

Insurance company profits

In 2005, the insurance industry announced the largest profits ever recorded. This is how it is being spent:

Scheme	Premium revenue (\$billion)	Total compensation paid (\$billion)	Insurer profits (\$billion)
Public liability	\$1.6	\$0.52	\$1.08
CTP	\$1.34	\$0.54	\$0.8
Workers	\$2.73	\$1.51	\$1.22
Total	\$5.67	\$2.57	\$3.1

Source: APRA's National Claims and Policies Database; MAA's 2005 Annual Report; and PWC's Actuarial Evaluation of the NSW WorkCover Scheme (Jan 2006)

Insurance is a business entitled to make profits, but these are excessive profits, claimed at the expense of Australians unfortunate enough to suffer injury caused by the negligence of another.

Balance must be restored to the system.

Loss of rights

Insurer profits are so large because people with serious injuries are prevented from claiming fair compensation.

Since introduction of the new motor accidents and workers compensation schemes, over 90 per cent of seriously injured people are prevented from claiming damages for the pain and suffering their injury has caused.

What if you discover that you or your loved ones cannot get fair compensation, even if you're injured by someone else?

What needs to be done?

- There must be a uniform approach across all schemes so that a person's right to compensation doesn't hinge on where the injury occurred.
- Arbitrary rules must be removed, such as elections for injured workers that require them to give up payments for ongoing treatment expenses if they elect to sue their employer.
- Any threshold test must consider the effects on individuals, not the rules of an American guide book that was never intended to be used in this way.

What can you do?

1. Ask your lawyer for more information.

2. Find out more at:

www.faircompensation.com.au
or phone **1800 357 596**

3. Help us to change these laws.

New South Wales goes to the polls on 24 March 2007. Write to your local member, Premier Morris Iemma MP, the Leader of the Opposition, Peter Debnam MP or Greens Party member, Sylvia Hale MLC

NSW Parliament House
Macquarie Street
Sydney NSW 2001

People in NSW Deserve Fair Compensation

A Fair Go For Injured People



What's wrong with the system?

The truth about tort 'reform'

Between 1999 and 2002, the NSW Government made sweeping changes to workers compensation, motor accident and civil liability legislation. Harsh tests were introduced, making it more difficult to receive compensation for injuries.

If someone is injured as a result of the carelessness of another person they must demonstrate a very severe injury to get above the required threshold (based on percentage of bodily impairment). The amount of compensation to which the injured person is entitled is then subject to a maximum limit.

To assess an injured person's level of impairment and their entitlement to fair compensation, the NSW Government adopted the American Medical Association's "Guides to the Evaluation of Permanent Impairment" (the Guides). This was done despite a clear statement in its introduction that "the Guides' criteria should not be used to make financial awards or direct assessments of disabilities".

Different versions of the Guides are used for different accidents and there are different thresholds under each scheme. There is only a limited right of appeal and the effects of the injury are not taken into account.

It all adds up to a system that is unfair, inconsistent and too bureaucratic.

Susan was crushed by the system

A traffic accident in 2001 changed mother of three Susan's life forever. Susan was standing in front of her car, which had broken down on the side of the road, when it was struck from behind by another vehicle.



In an instant, Susan found herself trapped beneath her car and in excruciating pain. Her left hip had been crushed, her collarbone had been broken and she had suffered serious head injuries. She also suffered extensive bruising and lacerations.

After spending a month in hospital, where she underwent a hip reconstruction, Susan was confined to bed for six months, then spent a further six months on crutches.

Susan walks with the aid of a cane, has 50 staples in her right leg and experiences continuous hip and shoulder pain. She will eventually require a full hip replacement. Susan can no longer do the things she once took for granted, and she is heavily reliant on her family for support.

Before she can claim compensation for her injuries, Susan has to pass an injury threshold of more than 10 per cent under NSW law. Susan was assessed, but missed out by 1 per cent, despite her severe injuries.

Myths and misconceptions

In 2002, we were told there was an 'insurance crisis' which justified the removal of fair compensation for people injured by the negligence of others.

It is now clear that we were duped into unnecessary changes which have severely impacted upon the most vulnerable people in our society. Here are some of the things they told us:

Myth: "The insurance crisis was caused by greedy litigants and 'Santa Claus' judges"

Wrong! We now know there was very little increase in litigation and the courts had begun to emphasise personal responsibility before the changes were introduced.

Myth: "Insurance industry profits are reasonable"

Wrong! Insurers in the motor accidents scheme are claiming profits in excess of 3 times what was considered reasonable at the start of the scheme.

Myth: "Balance has now been restored to personal injury laws"

Wrong! Severely injured people are suffering under an inconsistent, unfair system and insurers are laughing all the way to the bank.