



## Frequently Asked Questions

# Expansion of Motor Injury Insurance Cover Catastrophic Injury Support scheme

### What is the Catastrophic Injury Support scheme?

#### What is a catastrophic injury?

A catastrophic injury includes spinal cord injury, a traumatic brain injury, multiple amputations, severe burns, and permanent traumatic blindness.

This definition of catastrophically injured is nationally agreed by State Governments.

#### What has changed?

The expanded motor injury insurance cover will provide treatment, care and support to you if you are catastrophically injured in a vehicle crash in Western Australia from 01 July 2016, irrespective of whether another driver is found at fault in the crash.

On average 92 people are catastrophically injured in motor vehicle accidents each year. Just over half of these injured people receive support through the existing Compulsory Third Party (CTP) insurance scheme because a driver was found to be at fault in the crash. Approximately 44 catastrophically injured people each year do not receive any support through CTP insurance because a driver could not be found at fault.

From 1 July 2016, it will no longer be necessary for people catastrophically injured in a motor vehicle accident to establish fault of another driver in order to receive treatment, care and support.

The cost of providing lifetime care and support to each person catastrophically injured is estimated at \$4 million.

The existing CTP and the NEW Catastrophic Injury Support scheme insurance combined are now termed Motor Injury Insurance as from 1 July 2016.

The Catastrophic Injury Support scheme is referred to by the acronym 'CIS'.

#### Who will manage the expanded Motor Injury Insurance cover?

The Insurance Commission of Western Australia is responsible for operating the expanded insurance, while the Department of Transport is responsible for collecting premiums, maintaining vehicle insurance details and issuing the expanded Motor Injury Insurance policies on behalf of the Insurance Commission.

## **Has Compulsory Third Party Insurance been replaced by this expanded insurance coverage?**

No. There are now two separate insurance schemes providing support where an injury is sustained in a motor vehicle crash.

CTP insurance remains but there have been changes made to CTP claims management to make it consistent with the expanded insurance (CIS) as discussed below.

The Insurance Commission is enhancing how claims are managed for people catastrophically injured that have a common law claim under the existing CTP scheme. Those enhancements include:

- an assessment of the catastrophic injury using the same definitions and criteria used for the expanded insurance cover;
- necessary and reasonable treatment, care and support assessed, coordinated and funded by the Insurance Commission on an interim payment basis, until settlement of the CTP claim occurs; and
- at settlement, the option for CTP claimants to have their treatment, care and support funded by periodical payments and/or lump sum payment.

The combined insurances are now termed Motor Injury Insurance and the licence has been renamed to reflect this change.

## **What are the Licence Policy Changes?**

The expanded motor injury insurance provides additional cover for the cost of necessary and reasonable care and support (including medical treatment and rehabilitation) for catastrophic injuries incurred by you (if no other driver in the accident is negligent) and others (if no driver in the accident is negligent), resulting from a motor vehicle accident in Western Australia after 1 July 2016.

The information on the back of the vehicle licence has been rewritten to clearly explain the insurance cover provided.

## **Will the Catastrophic Injury Insurance Scheme cover catastrophic injuries which were not sustained as a result of a motor vehicle crash?**

No. Motor injury insurance includes CTP and CIS only. Only injuries sustained in motor vehicle crashes are covered.

People who are catastrophically injured through other accident types will continue to rely on support available through Government funded services, personal accident insurance, superannuation or income protection insurance and/or families and friends.

## **What if you have interstate plates and are catastrophically injured in a crash in WA?**

All States and Territories have agreed to provide treatment, care and support for people catastrophically injured in crashes that occur in their respective jurisdictions.

In WA, the CIS scheme will provide necessary and reasonable treatment, care and support for any person catastrophically injured in a motor vehicle crash in WA that is unable to pursue a claim under the CTP scheme.

That cover will apply irrespective of the State or Territory where the vehicle is licensed/registered.

Where a person catastrophically injured is able to pursue a common law CTP claim as a result of being able to identify fault of another driver, CTP claims for treatment, care and support, pain and suffering and economic loss can be made against the relevant CTP insurer of the responsible driver.

### **Is a WA motorist covered if they are catastrophically injured in a crash in another state?**

Yes. As agreed between all States and Territories, the driver of a WA licensed/registered vehicle that is catastrophically injured in a motor vehicle crash that happens in another jurisdiction may be able to access that state's no-fault lifetime care and support scheme.

If fault can be established against another party, a common law CTP claim for damages and economic loss may also be able to be made.

### **What changes will be made to the existing CTP scheme?**

All people catastrophically injured in motor vehicle accidents from 1 July 2016 in WA will be provided treatment, care and support.

It will no longer be necessary for people catastrophically injured in a motor vehicle crash to establish fault of another driver in order to receive treatment, care and support benefits.

Following injury stabilisation and confirmation as a 'lifetime participant' for care and support entitlements, people that can prove fault under the existing CTP scheme will be able to choose, at settlement, the option to have their treatment, care and support funded by periodical payments and/or a lump sum payment.

For more detailed information, please refer to ICWA's Fact Sheet 1 (Overview of Expanded Motor Injury Insurance in Western Australia) at [www.icwa.wa.gov.au](http://www.icwa.wa.gov.au)

### **Will I be covered if I licence my vehicle before the expanded insurance coverage commences and I have an accident after 1 July 2016?**

Yes. Provided injuries sustained in a motor vehicle crash and meet the definition of a catastrophic injury and the accident occurred on or after 1 July 2016 in WA.

### **Does the expanded cover include damage to vehicles and property?**

No. Motor injury insurance only covers death and personal injuries sustained in a motor vehicle crash.

If you wish to have insurance cover for the cost of damage to vehicles and property you need to have separate vehicle insurance with a private insurance company.

## **What are the entitlements in the Catastrophic Injuries Support scheme?**

The entitlements will include necessary and reasonable treatment, care and support needs for eligible persons for the following services to the extent that they arise from a motor vehicle crash:

- medical treatment (including pharmaceuticals)
- dental treatment
- rehabilitation
- ambulance transportation
- respite care
- attendant care services
- domestic assistance
- aids and appliances
- prostheses
- education and vocational training
- home and transport modification

## **When will it start?**

### **What is the implementation date for the expanded motor injury insurance?**

1 July 2016. If you have a licensed vehicle, you will be covered for treatment, care and support if you are catastrophically injured in a crash from 1 July 2016.

### **What am I currently covered for under the Compulsory Third Party Insurance scheme?**

CTP Insurance is still required by law and covers the cost of personal injury and death caused to others in Australia by any driver of a licenced vehicle found to be at fault.

Costs covered include:

- treatment, care and support (including medical treatment and rehabilitation);
- pain and suffering;
- past and future economic loss; and
- claims management expenses.

Under the existing CTP scheme, motor vehicle personal injury compensation is available for people that can establish a driver of a WA licensed motor vehicle was at fault in the accident.

Compensation is generally paid as a lump sum.

The Insurance Commission covers the costs of medical and allied health services on an 'as you go' basis until the claim is settled to ensure injured claimants are properly cared for.

### **Will the Catastrophic injury Insurance Scheme cover people catastrophically injured before the scheme implementation date?**

No. Insurance cover is not retrospective.

Only people catastrophically injured in motor vehicle crashes from 1 July 2016 can access treatment, care and support paid for by the expanded insurance cover.

## How much will it cost?

### How much extra will I pay on my vehicle licence?

The cost of the expanded insurance cover will be a maximum of \$99 (including GST and insurance duty) in the first year for each vehicle and motorcycle.

From 1 July 2016, the annual motor injury insurance premium - including the expanded catastrophic insurance support - will be about \$409 per year for a family vehicle.

Not all vehicle classes will increase by \$99. Smaller increases will be applied to tractors (\$25), mopeds (\$30), vintage cars and farm fire-fighting vehicles (\$30).

There will be no premium applicable to trailers and caravans however these vehicles are still covered by the expanded motor injury insurance.

### How was the additional cost calculated?

The cost of the expanded insurance scheme was determined by actuaries based on expected claims for each vehicle insurance class currently managed by the Insurance Commission of Western Australia.

The cost of reasonable and necessary support for people catastrophically injured was estimated at \$4 million per person on average over the course of the injured person's life.

Some people may require much lower levels of care over their lifetime and others may require care exceeding \$10 million.

It is estimated that in WA, 92 people annually suffer a catastrophic injury in a motor vehicle accident, 48 of whom are able to claim compensation under the existing CTP scheme. The remaining 44 people are not currently able to claim CTP compensation.

### Has there been a motor injury insurance premium increase between 2015 and 2016?

Yes. The new CIS premium increased the cost of insurance by a maximum of \$99 per vehicle and motorcycle to fund the lifetime care of people catastrophically injured in motor vehicle crashes from 1 July 2016. The base motor injury insurance premium also increased by 2.5% as announced in the State Government's 2016/17 budget. The WA motor injury insurance premium from 1 July 2016 is \$409 for family cars and motorcycles.

The 2.5% premium increase for motor injury insurance premiums was due to the cost of claims continuing to rise, and to ensure that there is sufficient revenue to meet future claims expenses. Claims costs are impacted by movements in Average Weekly Earnings and medical cost inflation. Average Weekly Earnings inflation is used by the Insurance Commission as claims costs are largely made up of payments for economic loss, wages, and medical and allied health services costs.

## **How does the cost compare to other States and Territories?**

The \$409 price of motor injury insurance in WA, including expanded catastrophic insurance cover, will continue to be substantially cheaper than similar insurance schemes in South Australia (\$488), Victoria (\$494), the Northern Territory (\$544), the Australian Capital Territory (\$585) and New South Wales (\$638).

## **Are discounts available if I have multiple licensed vehicles or if I am a pensioner or concession card holder?**

There are no concessions provided to pensioners, concession cardholders and low-income earners or discounts for multiple vehicle owners in the existing CTP scheme as CTP premiums are based on the claims experience of individual vehicle classes.

Introducing discounts or concessions would require a higher insurance premium for motorists that are unable to apply for a discount or concession.

The pooling of risk among a large number of contributors is a key insurance principle and reducing the number of contributors and their contributions will increase the risk and cost of the insurance cover.

## **Why is the insurance applied to each vehicle and not to each driver?**

### **Why is the insurance premium applied to vehicle licences and not driver's licences?**

CTP premiums are applied to vehicle licences/registrations in all Australian States and Territories. This approach is consistent with the practice in most Western economies, so that insurance premiums can be set in light of claims experience for specific vehicle types.

The number of licensed vehicles in WA at 1 July 2014 was approximately 2.8 million, whilst the number of driver's licence holders in WA was 1.8 million. If motor injury insurance premiums were applied to driver's licence holders and not vehicle licences, the cost of motor injury insurance premium would need to be higher.

### **What exclusions are there?**

The expanded motor injury insurance premium does not cover:

- off road vehicles
- unlicensed vehicles on private property
- sports events
- terrorist acts