

Reforms to CTP

[Home](#) // [Motor Injury Insurance](#) // Reforms to CTP

On 1 July 2013, changes to South Australia's Compulsory Third Party (CTP) Insurance Scheme came into effect improving the Scheme's affordability and delivering a consistent compensation system for those injured in a motor vehicle crash.

Why the need for change?

South Australia's CTP premiums had become the least affordable in Australia - unacceptably high in comparison to that charged in other Australian states.

Since 2000, CTP premiums had grown at an average of 5% – the highest rate of increase in Australia. Projections indicate that this rate of increase will continue into the future, placing increased pressure on the Scheme.

At the same time, people catastrophically injured in a motor vehicle crash often received no compensation from the CTP Scheme for the injury sustained (for example, the driver who hits a kangaroo and becomes a quadriplegic or the mother who becomes blind because she crashed after being momentarily distracted by her children) because no other vehicle was at fault. The previous CTP Scheme only provided compensation if fault for the crash was attributed to another person.

Claims for minor injuries also overwhelmed the system. In 2012, minor injuries accounted for 90 per cent of all claims with around 40% of compensation payments (in excess of \$100 million a year) being paid to claimants who had little or no time off work and required little medical treatment.

Legal costs had also risen by about 50% since 2005 yet the proportion of payments going to the crash victims declined. The system was becoming unbalanced and unaffordable.

What are the key changes?

From 1 July 2013:

- Children under the age of 16 at the time of a crash that occurs in SA will qualify for 'no fault' compensation for ongoing medical costs irrespective of who was at fault for the crash.
- The way injuries are assessed has changed. A new measure of injury severity, known as Injury Scale Values (ISV) has been introduced and assigns points from one to 100, based on objective medical evidence and consideration of the impact of the injury on the individual. Damages for non-economic loss will be available when an injury exceeds 10 points on the ISV scale.
- Motor vehicle registration has become more affordable with CTP insurance premium dropping by \$104 in 2013 for Class 1 Passenger Vehicle (reducing from \$512 in 2012 to \$408). The reforms will also reduce the pressure on rising premium costs into the future.

- The right to legal representation has not changed but new thresholds are in place for the reimbursement of legal fees. Legal costs are no longer being awarded if the total amount recovered by the claimant amounts to \$25,000 or less. If they are between \$25,000 and \$100,000, costs are capped at the Magistrates Court scale.

From 1 July 2014:

- All catastrophically injured motorists will be entitled to lifetime care and support irrespective of who is at fault for a crash that occurs in SA.

How do the changes affect me as an injured person (a claimant)?

The changes are not retrospective, therefore any claim with a crash date on or before 30 June 2013 will be determined in accordance with the previous rules and compensation structure.

For claims with a crash date occurring on or after 1 July 2013, the changes can be summarised as follows:

Claim notification: A new claim notification process has been introduced. A person wishing to make a claim after 1 July 2013, will need to complete and submit an Approved Injury Claim Form, including the Prescribed Authority. Time limits also apply. If the claim notification process is not followed, reasonable and necessary treatment expenses will not be paid as they are incurred.

Access to compensation: A new Injury Scale Values (ISV) table has been introduced to ensure consistency is applied when assessing a claimant's entitlement to compensation.

The requirement to access the main compensation types are summarised as follows:

Pain and suffering: A person must receive an ISV assessment score of 11 points or more to access this type of compensation. There is also provision for cases deemed to be exceptional, harsh and unjust to receive compensation for pain and suffering.

Future loss of earning capacity: A person must receive an ISV assessment score of 8 points or more to access this type of compensation. There is also provision for cases deemed to be exceptional, harsh and unjust to receive future loss of earning capacity compensation.

When considering the potential for any future loss, it must be proven that there is greater than 20% chance that an event could eventuate. Once past and future loss of earning capacity is determined, a 20% reduction will be applied to this figure.

Voluntary services: A person must receive an ISV assessment score of 11 points or more and have been provided with a service for at least 6 hours per week for 6 consecutive months to qualify.

If a person qualifies, then an hourly amount has been prescribed and will apply to this type of compensation.

Consortium: A person must receive an ISV assessment score of 11 points or more to access this type of compensation.

Other forms of damages have not been affected.

Medical Assessments

A new system, the Accreditation and Referral Scheme (A&RS), will be established to undertake independent medical assessments to assist in the calculation of compensation. This body will manage requests from either the insurer or the injured person and organise for the appropriate qualified accredited health professional to undertake an examination and provide a report.

The role of the accredited health professional is to provide an independent and unbiased report based on their findings in the examination and review of the medical information provided. The accredited health professional will not know who has made the referral.

If you disagree with the report that has been provided, you are able to request the A&RS undertake a second assessment with another accredited health professional.

Other changes

Cover for children: For crashes that occur on or after 1 July 2013, a child (aged under 16 years at the time of crash) will be entitled to certain types of treatment, care and support costs without the need for crash fault to be established. This compensation is only accessed if the crash occurs within South Australia.

Restriction to legal fees

Although you will not need a lawyer, the right to legal representation has not changed but new thresholds are in place for the reimbursement of legal fees. Legal costs through the CTP Scheme are no longer being awarded if the total compensation payment is \$25,000 or less. Limitations also apply to claims where the total amount of compensation is between \$25,000 and \$100,000.

Irrespective of the legal costs that may be recoverable, there will always be a component of any legal fee (usually called solicitor client fees) that is not claimable from the CTP insurer. Therefore, you should ask your solicitor to fully explain their billing practices. Your lawyer should provide you with the following information in writing:

- Nature of work expected to be undertaken.
- Method of billing and any additional costs or fees to be incurred.
- Estimate of expected legal costs (which should be reviewed as your case progresses).
- Your rights regarding any dispute between you and the lawyer.

More Information

- [CTP Insurance Scheme change \(http://www.mac.sa.gov.au/motor_injury_insurance/faqs\)](http://www.mac.sa.gov.au/motor_injury_insurance/faqs)