

Compulsory third party

Each state and territory has its own compulsory third party scheme, with several differences between the schemes. This means that comparisons between schemes should be made with caution, as differences are often by design. But there are common considerations, and I'll cover some now.

Some jurisdictions, like New South Wales, are seeing claims frequency return to – or even exceed – pre-pandemic levels, while others, like Queensland, have seen periods of reducing frequency with low-traffic volumes, and a focus on claims farming and road safety.

Changes in frequency are often accompanied by changes in claim mix – and in some jurisdictions we're seeing a relative increase in the more complex and high-severity claims. This is putting upward pressure on premium rates, as are growing medical, rehab and legal expenses.

A particular pressure point for catastrophic injury schemes is the demand, availability and cost of attendant care services, representing more than 70% of the cost of catastrophic injuries.

Turning now to the road toll. While not a significant financial cost to the schemes, the emotional and economic impact of road fatalities on society is significant, and improved road safety is a focus for schemes.

Unfortunately, the trend over the past few years is not headed in the right direction. While volatile, the number of fatal crashes across the country in FY 2025 was up 5% on the year before and is the highest in 15 years. From the COVID-19 low of 2020, the number of fatal crashes is up 25% and the number of road fatalities up 23%. Motorcycle deaths are particularly high compared to the past with motorcycle riders also over-represented in catastrophic injury schemes.

Looking to the future, two areas that will require consideration are e-scooters and self-driving vehicles.

Privately owned e-scooters are now permitted on the road in some jurisdictions but not in others. These don't require registration and aren't covered by CTP insurance. The incidence of e-scooter injuries will need to be closely monitored, particularly if they're at fault and other road users are involved.

Self-driving vehicles are already on the road in some countries such as the United States and are being trialled in Australia. But the legal considerations around fault and rights of recovery are complex and untested here – and schemes are watching developments closely.