

Chris Steel MLA

Minister for Transport and City Services

Minister for Skills

Special Minister of State

Member for Murrumbidgee

RESPONSE TO QUESTION ON NOTICE**Question on Notice Paper No 26****10 February 2023****Question No. 1049****MR CAIN MLA:** To ask the Special Minister of State—

Can the Minister provide a breakdown, for the 2021-2022 financial year, of payments through the Motor Accident Injuries Scheme, under the Motor Accident Injuries Commission, for:

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

MR STEEL MLA - The answer to the Member's question is as follows:

- (a) Premium benefits paid out to customers;

Based on data from the Motor Accident Injuries (MAI) Register for the 2021-22 financial year, benefits of \$10.7 million were paid out to injured people in the MAI Scheme. This figure does not include delivery cost payments under the scheme, such as the costs for Whole Person Impairment assessments required to determine the Quality of Life benefit payment amount to injured people and case management costs.

These 2021-22 payments relate to applications to the MAI Scheme regardless of the year in which the accident occurred.¹

By the end of 2021-22, the MAI Scheme had only been in operation for a few years. Total benefits paid in the early financial years of the Scheme will be lower than what is expected for a mature scheme given, for example:

- future financial year payments will include payments relating to scheme elements that have either recently commenced or have not occurred yet. Some of these payments can take years to occur such as for common law settlements;
- it takes time for injured people to become familiar with the new arrangements; and

¹ For the MAI Scheme, benefits paid in the 2021-22 financial year may relate to the accident years (the year the accident occurred) of 2019-20 from the scheme's commencement of 1 February 2020; 2020-21; or 2021-22.

- the number of applications received to date is likely to have been affected by the COVID-19 pandemic.

(b) Premium revenue collected by the ACT Government; and

MAI premium revenue is collected on behalf of the insurers by Access Canberra, with the entirety of the premium revenue on-passed to the four ACT MAI insurers. As this is the case, the revenue collected is outlined in (c) below.

(c) Premium revenue collected by insurance providers.

The gross amount collected by the four ACT MAI insurers in the 2021-22 financial year was \$145.9 million and includes the Nominal Defendant Loading and the Goods and Services Tax which are charged as part of the MAI premium.

The gross amount collected by insurers in 2021-22 cannot be compared to the payment figure provided in (a) for the following reasons:

- 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 given the MAI Scheme provides eligible injured people with defined benefits for up to five years. For example, a premium collected in 2021-22 needs to cover all the benefits a person injured in January 2022 might still be receiving under defined benefits up to January 2027. For injured people who are eligible to access Quality of Life benefits, a person's injuries need to have stabilised before this benefit can be accessed. This usually occurs a number of years after the accident. In addition, 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; and
- in contrast, the figure provided in (a) relates to payments made in 2021-22 for multiple accident years.

Approved for circulation to the Member and incorporation into Hansard.



Chris Steel MLA
Special Minister of State

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This response required 6hrs 15mins to complete, at an approximate cost of \$728.70.