

Wednesday June 29, 2016

Insurance Council backs NSW Government's CTP reform plan

The Insurance Council of Australia (ICA) has welcomed the New South Wales Government's chosen model to reform the state's Compulsory Third Party (CTP) motor insurance scheme.

ICA CEO Rob Whelan said insurers believed the hybrid no-fault scheme design was most likely to meet the government's key goals of improved affordability and timeliness, increasing the proportion of benefits paid to the most seriously injured road users, and reduced CTP fraud and exaggeration.

Mr Whelan said the ICA and its members accepted the NSW CTP scheme needed an overhaul to make it fairer, more affordable and more efficient. He said the ICA would work alongside the legal and medical sectors to assist the government's expert reference panel in the reform and scheme design process.

"Today's announcement by Minister for Innovation and Better Regulation Victor Dominello is a significant step towards making the CTP scheme fairer, more sustainable and more affordable for NSW road users," he said.

"Though key details are still to be determined, introducing defined benefits for most claimants would provide greater certainty for injured road users and insurers, speed up claims processing, and reduce administration, legal and medical costs.

"Switching to a no-fault scheme will prevent an estimated 7000 injured road users each year missing out on financial support, and eliminate the delays and expense caused by needing to determine fault for each claim.

"A focus on treatment and rehabilitation, rather than compensation, will not only benefit injured road users, it will remove many of the incentives for CTP fraud and exaggeration that are putting enormous cost pressures on the current scheme."

The ICA's submission to the Government's CTP reform options paper also supported a no-fault defined benefits scheme with the ability to seek lump sum payments in court for the most seriously injured.

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