



ORGANISATIONAL OVERVIEW

MARCH 2017

MOTOR ACCIDENTS INSURANCE BOARD

SPEEDING **SHATTERS** LIVES

ROAD SAFETY ADVISORY COUNCIL
TOWARDS ZERO

MAIB
Service Support Safety

REAL MATES DON'T LET MATES DRINK DRIVE

The MAIB proudly funds the Road Safety Advisory Council to progress road safety education and enforcement throughout Tasmania.



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Significant Features of the Tasmanian Compulsory Third Party Scheme

- Scheme in operation since 1 December 1974 – over 40 years of service delivery to people injured in motor accidents.
- Independent client market surveys indicate consistent high levels of client satisfaction (in excess of 84 per cent).
- A range of no-fault statutory benefits underpin the scheme which also includes common law damages.
- Lifetime care and support is provided to seriously injured people who require, at least, two hours care per day for an indefinite period.
- Annual claim payments of approximately \$80 million.
- Purpose-built facilities in Hobart, Launceston and Ulverstone provide an accommodation option for the seriously injured for short term, respite or the longer term.
- Annual investment in excess of \$3.7 million in the Road Safety Advisory Council which has assisted in reducing motor vehicle crashes.
- Scheme is a fully funded, profitable Government Business Enterprise with annual dividends payable to Government.
- Independent review of premiums by the Tasmanian Economic Regulator.
- Premiums continue to be affordable and lowest in Australia.

Vision Statement

To be highly regarded nationally in the provision of competitively priced, quality, service-driven personal injury motor accident insurance.

Mission Statement

To provide a commercially viable, cost competitive, high quality, personal injury insurance scheme which offers fair and equitable compensation for people injured in a motor accident.

Our Values

The MAIB's values are:

Team Commitment
Flexibility and Adaptability
Community Awareness
Accountability
Respect, Understanding and Dignity



Scheme Design/Legislative Framework

The Motor Accidents Insurance Board (MAIB) was established pursuant to the *Motor Accidents (Liabilities and Compensation) Act 1973 (Act)* and is constituted as a Government Business Enterprise (GBE) under the *Government Business Enterprises Act 1995 (GBE Act)*.

The MAIB is the single insurer for compulsory third party (CTP) motor accident insurance in Tasmania, commencing operations on 1 December 1974. The scheme design has required only minimal refinement since commencement.

Subject to the Act provisions, the benefits of the Tasmanian scheme are that:

- It provides a statutory basis for compensation to people who suffer death or personal injury as the result of a motor accident;
- Compensation is not limited to "fault" based or "no-fault" based schemes;
- A person who suffers injuries as a result of the negligence of another is entitled to compensation by way of damages, to the full extent allowed in Tasmania;
- It provides indemnity where a common law personal injury damages action is brought against a negligent motor vehicle owner or driver.
- A person who suffers injury as a result of a motor accident is entitled to payment under the statutory "no-fault" scheme regardless of fault including lifetime care and support for the catastrophically injured;
- "No-fault" payments allow early access to compensation;
- Notwithstanding the dividend payment requirement under the GBE Act, the scheme is designed and intended to be fully funded at no cost to the State or its residents, other than the cost of premiums; and
- All premiums collected are pooled, ensuring that there is a sufficient premium base to fund the scheme.

Relationship with Stakeholders

The MAIB as a GBE must operate commercially and effectively to achieve a sustainable commercial rate of return for the State.

The Treasurer and Portfolio Minister jointly issue a Ministerial Charter. The MAIB must ensure its business and affairs are conducted in a manner that is consistent with the Ministerial Charter and Treasurer's Instructions.

Board of Directors

The MAIB is governed by a Board of Directors, established under the Act and appointed by the Government. The composition of the Board (as at 1 January 2017) is:

Don Challen AM – Chairman

Elaine Collins – Director

Kate Cuthbertson – Director

Michael Dontschuk – Director

David St. John – Director

Interstate Scheme Comparison

All States and Territories within Australia have CTP schemes which are funded through the application of compulsory premiums on all registered motor vehicles.

Interstate Comparisons (as at 1 December 2016)

	TAS	VIC	NT	NSW	QLD	WA	SA	ACT
No-Fault	Yes	Yes	Yes	No ¹	No	No	No	No
Life Time Care (support for catastrophically injured)	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Common Law Rights	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Monopoly Scheme	Yes	Yes	Yes	No	No	Yes	Yes	No
Motor Car Premium ²	\$294	\$457	\$549	\$675 ³	\$369 ⁴	\$372	\$461	\$586

1 - No-fault for children only

2 - Inclusive of GST

3 - Average of Sydney metropolitan

4 - Maximum Allowable



Premiums

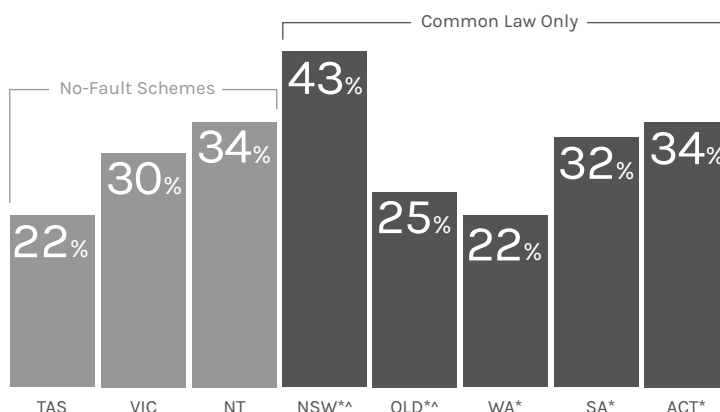
Interstate Premium Comparison (as at 1 December 2016)

STATE/TERRITORY	MOTOR CAR PREMIUM (inclusive of GST)
Tasmania	\$294
Victoria	\$457
Northern Territory	\$549
New South Wales (Maximum Allowable)*	\$675
Queensland ¹ (Maximum Allowable)*	\$369
Western Australia*	\$372
South Australia*	\$461
Australian Capital Territory*	\$586

¹ - Effective 1 October 2016

* Private use only premiums - business vehicle loading applies

Affordability: Premium as a Percentage of Average Weekly Earnings (as at 1 December 2016)



* Private use only premiums - business vehicle loading applies

[^] Maximum premium allowable

TAS & VIC - Damages payable under Common Law also

ACT, SA & NSW - No-fault for catastrophically injured also

SA & NSW - No-fault for children also

Tasmanian Registered Vehicle Numbers

	2011-12	2012-13	2013-14	2014-15	2015-16
All Registered Vehicles	469,132	473,817	481,656	492,313	505,132

The Premium Setting Process

Independent pricing oversight is provided by the Tasmanian Economic Regulator.

The sixth review of the MAIB's pricing policy was undertaken in 2013. After considering the independent Regulator's Final Report, Government set maximum premiums applicable for a four year period commencing 1 December 2013. Premiums for most motor vehicles were reduced by 7.4%. Except for the relativity adjustment of a few classes (as allowed for under the Regulator's Order), there have been no general increases in premiums since. From 1 December 2016, a further general decrease of 7.5% was applied to all vehicles.

Motor Vehicle Classifications

Premiums are broken down into 22 classifications, e.g., motor car, truck, taxi etc. Individual premium levels are determined by claims experience and are considered as part of the premium setting process.

Comparison with Peers

Tasmanian premiums are the lowest in Australia.

A 20% discount is available to pensioners for premiums applicable to motor cars (Class 1) and light goods vehicles (Class 2).

Premium Payments

The Department of State Growth manages the underwriting and premium collection as part of the motor vehicle registration renewal process. Renewals are payable annually or half yearly.





Investments

Investment Performance

	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Investments	2.2%	15.5%	12.8%	8.4%	4.6%

Funds Under Management

	2011-12	2012-13	2013-14	2014-15	2015-16
Total Investment Funds (\$Billion)	1.10	1.31	1.50	1.46	1.51

Capital Requirements

The MAIB has a target funding ratio of 120% to 145%, ensuring that there is sufficient funds provisioned to meet the long term liabilities of claims payments.

As at 30 June 2016, the MAIB's target funding ratio was 130.3%.

Investment Strategy

The MAIB's investment portfolio has been established to fund both current and future claim payments, as well as other statutory and administrative payments.

The investment objective is to ensure that, at all times, the MAIB has sufficient assets to meet its liabilities with an appropriate solvency margin.

Currently, \$1.4 billion is invested in a range of different asset classes managed by 15 external fund managers.

Willis Towers Watson provides specialist strategic investment advice on a range of issues, including setting appropriate asset allocation benchmarks and fund manager selection. National Australia Custodian Services, which is retained to provide custodial services for the investment portfolio, furnish monthly analytical reports on manager performance and overall fund performance.

As the MAIB is a long tail insurer with liabilities extending over many years, an appropriate long term investment strategy is essential. With this in mind, the MAIB invests in a range of growth assets (e.g. equities) and defensive assets (e.g. cash and fixed interest). The asset allocation benchmark currently allocates 65% of funds to growth assets and 35% to defensive assets.

The benchmark allocation is reviewed annually by the MAIB's Board of Directors.

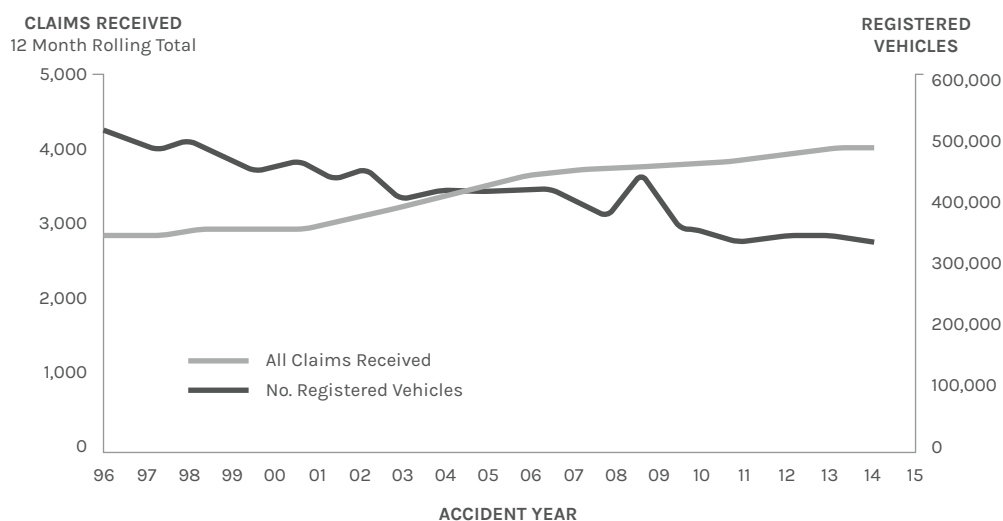
Accident and Injury Prevention

Allocation of Foundation Funds

The following table indicates the number of projects approved for funding and the total funding allocation over the last five years.

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of Projects Funded	10	9	8	11	8
Project Funding Distributed (\$)	348,310	164,892	157,186	188,000	500,796
Charities Committee Funding (\$)	530,800	539,980	544,000	544,000	224,993
Total Funding (\$)	879,110	704,872	701,186	732,000	727,304

Serious Injuries



Fatality Rate per 100,000 Population (calendar year)

	2011	2012	2013	2014	2015
Tasmania	4.7	6.0	7.0	6.8	7.0
Australia	5.7	5.7	5.1	4.9	5.1

Road Safety Advisory Council (RSAC)

Established in 1996, the RSAC enforcement and public education program (RSAC Program) (formerly known as the Road Safety Task Force) is an MAIB funded initiative of the Department of State Growth, Tasmania Police and the MAIB. The MAIB's funding of the RSAC program is currently in excess of \$3.6 million per annum.

Over this period, the number of serious injury claims received by the MAIB has decreased consistently relative to the number of vehicles registered in Tasmania. Legislation introduced over this period has also had a positive impact on reducing the number of serious injuries.

The RSAC Program has significantly grown in profile and research conducted has concluded that the RSAC Program is perceived by the Tasmanian community as the premier independent face of road safety.

The current funding commitment extends to 31 December 2017.

Injury Prevention and Management Foundation (IPMF)

The IPMF was established under the Act in 1993 with the objective of promoting measures to reduce the number and severity of motor accidents.

To achieve this objective, the MAIB may conduct or participate in, and/or provide financial support to people and organisations through sponsorships of appropriate projects. The IPMF is funded by setting aside up to one percent of gross annual premiums. This allocation is reviewed annually by Directors.

The IPMF Charities Committee was established in January 2002 and supports a number of Tasmanian not-for-profit charities.

Motorcycle Safety Strategy

The MAIB is providing funding to subsidise Road Skills Refresher Courses (reducing the course fee payable to \$50). Funding has also been provided for a public education campaign as well as a motorcycle rider handbook.

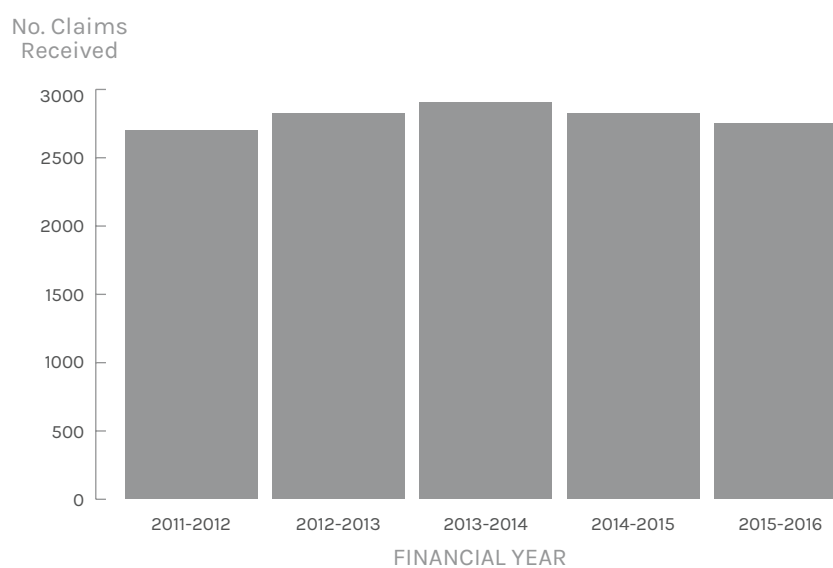
Road Rescue Services Funding for Emergency Services

The MAIB provides annual funding to the Tasmania Fire Service and State Emergency Service for road rescue services. The total MAIB annual funding for these services is approximately \$600,000.

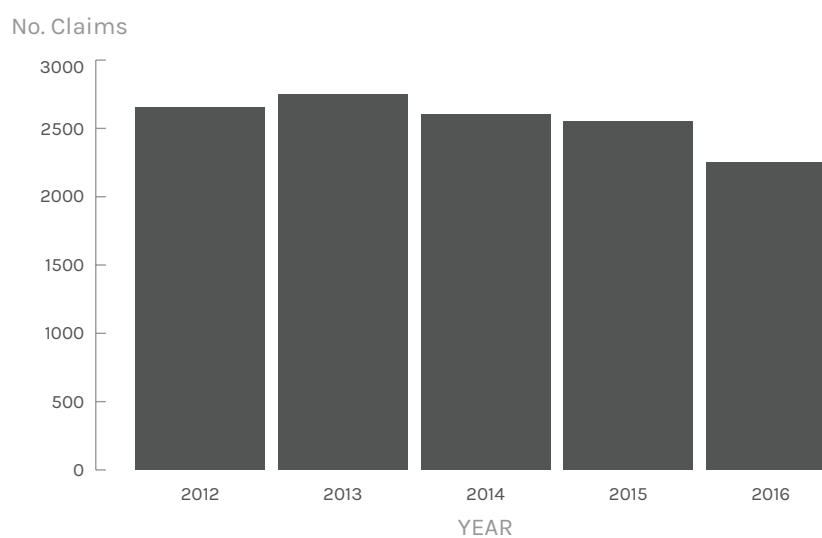


Claims Management

Claims Experience



Current Claims (as at 30 June)



Claims Management

Approximately \$80 million in claim payments are made each year.

The MAIB now receives just under 3,000 claims per annum. Since 1996, there has been a sustained reduction in the number of new claims received.

Each year there is a small group of the very seriously injured suffering brain and/or spinal cord injuries. This group, while small in number (approximately 7 per year) represents approximately 25% - 30% of annual claim costs.

A high proportion of this group are relatively young at the time of their motor accident which means the MAIB is required to provide care and support well into the future. There has been a small reduction in the number of new claims in this category recently.

Since the inception of the education and enforcement program, the number of serious injury claims received by the MAIB has decreased consistently relative to the number of vehicles registered in Tasmania. Legislation introduced in recent years has assisted in the reduction of the road toll and number of serious injuries reported.

Rehabilitation

Rehabilitation of claimants is an important part of the claims management process with claims officers and contracted rehabilitation providers working closely with treating medical practitioners. Rehabilitation is separated into four areas: vocational rehabilitation, occupational therapy, case management and support needs assessment.

The primary aim of rehabilitation is to assist claimants with returning to activities of daily living, including employment post accident.

Case management ensures that claimants with significant injuries or complex cases are assisted in maximising their potential to live independent, active lives in the community and at work and that discharges from hospital occur with minimal impact on the claimant.



Claim Benefits

No-Fault Benefits

No-fault allows persons injured as a result of a motor accident to receive benefits irrespective of fault. It also enables benefits and rehabilitation to be made available without delay.

No-fault benefits include the payment of:

- Reasonable medical and other health professional costs;
- Ambulance transport and hospital treatment costs;
- Attendant care costs;
- Reasonable travel costs for medical treatment;
- Disability allowance (for those in paid employment who are unable to work);
- Housekeeping allowance (for those who are unable to perform their normal household tasks);
- Funeral expenses;
- Death benefits;
- Long term care for the seriously injured; and
- Counselling fees for relatives of people fatally or seriously injured.

(Limitations and caps apply to all benefits except long term care for the seriously injured.)

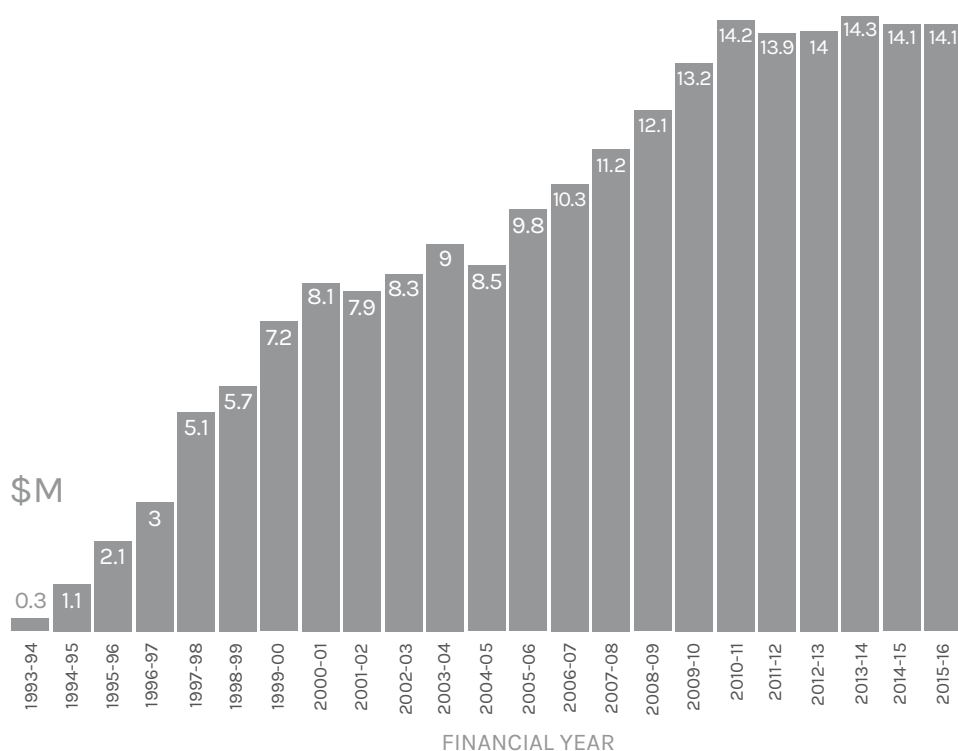
Common Law

Claimants can take action to obtain damages under common law where the fault of another party can be established. There is no threshold in place restricting entry. An indexed threshold of \$4,000 for non-economic loss became effective on 4 July 2003 while future economic loss may be calculated on a maximum of three times average weekly earnings. No-fault payments already received are deducted from the settlement sum.

Time limits for the commencement of action for damages apply and independent legal advice should be sought by persons who wish to claim damages.

Care and Support for the Seriously Injured

Future Care Payments



MAIB Owned Care Facility - Lomandra, Ulverstone



Care for the Seriously Injured

Daily care claimants (those who require at least two hours of care per day for an indefinite period) are not subject to any monetary limit for their ongoing expenses for care, rehabilitation and treatment. Damages are not awarded for future care costs in these circumstances, therefore, a person may receive an award for pain and suffering, etc. however, their future care and medical costs continue to be paid by the MAIB as they are incurred.

Funds are set aside for each claim from the outset. The amount is subject to actuarial adjustment each year.

Purpose built support accommodation facilities for the seriously injured are available in Hobart, Launceston and Ulverstone. The facilities include shared residences with 24x7 support.

One of the objectives of the program is to foster the independence of residents. To support this objective, 'transitional' units have been constructed on existing complexes. This allows a person who is progressing towards independence the opportunity to do so in a supportive environment prior to moving back into the community.

The facilities also provide a valuable role in filling a gap which often exists when people are ready for discharge from hospital but renovations to their own home may not have taken place or been completed. Savings are made by being able to have the person discharged from hospital and at the same time, home renovation can take place in an orderly manner in an appropriate time frame.

The management of these facilities has been outsourced to Anglicare Tasmania.

Return to Work Initiative

Employment opportunities for claimants who have suffered a severe injury are vigorously pursued in a joint effort between the MAIB's Future Care Team and rehabilitation providers. With the assistance of specialist rehabilitation providers, several future care claimants have been placed in paid, supported or voluntary employment.

The MAIB also assists with funding for any minor workplace modifications or adaptive equipment to assist the claimant to adequately fulfil their employment role in a safe and effective manner.





Corporate Governance

Customer Service Charter

Vision Statement

To be highly regarded nationally in the provision of competitively priced, quality, service-driven personal injury motor accident insurance.

Mission Statement

To provide a commercially viable, cost competitive, high quality personal injury insurance scheme which offers fair and equitable compensation for people injured in a motor accident.

Values Statement

In seeking to achieve the vision and mission, the principal values of the Motor Accidents Insurance Board (MAIB) are:

- Team Commitment;
- Accountability;
- Flexibility and Adaptability;
- Respect, Understanding and Dignity; and
- Community Awareness.

Corporate Citizenship Statement

Corporate citizenship for the MAIB involves:

- A clear social responsibility to provide an affordable product as it is a compulsory scheme;
- Legal and moral elements;
- Solid organisational values; and
- An acknowledgement that citizenship decisions:
 - must be cognisant of governing legislation and community expectations; and
 - should relate to core business.

Who Are Our Customers?

Our customers are people with whom we have dealings commercially or professionally both internally and externally.

The Service You Can Expect From Us

To achieve our vision and mission we will strive to provide services that are:

- Timely and accessible; and
- Accurate and delivered by appropriately skilled staff.

Making a Complaint

If you have encountered customer service that does not meet with acceptable standards, the MAIB would like to hear from you. We are committed to a timely and fair resolution of formal complaints and will ensure that your complaint is taken seriously. Any complaints as to the standard of service provided may be addressed in writing to the:

Chief Executive Officer

MAIB

PO Box 590

Launceston

TASMANIA 7250

If you have made a complaint, every endeavour will be made to contact you within two business days of the complaint being received. If a more detailed investigation is necessary, this will be undertaken by either the Complaints Officer or appropriate Manager, who will contact you advising of the result of any investigations within 15 business days of the making of the complaint. Refer to our Complaint Handling Policy for more information.

This extract is a summary of the MAIB's Customer Service Charter. The full version of the Charter, together with the Complaint Handling Policy, is available on the MAIB's website www.maib.tas.gov.au.

Corporate Governance

The Board of Directors is responsible for the corporate governance of the MAIB, ensuring that its business and affairs are managed and conducted in a manner that is in accordance with sound commercial practice and monitoring the achievement of goals specified in the Corporate Plan.

Directors have developed corporate governance principles and formalised these policies and procedures. These documents are reviewed at least annually to ensure that they are still relevant and effective.

Risk Management

Risk Management is a high priority business practice and is governed by the adoption of a Risk Management Policy and active implementation of a Risk Management Plan. This approach to risk management assists in the management of risks in all areas of the business.

Audit Committee

Audit Committee members are selected by the Directors. Its responsibilities include financial reporting, risk management and audit oversight.





Support for the Tasmanian Community

The MAIB is accountable to the Tasmanian community to manage the scheme responsibly and innovatively to make sure that the best available care can be provided to all persons who have been injured as a result of a motor accident. In addition, the MAIB has a clear social responsibility to provide an affordable product to Tasmanian motorists.

Each year the MAIB actively works with other sectors of the Tasmanian community to promote safer driving as well as advancing practices for the treatment and rehabilitation of injured persons.

Working with the Tasmanian Community is an important element in reducing the number and severity of accidents that occur on Tasmanian roads.

Since inception, the MAIB has funded the Disability Achievement Award category of the Tasmanian Community Achievement Awards.

Don't be a goose.
Leave your
phone alone.



SPEEDING
SHATTERS
LIVES



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