



# 2016-17 BUDGET

## FACT SHEET



## EXPANSION OF MOTOR INJURY INSURANCE

As announced in the 2015-16 Budget, all people catastrophically injured in motor vehicle accidents in Western Australia will be provided treatment, care and support by the Catastrophic Injuries Support Scheme (CISS) from 1 July 2016. The CISS will ensure that people catastrophically injured in motor vehicle accidents are cared for if they are unable to prove that another party is at fault and unable to claim under the existing Compulsory Third Party (CTP) motor injury insurance scheme.

Catastrophic injuries are defined as spinal cord injuries, traumatic brain injuries, multiple amputations, severe burns and permanent traumatic blindness, and are in line with national benchmarks.

### Cost

- Motor vehicle owners in Western Australia currently pay significantly lower CTP motor injury insurance premiums than elsewhere in Australia. The absence of catastrophic injury support cover in Western Australia is a key reason for this price difference.
- The introduction of the expanded insurance cover will cost motor vehicle owners a maximum of \$99 per annum for the first year (inclusive of GST and insurance duty) for each registered vehicle. The charge will be in addition to the existing CTP insurance premium, which for the representative household will be \$310 in 2016-17 (inclusive of GST and insurance duty). This includes a 2.5% 2016-17 CTP premium increase to reflect increasing claims costs in the existing CTP scheme.
- Despite the addition of the \$99 insurance premium to broaden the cover, the cost of motor injury insurance in Western Australia will remain amongst the lowest in Australia. Based on 2016-17 interjurisdictional rates of motor injury insurance, Western Australia's total motor injury insurance premium will remain below the interjurisdictional average of \$489 (see Table 1).

Table 1

MOTOR INJURY INSURANCE SCHEMES									
Interjurisdictional Motor Injury Insurance Premiums in 2016-17									
	ACT	NSW	NT	QLD	SA	TAS	VIC	2016-17 Average	2016-17 WA
Estimated Cost of Motor Injury Insurance (\$)	585	638	544	337 <sup>1</sup>	488	338	494	489	409

<sup>1</sup> Excludes no-fault premium. The no-fault premium amount effective from 1 July 2016 is yet to be confirmed in Queensland.

- The following additional premium rates will be charged for the expanded cover available from 1 July 2016:
  - \$99 for family cars and motorcycles above 75cc;
  - \$30 for farm fire-fighting vehicles, mopeds and vintage cars;
  - \$25 for most tractors; and
  - no additional premium will apply to caravans and trailers.
- The insurance premiums applied to the various vehicle classes reflect the different risk profiles in the existing CTP scheme and the estimated crash experience.
- No vehicle class will pay more than \$99 in the first year for expanded catastrophic injury cover.
- The premium rate will be reviewed as part of each year's Budget process following an independent actuarial assessment of the claims experience.

## Benefits

- Over 1.8 million motorists in 2.8 million registered vehicles in Western Australia will have their injury insurance cover expanded to ensure they are covered if they are catastrophically injured in a crash after 1 July 2016.
- It is estimated that each year in Western Australia 92 people 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 rely on support available through Government funded services, personal accident, superannuation or income protection insurance, and/or the support of family and friends. The introduction of expanded motor injury insurance will ensure all people catastrophically injured in motor vehicle accidents will be cared for.
- People catastrophically injured will be entitled to the following services: rehabilitation; attendant and nursing care; domestic assistance; respite care; dental treatment; ambulance transportation; aids and appliances; home and transport modifications; prosthetics; medical treatment; and educational and vocational training.
- People who are catastrophically injured in a motor accident and can prove fault of another party will retain their legal right to compensation via a lump-sum payment following injury stabilisation if their injuries are caused by the actions of another party. Alternatively, they can continue to receive their entitlements paid on a periodic payment basis.