

# ***QLD CTP INDUSTRY STAKEHOLDERS SUBMISSION***

Submission to the Motor Accident Insurance  
Commission re: current factors and trends  
influencing the cost of insurance under the  
statutory insurance scheme

**[March 2021]**

## **Who we are**

The Australian Lawyers Alliance (ALA) is a national association of lawyers, academics and other professionals dedicated to protecting and promoting justice, freedom and the rights of the individual.

We estimate that our 1,500 members represent up to 200,000 people each year in Australia. We promote access to justice and equality before the law for all individuals regardless of their wealth, position, gender, age, race or religious belief.

The ALA is represented in every state and territory in Australia. More information about us is available on our website.<sup>1</sup>

The ALA office is located on the land of the Gadigal of the Eora Nation.

## **Our submission**

1. The ALA welcomes the opportunity to provide this submission to the Queensland Motor Accident Insurance Commission's (MAIC) ongoing series of consultations with stakeholders on current factors and trends influencing the cost of Compulsory Third Party ("CTP") insurance.
2. We note that the last comprehensive submission was made in September 2020, with a supplementary submission also lodged in November 2020. Following those submissions, we do not propose to make extensive further comment – the ALA continues to believe that Queensland's CTP scheme is stable, affordable, well-run and possesses a design which treats people with respect by maintaining good access to common law benefits.
3. Thus, we principally rely on our submissions from both September and November 2020.

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<sup>1</sup> [www.lawyersalliance.com.au](http://www.lawyersalliance.com.au).

4. In our November 2020 submission we also noted the following supplementary point:
  - a. The MAIC 2019/20 Annual Report was released in October 2020. The report supports the views expressed earlier and above about scheme design and governance. One matter of major significance is the circa 35% reduction in claim numbers compared to the preceding financial year. In our submission, Covid-related factors are likely to have only played a small part in that major reduction, as Covid was only in play from around March 2020. In our view, the reduction is more likely to have been primarily due to claims farming legislation, something the ALA has long supported. Again, commendation is due to the regulator and government for getting ahead of the scourge of claims farming without removing vital and long-held legal rights. ALA trust there will be ongoing monitoring, investigations and strong enforcement, as the anecdotal evidence is that whilst such activity has abated, there are still some claims farming activities in the Queensland market.
5. We continue to welcome the release of the MAIC 2019/20 Annual Report as a further reinforcement of the strength of the Queensland CTP scheme and the excellent role played by MAIC as scheme regulator.
6. The ALA has also previously noted the aggregate insurer profits metrics across the scheme. These profits at circa 20 percent on average are far in excess of the 8 percent target modelled by MAIC some years' ago. Individual insurers have resisted RTI efforts to discern their specific profits. There are probably major differences in individual insurer profit, and that that has motivated the meritless recent attacks upon scheme design by some insurers.
7. In aggregate, it is reasonable to surmise that if the claims incidence data continues to track at far below historical levels and premiums remain as they presently are, some or all of the insurers are poised to make super-profits. In such circumstances, policy-setting ought in our view have in contemplation:
  - Consideration of a legislated cap upon individual insurer profits,
  - Consideration of remediating some damages unfairness in the current model. In particular the costs provisions for lower-end claims which are an impediment to access to justice for some injured claimants,
  - Consideration of a mandatory reallocation of profits above a specified ceiling to road safety and rehabilitation initiatives, and/or

- Consideration of premium reduction.

Should you have any questions about any of the issues identified above, please do not hesitate to make contact.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Spinda', enclosed in a light grey rectangular box.

Greg Spinda  
Queensland President  
**Australian Lawyers Alliance**