



Standing Committee on Economy and Gender and Economic Equality

Inquiry into Annual and Financial Reports 2022-2023 **ANSWER TO QUESTION ON NOTICE**

Asked by Peter Cain MLA:

Reference: EGEE – SMOS – Motor Accident Injuries Commission

In relation to: MAI Commission benefits and revenue collection

(1) Can the Minister provide a breakdown by each financial year (2020-21, 2021-22, 2022-23, 2023 to date) since the inception of the Motor Accident Injuries Commission, of payments through the Motor Accident Injuries Scheme for:

- (a) premium benefits paid out to customers and beneficiaries;
- (b) premium revenue collected by the ACT Government to be distributed to insurance providers.

(2) Can the Minister provide a breakdown by each financial year (2020-21, 2021-22, 2022-23, 2023 to date) since the inception of the Motor Accident Injuries Commission, of payments made to beneficiaries related Whole Person Impairment assessments required to determine the Quality of Life benefit payment, through the Motor Accident Injuries Scheme.

(3) Can the Minister provide, as comprehensively as possible, a financial statement recording incoming revenue collected for the scheme through insurance premiums.

(4) Can the Minister provide, as comprehensively as possible, a financial statement recording outgoing payments made to beneficiaries covering each element of the scheme (QoL payments, lost income payments etc)

Chris Steel MLA: The answer to the Member's question is as follows: –

- (1)(a) Since the Motor Accident Injuries Scheme commenced on 1 February 2020, insurers have paid the following amounts in benefits as broken down by financial year. Payment information is published quarterly by the Motor Accident Injuries Commission for ACT applications and is available at www.treasury.act.gov.au/maic, located in the Scheme Knowledge Centre.

2019-2020 (1/2/20 onwards)	\$580,720
2020-2021	\$6,181,437
2021-2022	\$10,943,933
2022-2023	\$14,252,286
2023-2024 (to 31/10/23)	\$7,252,431

Note, insurers also incur expenses associated with managing applications and claims, eg., insurer medico legal including Whole Person Impairment assessments, legals and insurer investigations, and these have totalled \$2,260,845 over the financial years, making total payments paid from premiums made to 31 October 2023, **\$41,471,652**. The amounts **exclude** the range of costs incurred by the MAI insurers in supporting the assessment and processing of these payments. This includes for example, claims handling expenses, staff expenses and acquisition costs. This information is not held by the MAI Commission.

The payments shown in the above table are shown according to the financial year in which the payment occurred, not the financial year in which the accident occurred to which the payment relates.

(1)(b) The member is referred to the information published for the question taken on notice (EGEE QT0N 10) at the hearing for the amount of premiums collected for the financial years 2019-2020 to 2022-2023.

For the four months of 2023-2024 to date (July to October 2023) the total amount collected was \$49.0 million.

The premiums collected by the four ACT MAI insurers include the Nominal Defendant Loading and the Goods and Services Tax which are charged as part of the MAI premium.

Premiums collected in a given year are to cover the current and future costs of personal injuries from motor accidents that occur in that year. The costs associated with these personal injuries can occur over numerous subsequent years. This occurs because:

- the MAI Scheme provides eligible injured people with defined benefits for up to five years. For example, a premium collected in 2022-23 needs to cover all the benefits a person injured in January 2023 might still be receiving under defined benefits up to January 2028;
- for injured people eligible to access Quality of Life benefits, a person's injuries need to have stabilised before this benefit can be accessed, which usually occurs a number of years after the accident; and

- for those more seriously injured who are able to prove negligence and receive common law damages, this process can take many years to be finalised and settled.

For this reason, the gross premium collected by insurers in any given financial year cannot be compared to the total benefits paid to injured people in that financial year.

- (2) The quality of life payment occurs after an application is made to obtain the quality of life benefit. If the Whole Person Impairment assessment is 10 per cent or more, and the person was not at fault for the accident, they can receive a quality of life damages payment as part of a common law settlement. MAI insurers are required to provide an information pack about the benefit 26 weeks after the date of the accident and the assessment is arranged if the permanent injuries from the accident have stabilised. The amounts below are for quality of life payments paid as a benefit or in damages by financial year.

2020-2021	\$11,501
2021-2022	\$285,797
2022-2023	\$539,940
2023-2024 (to 31/10/23)	\$414,430

Please note that the benefits paid to injured people in the table above, **exclude** the range of costs incurred by the MAI insurers that support the assessment and processing of these payments, ie., the cost of referrals for assessing injuries to the Independent Medical Examiner Provider.

The payments shown in the above table are shown according to the financial year in which the payment occurred, not the financial year in which the accident occurred to which the payment relates.

- (3) Please see the answer to (1)(b) on the premium amounts collected and paid to the insurers.
- (4) Benefits can be paid to or on behalf of the applicant by the MAI insurer. Benefits that are payable to an applicant are death benefits, funeral benefits, income replacement and the quality of life benefit. Treatment and care payments may be paid directly to a treatment provider or reimbursed to the applicant if the applicant has paid the treatment provider directly. For common law claims, in addition to treatment and care, quality of life damages, and economic loss, an insurer may also pay the legal costs of the person. Common law claims may be made by a person not at fault and who has received 10 per cent or more in their WPI assessment or otherwise meet the requirements of the *Motor Accident Injuries Act 2019*. Figures include payments made by ACT MAI insurers for interstate accidents. For 2023-2024, amounts are to 31 October 2023.

Benefit type/damages	2019-20	2020-2021	2021-2022	2022-2023	2023-2024
Treatment and Care (benefit and damages)	\$334,708	\$3,719,496	\$5,985,102	\$6,260,142	\$3,712,838
Income Replacement	\$246,012	\$2,105,963	\$4,115,476	\$5,362,710	\$2,313,066
Death and funeral benefits		\$342,193	\$34,503	\$156,544	\$10,696
Quality of Life (benefit and damages)		\$11,501	\$285,797	\$539,940	\$414,430
Past economic loss for common law		\$2,282	\$211,226	\$718,401	\$101,755
Future economic loss for common law			\$253,645	\$978,120	\$594,624
Claimant legal			\$49,516	\$236,328	\$105,020
Funds management			\$8666	\$100	

Please note that the benefits and damages paid to injured people in the table above, **exclude** the range of costs incurred by the MAI insurers that support the assessment and processing of these payments. This includes for example, claims handling expenses, staff expenses and acquisition costs. This information is not held by the MAI Commission.

The payments shown in the above table are shown according to the financial year in which the payment occurred, not the financial year in which the accident occurred to which the payment relates.

Approved for circulation to the Standing Committee on Economy and Gender and Economic Equality

Signature:



Date: 7/12/23

By the Special Minister of State, Chris Steel MLA