

# SCHEME PERFORMANCE REPORT – ERRATUM

This is an erratum to pages 51 and 52 of the 2013-14 Motor Accidents Authority Annual report. We apologise to readers for any confusion on the interpretation of the results.

## Claim frequency and propensity to claim

The estimated ultimate number of notifications is used to calculate two measures: claim frequency and propensity to claim. Claim frequency is defined as the number of notifications per 10,000 registered vehicles. Propensity to claim is defined as the number of notifications per 100 motor vehicle road casualties.

This year, S151z workers compensation recoveries are shown separately, for the reasons discussed above. The table below shows the claim frequency and propensity to claim, for Full claims (excluding S151z recoveries), and for ANFs. Full claims are the key driver of costs for the Scheme.

[Note: Due to revisions in the identification and coding of road casualty data (mainly affecting accident years 2010/11 and 2011/12), the estimates of propensity to claim for accident years 2011/12 and 2012/13 shown in this year's report are different to those published in last year's report.]

**TABLE 5 – CLAIM FREQUENCY AND PROPENSITY TO CLAIM**

Accident Year <sup>1</sup>	Registered Vehicles ('000) <sup>2</sup>	Estimated ultimate number of claims <sup>4</sup>					Claims frequency per 10,000 vehicles			Propensity to claim per 100 casualties		
		NSW road casualties <sup>3</sup>	ANFs	S151Z	Full claims (excl. S151Z) <sup>5</sup>	Total notifications	ANFs	Full claims (excl. S151Z)	Total notifications	ANFs	Full claims (excl. S151Z)	Total notifications
1999/00	3,644	29,061	2,662	1,891	12,229	16,782	7	34	46	9	42	58
2000/01	3,737	29,993	2,897	1,829	10,609	15,335	8	28	41	10	35	51
2001/02	3,829	30,080	2,698	1,682	9,353	13,733	7	24	36	9	31	46
2002/03	3,932	27,745	2,528	1,608	8,324	12,460	6	21	32	9	30	45
2003/04	4,054	26,951	2,264	1,567	8,461	12,292	6	21	30	8	31	46
2004/05	4,121	26,063	2,033	1,649	8,079	11,761	5	20	29	8	31	45
2005/06	4,231	25,940	1,900	1,547	7,743	11,190	4	18	26	7	30	43
2006/07	4,320	26,157	1,650	1,444	7,646	10,740	4	18	25	6	29	41
2007/08	4,416	24,823	1,282	1,355	7,628	10,265	3	17	23	5	31	41
2008/09	4,525	24,640	2,099	1,438	8,144	11,681	5	18	26	9	33	47
2009/10	4,637	23,517	2,333	1,380	8,510	12,223	5	18	26	10	36	52
2010/11	4,757	24,416	2,934	1,417	8,985	13,336	6	19	28	12	37	55
2011/12	4,847	23,947	3,304	1,105	9,396	13,805	7	19	28	14	39	58
2012/13	4,952	22,030	3,575	332	9,994	13,901	7	20	28	16	45	63

Note:

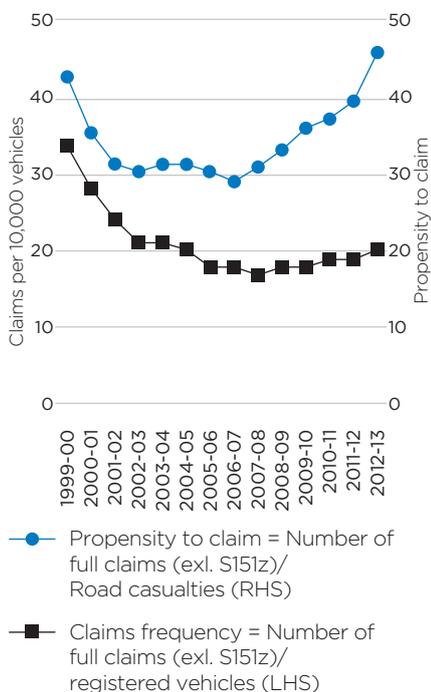
1. Accident years run from 1 October to 30 September.
2. Data on registered vehicles is sourced from the Roads & Maritime Services (RMS) and adjusted to Scheme accident years.
3. Data on road casualties is sourced from Centre for Road Safety (CRS).
4. Estimated Ultimate number of claims = Reported notifications + Estimated IBNRs (Incurred But Not Reported) claims. IBNR claims are estimated from actuarial models
5. S151Z denotes workers compensation recoveries.
6. Data for claims and casualties for more recent accident years are subject to change as estimates and collections are updated over time.
7. Due to the lag in reporting claims, casualties and vehicle data, only data for complete accident years have been published in the above table. Accident year 2013/14 (01Oct13 - 30Sep14) has only 9 months of exposure as at Jun 2014, hence 2013/14 is excluded from the above table.
8. The figures may not align exactly with the graphs due to rounding errors.

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## Claim frequency and propensity to claim for full claims (excluding S151z)

Figure 7 below shows the claim frequency and the propensity to claim since 1999-00 for full claims, excluding workers compensation recoveries (S151z).

**FIGURE 7**



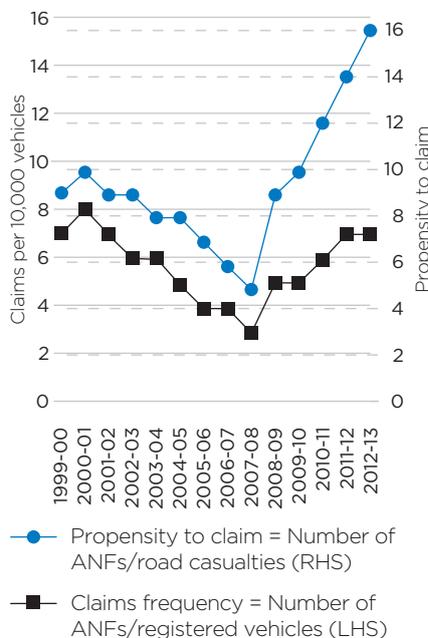
Claim frequency and propensity to claim have reduced steadily since the inception of the Scheme in 1999 to 2007-08. In an environment of falling casualty rates and improvements to road safety, claim frequency would be expected to fall. However, as shown above, since 2007-08, full claims frequency has increased from 17 to 20 claims per 10,000 vehicles, and propensity to make a full claim has increased from 31 to 45 claims per 100 casualties. In this particular case, the increase in propensity during this period is mainly driven by the decreasing road casualty numbers and partly driven by the continued increase in claim numbers. This follows from the definition of propensity (Claims/Casualties). The very recent increases in claims frequency and

propensity to claim could also have been driven up by public anticipation of reforms to the scheme in 2013.

## Claim frequency and propensity to claim for ANFs

Figure 8 below shows the claim frequency per 10,000 vehicles and propensity to claim since 1999-00 for ANFs.

**FIGURE 8**



Compared to full claims, ANFs showed stronger trends of increasing claim frequency and propensity to claim since 2007-08.

From 2007-08 to 2012-13, ANF claims frequency increased from 3 to 7 ANFs per 10,000 vehicles. During the same period, the propensity to lodge an ANF increased from 5 to 16 claims per 100 casualties. This increase is partly explained by the revision in casualty data explained above, and may also be driven by other factors, which include the expansion of ANF benefits to \$5,000 (from October 2008) and the further expansion of ANF benefits to those who were at fault in an accident (from April 2010).