

Motor Vehicle and Other Legislation Amendment Bill 2019 (Queensland)

Opening Statement to the Economics and Governance Committee

Delivered at Parliament House in Brisbane, Monday July 22, 2019

Delivered by: Tony Mobbs (General Manager CTP, Allianz Australia Insurance) appearing as a member of the Insurance Council of Australia's Queensland CTP Committee, along with committee member Jodie Crews (Manager CTP Scheme Performance, RACQ Insurance)

Opening Statement:

On behalf of the Insurance Council of Australia, thank you for the opportunity to appear before the Committee this morning.

The Insurance Council of Australia is the peak representative body of the general insurance industry in Australia. Our members include the four insurers who underwrite the CTP scheme in Queensland.

As outlined in our submission, the ICA supports *the Motor Accident Insurance and Other Legislation Amendment Bill 2019*. The insurance industry has previously called for action to eliminate claim farming behaviour and its associated business models.

The ICA therefore welcomes the Queensland Government taking early action.

Claim farming is a well-recognised phenomenon which undermines the scheme's purpose. Other jurisdictions, for instance the United Kingdom in 2015, recognised that claims farming was driving up the cost of insurance. In response, the UK government introduced a range of measures, including referral fee bans, a similar mechanism to that being proposed under this Bill.

The CTP scheme ensures that injured road users, where eligible, can get the compensation they need to assist in their recovery and return to normal life. Access to the scheme by injured road users and the scheme's ongoing affordability for all Queenslanders is critical.

Claim farming business models ultimately undermine the scheme's objectives and work against the best interests of the public. Left to fester, claim farming will cause instability in an otherwise stable scheme and put unnecessary upward pressure on premiums.

The behaviour of claim farming can involve unwelcome intrusion into the lives of members of the public, luring people with promises of compensation that may be unrealistic. This can lead to people lodging a claim they otherwise would not.

The result is an unnatural increase in the number of claims within the scheme, diverting scheme resources and undermining the affordability of the scheme for those who need it most.

Therefore the ICA supports the aims of this Bill to prohibit unsolicited approaches from claim farmers or associated business models in order to induce people into making a claim, as well as eliminating the referral payment to claim farmers for personal information or claim referrals. The ICA believes that these measures will help to protect vulnerable Queenslanders and uphold the integrity of the scheme.

The measures in the Bill, taken as a whole, can be expected to suppress the emerging trends and avoid volatility within the scheme.

We acknowledge that this must be balanced with the need for Queenslanders to exercise their rights, obtain appropriate advice and to ensure legitimate relationships between law practices and members of the community are not inadvertently curtailed.

We support the Committee's critical examination of the Bill to ensure that its purpose and objectives will be met and that there are no gaps that can be exploited by claim farming behaviour or associated claim farming business models. Our submission has outlined areas of the Bill we believe can be further improved.

We are happy to answer any questions the Committee has.

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