

20 April 2023

Our ref: HS:ACTL/CC

CTP Review  
Motor Accident Insurance Commission  
GPO Box 2203  
BRISBANE QLD 4001

By email: 

Dear Review Team

**2023 Review of Queensland's Compulsory Third Party (CTP) insurance scheme**

Thank you for the opportunity to provide feedback on the 2023 Review of Queensland's Compulsory Third Party (CTP) insurance scheme. The Queensland Law Society (QLS) appreciates being consulted on this important issue.

QLS is the peak professional body for the State's legal practitioners. We represent and promote over 14,000 legal professionals, increase community understanding of the law, help protect the rights of individuals and advise the community about the many benefits solicitors can provide. QLS also assists the public by advising government on improvements to laws affecting Queenslanders and working to improve their access to the law.

This response has been compiled by the QLS Accident Compensation and Tort Law Committee and QLS Competition and Consumer Committee, whose members have substantial expertise in this area.


QLS has reviewed the discussion paper released in March 2023 and the three scenarios contained therein. QLS considers that the fundamental architecture of the CTP scheme is serving the community well: the scheme is stable and provides appropriate rehabilitation services and compensation for injured people.

QLS is of the view that keeping the CTP scheme fair and sustainable is paramount. In the absence of compelling evidence that alteration of the scheme is necessary, we are concerned that design changes may be detrimental to the stability of the scheme and therefore the interests of the injured people for whom the scheme exists. QLS submits that the status quo should be maintained.


We acknowledge that the status quo does not promote price competition but consider that this is largely because consumers do not make an effort to 'shop around' due to limited public understanding of CTP insurance and what may be gained from changing insurers.

By way of further comments regarding the potential design changes outlined in scenario 2:

1. QLS is not supportive of the premium equalisation mechanism and does not consider that it would improve price competition. We are not aware of any evidence that such a mechanism would encourage new entrants to the market and consider that it would act as a disincentive for well-performing insurers to remain in the scheme and provide good service. A premium equalisation mechanism would be very complex to design and its success would depend on all insurers involved providing timely, high quality data. In the view of QLS the risks of attempting to implement a premium equalisation mechanism outweigh any potential benefit.
2. QLS is not of the view that the random allocation proposal would increase competition as it would also act a disincentive to innovate. We do not consider that the multiple licences proposal would appreciably improve competition.
3. Given that consumers generally do not shop around on insurance, the proposal to remove the default insurer is unlikely to increase competition in the absence of consumer education about why consumers should actively consider which insurer to use. In the absence of such information, consumers would likely choose their existing insurer.

If you have any queries regarding the contents of this letter, please do not hesitate to contact our Legal Policy team via 

Yours faithfully, 

  
Rebecca Fogerty  
Vice President