In this scenario, one group would access lump sum compensation, taking on the responsibility and risk of managing the lump sum funds, while another group would receive ongoing funding for reasonable and necessary support. For

this reason, the ICA submits that Option 3 would not meet principles of simplicity, consistency and fairness.

We support the work of the WA Government in considering options for no-fault catastrophic injury cover. If you have any questions about this submission, please contact Vicki Mullen, General Manager, Consumer Directorate on (02) 9253 5120 or vmullen@insurancecouncil.com.au.

Yours faithfully



Robert Whelan
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