



21 August 2020

Dear Committee Secretariat,

Questions on notice regarding data, targets, speed management and road standards

Thank you for the opportunity to appear at the committee hearing on 21 July 2020 and provide information to this important inquiry. Our response to the request for further information is as follows;

1. Data: What nationally consistent data relating to vehicle accidents would you like to see collected, and which body should collect the data? Should the data be made public?

We believe that the Office for Road Safety could be an appropriate body to collect national data as they have an important role to play in proactively identifying and addressing emerging road safety issues. To achieve this objective, they need a nationally consistent data sets for all road traffic accidents. Another option could be for BITRE to expand their current National Road Fatality dataset to include additional information, appropriate resourcing would be required to do this. At a minimum data fields in a national dataset should include;

- Crash location,
- Crash type,
- Vehicle type
- Injury type,
- Road Condition
- Road user type,
- Crash factors e.g. alcohol, speed, fatigue, drugs, distraction (this may require expert consensus on the methodology of capturing this) animal involvement.
- Local Government Area - to allow for local comparisons

There are also other bodies in research who have a focus on transport data such as MUARC and the iMOVE Cooperative Research Centre. A number of states have developed sophisticated, open access road safety data sets (e.g. Vic Roads, NSW Centre for Road Safety, Road Safety Commission WA). To establish a national dataset the challenge will be aligning definitions of data fields across the different jurisdictions. For example: injury type is classified as; Fatality/Serious/Other Injury/Non-Injury in Victoria; Fatality/Serious/Moderate/Minor in NSW and Fatality/Hospital/Medical in WA. This also applies for categories for Crash Type and Crash Nature. States would need to agree on data definitions. Ideally a national data set would also incorporate motor accident injury insurance data. As the schemes differ in each state work would also need to be done to ensure consistency in data fields across these different jurisdictions.

The framework for storing and sharing data should be standardised, readable and **open access**, this allows all parties to work towards a common goal by working off the same base data.

The Victorian RCIS system is an online database providing crash data from Victoria's roads back to 1987. It is searchable and publicly available and would be an excellent model to be scaled up nationally by either the Office for Road Safety or BITRE.

There is a lot of work within the transport sector bringing together industry, academia and government in how we think about transport data and the standards that need to align as we see more intelligent connectivity and data sources emerge. Of note is the Transport Data Reference Group as part of the Intelligent Transport Systems Australia (ITS Australia) group. The contact for this initiative is Stacey Ryan, Policy Director stacey.ryan@its-australia.com.au.

1. Connected and Automated vehicle data.

As technology is rapidly advancing in vehicles, we suggest the data needs for automated and connected vehicles should also be considered alongside current road safety data needs. This will allow all parties to monitor the safety, benefits and crash trends of this technology now and into the future. In terms of automated vehicle data, we recommend;

- **Autonomous vehicle trial information** and data to be collected and shared across States to learn about the technology and troubleshoot problems as efficiently as possible
- **Closed access to the automated vehicle technology and manufacturer specifications.** This should include data and technical information on driver systems as well as other technology, how they work and safety testing that has been conducted. As this information is commercially sensitive for manufacturers, we recommend the data collecting authority provide access on a needs basis to third parties. Insurers need this data to understand the risk from this technology. Once we understand the risk we can calculate and price for this risk and offer products to the community.
- **Integrity in data collection and security** is critical to ensure privacy and appropriate use of data. The authority collecting data must be a neutral, disinterested entity. The type of data produced, the length of time for which it is stored and who can access it and how, should all form parts of a robust data governance framework. This framework, once created, needs to be managed by a neutral, independent entity to ensure privacy and appropriate use of that data.
- **Mandate a data recording device in automated vehicles.** This way data can be recorded to help us understand the causes and contributors of a crash. This information would lead to safety improvements and allow insurers to quickly determine liability when a crash occurs.

2. Targets: The 2018 Inquiry into the National Road Safety Strategy 2011-20 Report recommends the Commonwealth and states commit to an interim target of vision zero for all major capital city CBD areas, and high volume highways by 2030. Does your organisation support the Commonwealth and state governments adopting this target?

We support all efforts to reduce deaths and injury on our roads wherever possible. If this can be done short term in cities, then it would be good to make this an interim goal.

However, we would not support this if this is at the expense of focus on rural and regional areas. If cities are to be an interim target, there should also be a regional and rural road safety strategy put in place to ensure these areas are not unequally at risk of accidents and injuries on the road.

3. Speed Management: Does your organisation support the installation of point to point speed cameras on all Commonwealth funded roads in the future? Should the Commonwealth Government make the allocation of funding to the states conditional on this commitment being met?

At IAG we see our customers injured and their vehicles damaged by speeding (alongside many other unsafe behaviours) and support governments enforcing penalties for those who break laws designed to keep us safe on the road.

We also believe the effectiveness of enforcement can be further enhanced through public education and awareness campaigns. To achieve success in changing driver behaviour there needs to be a sustained commitment to funding education and awareness campaigns. IAG recommends the government commit to campaigns on key behavioural issues including speeding to ensure future generations shift this behaviour

We note motoring organisations around Australia do raise issues from time to time of the fairness of speed cameras as reported by their members and suggest contacting the Australian Automobile Association for further information.

4. Road Standards: To what safety standard should all Commonwealth funded road projects be built? Should funding for projects be conditional on a particular safety standard being met

The goal for all of Australia should be 5-star roads. However, we agree with the International Road Assessment Program (IRAP) advice that

“While high-volume roads can cost-effectively be raised to a 5-star level, 3-Star or better roads for all road users presents a realistic target for national and regional governments and road authorities to adopt. As part of an overall Safe System approach, iRAP believes that a 3-star or better world will help to meet the UN Strategic Development Goal 3.6 of halving road deaths and serious injuries by 2020.”¹

As above, we are not best placed to have specific recommendations around road standards but note IRAP has a wealth of information on their website which may assist the committee with this inquiry.

<https://www.irap.org/3-star-or-better/#:~:text=In%20a%20perfect%20world%20all,all%20groups%20of%20road%20users.&text=As%20part%20of%20an%20overall,and%20serious%20injuries%20by%202020>

In addition to these questions sent by email, we note the following two questions posed to us during the hearing by the Chair Mr Conaghan

CHAIR: Do we have anybody else online from the committee? No. Fantastic. I have two further questions, which I'll put in writing for you, Ms Warren. The first one is in relation to the affordability of retrofitting safety features on older vehicles. Secondly, IAG identified the need for a national principle-based approach to a motor accident insurance scheme. I'd ask you to expand on that. I'll put those in writing for you. Thank you very much for your time today. Thank you for your submissions. They have been very helpful, and they will assist the committee in moving forward in the future. Thank you very much for your time.

In relation to the affordability of retrofitting safety features on older vehicles.

In a broad sense there is value in retrofitting safety technology to vehicles and there are several different categories of this technology including:

- 1) Driver warning and advice systems:

¹ <https://www.irap.org/3-star-or-better/#:~:text=In%20a%20perfect%20world%20all,all%20groups%20of%20road%20users.&text=As%20part%20of%20an%20overall,and%20serious%20injuries%20by%202020>

- 2) Fatigue management
- 3) Connectivity (V2X)

Role of Retrofitting

OEM fitted devices at the point of manufacture undergo significant testing and evaluation using a wide range of environmental and durability scenarios. Every vehicle model has variations in steering and suspension hardware, vehicle dynamics and onboard electronics that would make a cost effective and safe retrofit system difficult.

The general rule with retrofitted devices is you can't retrofit a car to have more autonomous features that it was built with. For example; retrofitted devices could give guidance, prompts or advice to drivers to do a task i.e. brake, but cannot take control of the car and brake for you. Retrofitted technology currently is not as safe as new vehicle technology as it relies on the human to interpret the prompt then act. However, when used effectively and in partnership with the human, they can be beneficial.

However, retrofitted devices that connect vehicles to other vehicles or connect vehicles to infrastructure i.e. Cooperative Intelligent Transport Systems (C-ITS) may have more merit. This technology can warn drivers of current or imminent events that they have not yet become aware of such as; a first responder event ahead over a rise on a motorway or unusual congestion on a busy road, or even an approaching vehicle about to run a red light. Getting the message early to drivers allows them to plan for that event by slowing down, shifting their attention or driving with extra caution.

The technology could work by vehicles sending information to each other as they pass an accident or by infrastructure sending out a message picked up by vehicles. With infrastructure to vehicle communication, an installed device at key intersections or roadsides would send out a message that is received by a retrofitted device in nearby vehicles. The device could be a simple cost-effective device similar to the retrofit satellite navigation units that were common in the early 2000's.

An example of how this might work to improve safety: in the case of first responder events - transponders sending out a message could easily be installed in first responder vehicles and set to automatically send the message when the vehicles lights are flashing, and the vehicle has come to a stop. Then if receivers could be installed in all vehicles (say as a requirement of registration), they could receive the first responder message as it is relayed up and down the road, giving plenty of time for the drivers to safely react to the unfolding situation.

We are aware of several businesses who are exploring ideas to develop a potential retrofit capability and a few trials and research projects looking at retrofit devices and their impact on safety. Some examples include; the National Transport Insurance and Seeing Machine's partnership² and the Qld Department of Transport (TMR), iMOVE CRC and other partners to deliver the Ipswich connected vehicle pilot³. It is important that the committee follow the outcome of these trials and others as there is the possibility that a device will be created that does dramatically improve safety.

IAG identified the need for a national principle-based approach to a motor accident insurance scheme. I'd ask you to expand on that.

Attached is the summary of IAG's submission to NSW Government CTP scheme review. In this we provide a detailed discussion on the need for a national principle-based approach to motor

² <https://www.nationaltransportinsurance.com.au/supporting-trucking/seeing-machines>

³ <https://imoveaustralia.com/news-articles/intelligent-transport-systems/ipswich-connected-vehicle-trial/>

accident insurance. It can also be found here

<https://www.iag.com.au/sites/default/files/Documents/Government%20submissions/IAG-Submission-CTP-Reform-SUMMARY-060516.pdf>

If you would like further information or to expand on any information please contact Naomi Graham, Principal Public Policy and Industry Affairs – 02 9088 9450 or naomi.graham@iag.com.au.

Sincerely,

Cecilia Warren



NSW CTP: A scheme in need of reform



A first party, no-fault scheme will provide simpler, fairer access to benefits for all road users. The inclusion of defined benefits for all people who are injured, and access to common law benefits for those with serious injuries who are not at fault, will provide immediate support for all, long-term support for those who need it most, as well as affordable protection for all NSW drivers.

If you experience injuries as a result of a car accident, the financial, social and emotional impacts can be significant. That's why we have had a Compulsory Third Party (CTP) insurance scheme since 1942.

In NSW, the CTP scheme is no longer effectively meeting the needs of drivers or injured people. The scheme is complex and is also facing challenges caused by a significant increase in claims frequency, including an increase in fraudulent and exaggerated claims. The scheme has not undergone major reform since 1999, and since then transportation options (and technology) have evolved significantly. It is clearly time for change. This brochure outlines IAG's vision for a fair, efficient and affordable personal injury scheme that will meet the needs of the NSW community for many years to come.

To hear Anthony Justice, Chief Executive of IAG's Australian Consumer Division talk about how IAG believes CTP reform can help make your world a safer place, visit: <https://youtu.be/6y0Zr84LepQ>

Challenges of the current CTP scheme

Making a claim is difficult

To make a claim, injured people must first determine who was at fault in the accident and then identify that person's insurer. This process can be slow and, in our experience can lead people to seek legal assistance to make a claim.

Premiums are expensive

NSW drivers pay more for this compulsory insurance than any other state, yet benefits can be unpredictable and do not always provide adequate support for those who need it most.

'Fault' is used to determine access to benefits

As well as delaying claims, this means some injured people receive very little benefit or support because the accident is found to be their fault – even if other factors are involved which were outside of their control.

It's prone to unpredictable claims costs

Uncertainty around the costs of claims has resulted in significant proportions of the CTP premium going towards legal and investigation costs and insurer profits. Currently, just 45 cents in the premium dollar goes to the injured person.



It will not meet the future needs of drivers and other road users

The current CTP scheme was not designed to accommodate the recent developments we have seen in vehicle use and design, like car and ride sharing and driverless vehicles. The scheme needs to consider these developments and be flexible enough to accommodate further advances in technology and changes in the way vehicles are used.

A shift in purpose

The primary purpose of CTP was originally to protect drivers from personal liability if they caused injury to another person. But today, it's also important to prioritise injury recovery support for people injured in motor vehicle accidents.

There is an opportunity to shift our culture from compensation to recovery support for all injured people, and to provide a greater proportion of benefits to those most seriously injured.


The solution

Our proposed model is a first party, no-fault scheme with defined benefits for all¹ who are injured and access to common law benefits for those with serious injuries who are not at fault.

- **First party** – claims can be made through an injured person's own insurance provider (see diagram on page 3).
- **No-fault** – all injured people will receive immediate support if they need it.
- **Defined benefits** – enables fast access to specified benefits to help injured people pay for treatment and medical expenses, and to get back to their normal activities (such as work) as soon as possible.
- **Common law access** – people with serious injuries, who are not at fault can access a lump sum payment to cover future economic loss, medical treatment, permanent impairment and care.

Those with catastrophic injuries, regardless of fault, still have access to the Lifetime Care & Support Scheme in NSW for all their care and support needs.

Legal representation is part of any personal injury scheme. However, to ensure the efficiency and affordability of the scheme, and that the majority of the compensation dollar goes to the injured person, there must be limits and caps on legal expenses.



1. IAG believes that current statutory protection (which precludes a person who has committed a serious offence and whose conduct contributed materially to their injury from accessing treatment expenses and lost earnings) should be retained.

Third Party

Current scheme

Complex

- 1 Identify the insurer for the at-fault vehicle.

Contact the Claims Advisory Service if the identity of the insurer at fault was not provided by the at-fault party.

2

- 3 Separate notification to CTP and property damage insurers.

Each individual is required to lodge a claim.

4

Determining who is at fault

- 5 It can be up to three months before a decision as to who was at fault is made.

Reasonable and necessary treatment provided.

6

- 7 Limited wage loss support available until the resolution of the claim.

First Party

No fault-
Defined Benefits

Simple

- 1 Almost immediately contact your own insurer and lodge a property damage claim and notify them of any people injured in your car.

Insurer contacts injured person and assists in claim lodgement.

2

- 3 Reasonable and necessary treatment commences immediately as well as support for earners.

The injured person would receive treatment and return to work support almost immediately...

Potential impact of the new scheme

Case study 1

Mia, a P-plater, swerved to avoid a cat crossing the road and hit an oncoming car that was driven by Craig. Both Mia and Craig suffered injuries in the accident.

First Party

A first party scheme will:

- Make the claims lodgement experience easier
- Provide customers with freedom to choose which insurer will manage any personal injury claim they (or their family) may need to make
- Encourage better customer service that supports injured people in their recovery
- Potentially allow insurers to price premiums according to driver and vehicle risk

Under Current Scheme

Mia's benefits are limited to \$5,000 because she is 'at fault'.

Craig had to wait three months for the insurer to determine liability. This delayed Craig's access to medical care and rehabilitation.

Delayed or limited access to treatment can result in poorer outcomes and longer recovery times.

Under Proposed Scheme

Mia and Craig could both make a claim with their own CTP insurers, and lodge their claim within days of the accident.

This would result in earlier access to treatment for both Mia and Craig.

Potential impact of the new scheme

No-Fault

Removing fault for access to early benefits will:

- Cover a greater proportion of injured people
- Reduce the time it takes to process a claim
- Provide earlier access to treatment
- Create a more efficient and cost effective scheme
- Increase the scheme's flexibility in addressing technological advances

Under Current Scheme

Mia's benefits are limited to \$5,000 even though her medical expenses exceed \$30,000, because she is 'at fault'.

She is not eligible for the Lifetime Care & Support Scheme because her injuries are not defined as catastrophic.

Under Proposed Scheme

Mia would be eligible for defined benefits to help her pay all necessary medical costs, so she can recover sooner and get back to her normal life.

Defined Benefits

A defined benefits scheme will:

- Provide injured people with access to early and regular payments, so they can continue to meet day-to-day expenses
- Rationalise claims costs to benefit a greater number of injured people
- Encourage those who are employed at the time of accident to return to work, as payments are available only for a specified time

Under Current Scheme

Craig worked as a building contractor. As a result of his injuries, he was unable to earn any income during the three months it took to assess fault, and had to put all expenses on his credit card, resulting in a large personal debt and interest costs.

Mia was also unable to work at her casual job for one month.

Under Proposed Scheme

Both Craig and Mia would have access to defined benefits quickly, for a specific period, giving them both confidence that they could meet living expenses while recovering from the accident.

**Case
study
2**

Kate was in the front passenger seat when the car she was travelling in hit a truck head-on while crossing a narrow bridge. She suffered serious injuries, and was in hospital for more than six weeks. Her husband had to take time off work to look after their two young children while she recovered.

Common Law

Retaining access to common law damages for those not at fault will:

- **Recognise that an individual's recovery from serious injuries is a unique experience**
- **Provide those most seriously injured through an accident that was not their fault with access to long term financial support, tailored to their injuries**
- **Increase the proportion of benefits provided to the most seriously injured road users**

Under Proposed Scheme

Kate accesses necessary medical treatment and care from the date of accident.

She receives periodic payments for her wage loss until her settlement is negotiated.

Kate responds well to rehabilitation which allows her to return to suitable work duties on a part time basis a year later.

Her injuries are assessed as meeting the whole person impairment threshold and her claim is settled after 3 years, including compensation for wage loss, treatment, permanent impairment and care.

Under Current Scheme

Until fault is determined and the claim is settled, Kate cannot receive any payments for wage loss.

This delay in determining fault impacts on her ability to access medical care, and combined with the stress involved in the investigation and legal disputes, hampers her recovery.

She is unable to return to work until she finds a new, lower paid role three years later.

Eventually, Kate's injuries are assessed as meeting the whole person impairment threshold².

Her claim is settled after 5 years and includes compensation for wage loss, treatment, permanent impairment and care.

2. Whole person impairment is a percentage, based on the extent to which an injury permanently impairs the injured person as a whole person. It is an objective method of assessment which has been effectively used since it was introduced by the Motor Accidents Compensation Act 1999

Benefits to road users

Simpler to navigate and claim

Injured people being able to claim through their own insurer would eliminate much of the confusion within the scheme, and would speed up the claim process as injured people no longer need to determine who was at fault.

Support for all injured people

A no-fault scheme provides recovery support to all people injured in motor vehicle accidents. Motor vehicle accidents can arise from a momentary lapse in concentration and are sometimes outside a driver's control.

Faster claims resolution

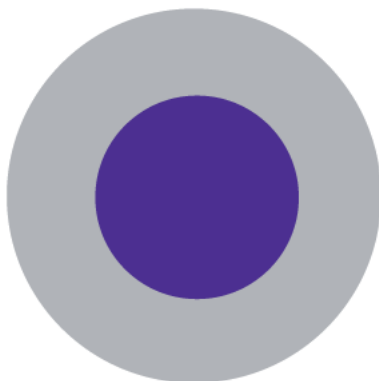
By decreasing lengthy liability disputes through a no-fault scheme, we can reduce the time it takes to resolve a claim and speed up access to necessary medical care to optimise recovery. Our proposed model will reduce the time taken to resolve most claims from 3-5 years to 2 years.

More affordable premiums

Defined benefits reduce the uncertainty of compensation claims and the incentives for fraudulent claims or exaggeration, which allows insurers to reduce the cost of premiums. If our model is implemented, we would expect a significant reduction in premiums for NSW motorists.

More support for the most seriously injured

We want to increase the proportion of benefits provided to those most seriously injured. Defined benefits provide access to immediate medical treatment and economic support for all who are injured. Preserving common law entitlements for those who are seriously injured and not at fault allows for provision of a lump sum for future needs.





Broader benefits

Reducing the burden on healthcare and communities

Medical research indicates that injured people who sustain minor soft tissue injuries should continue to undertake their usual activities to optimise their recovery. By focusing the scheme on recovery, rather than compensation, we can better support those with minor injuries to get back to their families, communities and workplaces sooner.

Maintaining insurance choice for consumers

Competitive private underwriting ensures customers have a choice of insurer, and can make their own decisions based on customer service, premium pricing and product range.

Reducing scheme uncertainty

Under a defined benefits structure, the variability of claims costs will stabilise as claims will be settled based on pre-determined amounts. With more certainty in the scheme, pricing and profits will be able to be predicted more accurately, ensuring both premium price and insurer profits are at an acceptable level.

Ready to meet future driver needs

Trials of driverless vehicles have already occurred on Australian roads. The advent of driverless vehicles will only make a fault-based scheme more complex given an accident could technically be caused by the vehicle manufacturer, or a telecommunications provider.

A first party, no-fault scheme allows those injured to lodge their claim against the insurer of the vehicle they were travelling in. The insurer will then manage this claim until it is resolved. This provides certainty that all people injured in motor vehicle accidents, whether caused by human error or mechanical fault, are entitled to the same compensation and care.

Prioritising injury prevention

A first party scheme allows the insurer to tailor the premium according to the driver's risk profile, and offer competitive incentives for safe driver behaviour. Preventing accidents will save lives and can significantly lower the costs of premiums within the scheme.



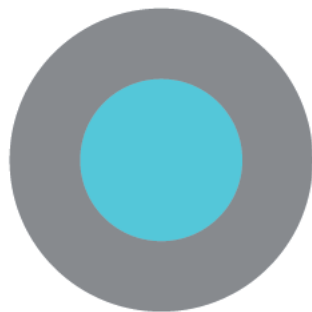
A fairer scheme for all

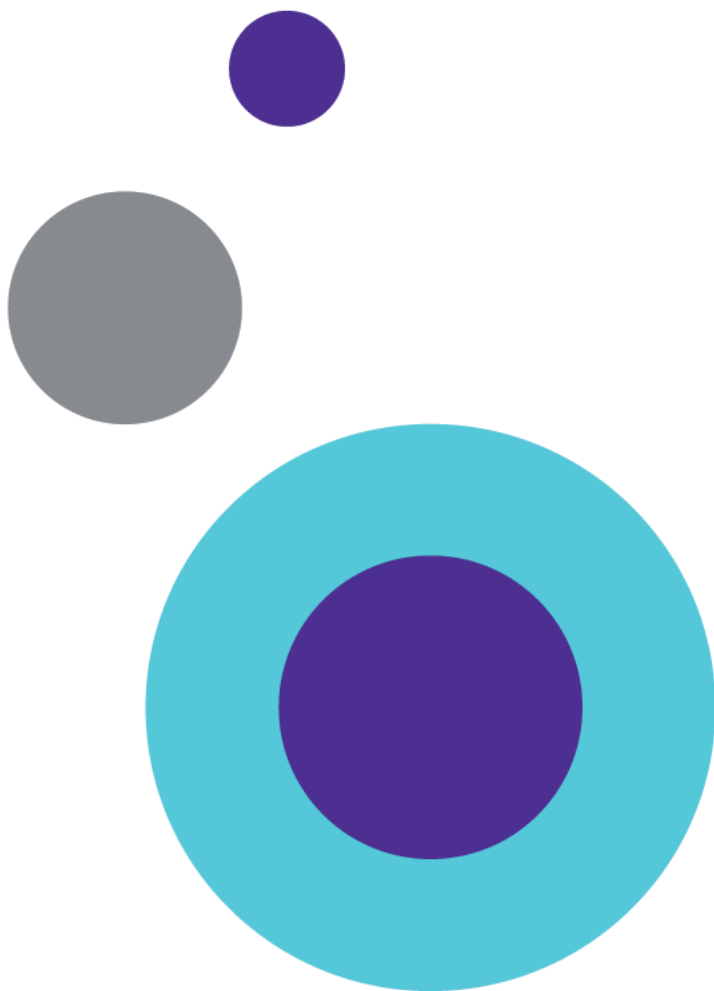
IAG's proposed model - a first party, no-fault, scheme with defined benefits for all people who are injured and common law access for those with serious injuries who are not at fault, will deliver the following benefits for the NSW community:

- **An increase in the proportion of benefits provided to the most seriously injured road users**
- **A reduction in the time it takes injured people to lodge and resolve a claim**
- **A reduction in opportunities for claims fraud and exaggeration**
- **A significant reduction in Green Slip premiums**

Our proposed model is also flexible enough to address the trends towards driverless cars and telematics technology for drivers. And it meets the broader objectives for a best practice compulsory insurance scheme – one that focuses on prevention and recovery rather than compensation, provides an affordable safety net for all, and puts customer needs first.

We welcome the opportunity to discuss our proposed model in more detail with all interested parties including NSW drivers and road users.





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Helping to make your world a safer place

IAG is the largest general insurer in Australia and New Zealand. Under the NRMA Insurance brand, IAG is the largest CTP insurer in NSW, covering 1.9 million vehicles. In 2015 alone, we helped over 5,000 people recover from injury and paid out over \$500 million in claims.